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The Arab Gulf: Indicators of economic dependence on migrant communities

Peterson, Diane Michelle, M.A.

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U·M·I
300 N. Zeeb Rd.
Ann Arbor, MI 48106

THE ARAB GULF: INDICATORS OF ECONOMIC DEPENDENCE ON MIGRANT COMMUNITIES

by

Diane Michelle Peterson

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SIGNED: Diane M. Peterson

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This thesis has been approved on the date shown below:

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ABSTRACT

Following the 1973 rise in the price of oil, the six Gulf Cooperation Council (GCC) nations of the Middle East became hosts to hundreds of thousands of foreign workers taking part in the economic development of the region. From the beginning, the employment of migrant workers was seen as a temporary measure, necessary to compensate for the small indigenous populations in the Gulf. The numbers of foreign workers has become so great, that the migrants now constitute a majority of the population in several of the GCC countries. The relative permanence with which foreign workers have now established themselves is of great concern to the host governments.

It appears that the insufficient skill-levels and sizes of the national workforces, together with the position the extensive and growing migrant communities hold in the growing Gulf economies point to the continued presence of large foreign populations for some time to come.

INTRODUCTION

Following the 1973 rise in oil prices, the oil-producing countries of the Arab Gulf[1] experienced a wave of migrant labor on a scale unprecedented in the area's history. This influx of workers has provided the Gulf states with the manpower critical to the accomplishment of development projects. This rapid transformation from relatively undeveloped economies into modern ones is not without problems. The relative homogeneity of the population, primarily Arab Muslims, was viewed as threatened by the increasing presence of non-nationals, Arab and non-Arab alike. Alarmed by the growing foreign population in the Gulf and the likelihood of continued future dependence on foreigners, the Gulf Cooperation Council (GCC) countries began focusing on the problems associated with the use of foreign manpower.[2] Each country searched for ways to limit the import of labor, reduce the number of foreigners currently in the Gulf, and to develop the indigenous populations into skilled and motivated workers. By manipulating immigration policy, governments sought greater control over migrant workers in order to ensure their departure following completion of development projects.

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[1] Arab Gulf refers to the region in direct proximity to the Arabian Gulf, formerly (and sometimes still) referred to as the Persian Gulf. Specifically, the term Arab Gulf countries will be used throughout this text when referring to the six Gulf Cooperation Council states.

[2] The GCC was established in Saudi Arabia in May, 1981, and includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE. The purpose of its formation was to organize the military resources of the six members in the interest of regional security.

A. Data Limitations

The scarcity and questionable reliability of census data and other statistics continues to hinder accurate documentation and evaluation of labor migration to the GCC countries. Serious efforts at gathering census data were not made by most Gulf countries until the mid-1970s. Even less emphasis was placed on the documentation of foreign workers and on patterns of migration for employment (Seccombe and Lawless, 1986). Although data have improved somewhat since that time, the availability of reliable census (and other) data differs from one country to another. Even when population statistics are made public, politically-motivated misrepresentation of data or the deliberate omission of information is common. In addition, publication of census figures usually lags several years behind the gathering of the statistics. Concerning the availability of data, Birks (1988, 132) writes:

> Some Gulf countries, notably Kuwait, have amongst the best census-taking records outside the OECD [Organization of Economic Cooperation and Development]. Census information is published and demographers have conducted extensive research on the basis of this data series. The UAE's performance at enumeration has also been good, culminating in the enumeration of December 1985. Elsewhere, census-taking has been of a lower priority. Saudi Arabia's census of 1974 has never been fully published, but is updated by sample household surveys for the use of planners. Qatar held a full enumeration in December 1985, but results have not been analysed yet. Bahrain's population has not been fully enumerated since 1981. The Sultanate of Oman has not held a census, but maintains a rolling socio-demographic survey for utilisation by planners. Many reliable studies of labor migration to the Arab Gulf countries have been done despite the difficulty in acquiring data.[3]

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[3] For a review of some of the literature from 1974-1984 on various aspects of labor migration to the Middle East, see Seccombe (1985).

The aim of this thesis is to provide insight into the future direction and scale of foreign labor demand among the six Arab states of the Gulf Cooperation Council. Most importantly, it will demonstrate that the Gulf's growing economic dependence on the migrant communities already residing in the Gulf precludes any immediate, large-scale reductions in the number of foreign workers without causing significant economic hardship on the indigenous populations. While some decrease in demand for foreign workers necessarily accompanies the economic slowdown associated with falling oil revenues, other economic events work to moderate the overall reduction of migrant stocks.

The first section deals with contemporary international migration theory, historical labor flows in the global market, and international efforts to control migration. The successes and failures of European countries using selected immigration policies in managing international manpower flows are discussed briefly in this thesis. Some of the approaches to immigration control currently seen in the Gulf resemble failed policy measures implemented by European countries during the last few decades. Furthermore, the early confidence expressed by the GCC countries in their ability to control present and future migrant flows parallels the initial hopes of European labor policy planners. For the most part, European countries have been unsuccessful at reducing the foreign populations within their own borders. In short, the historical experiences of other labor importers cast doubt on the ability of the GCC nations to capitalize on the benefits of temporary-worker programs without also becoming permanent hosts to significant numbers of migrants. Whether Gulf countries are ultimately

successful in controlling migrant flows is yet to be seen. However, this thesis intends to show that present efforts to maintain the temporary status of guest workers in the Gulf are inadequate. Gulf planners wrongly assumed that demand for foreign workers would decline sharply following completion of basic infrastructure at the start of the 1980s. Early visions of manpower self-sufficiency were based on the incorrect assumption that the indigenous population would fill--at the very least--the majority of upper-management and skilled professional jobs within a few decades. Together, the continuing demand for foreign workers and skill deficiencies within the indigenous populations all but guarantee the continued import of foreign manpower in the forseeable future. This thesis will examine the reasons for the failure of the GCC countries to reduce demand for foreign workers.

The second section provides a cursory demographic profile of the six GCC countries including a general overview of the total populations, age structures, educational achievements, employment participation rates, and sex ratios among the GCC countries.

This thesis will examine labor market conditions and economic factors which influence foreign labor demand in the Gulf. Although the aim of this thesis is to provide a macro-view of migration trends in the GCC states as a whole, specific occurrences in two countries, Saudi Arabia and Kuwait, will be highlighted in order to provide a micro-level view as well.

Saudi Arabia was selected as one of the examples because of its distinction as the Gulf country with the greatest oil reserves and as the largest single employer of foreign workers. Of the GCC countries, Saudi Arabia has maintained the greatest commitment to ensuring that migrant workers are

only visitors. Throughout the development process, the Saudi government has remained firm in its position that the use of foreign labor is merely a temporary phenomenon. Despite this stance, large numbers of migrants, primarily Arabs, have been granted naturalization status (Woodward, 1988, 10).

If measured by the share of foreigners as a percentage of total population, it is the smaller Gulf countries which are the most dependent on migrants. Unlike Saudi Arabia, the citizens of the smaller GCC nations are minorities in their own countries. Kuwait has also been selected because of its relatively small size, large non-national population, and the availability of information (not obtainable for many of the other small GCC countries). The indigenous population of Kuwait represents only 40.2 percent of the country's total number of residents (Birks, 1988). Qatar's nationals claim only 40.1 percent of the total population and the figure falls to 21.3 percent for UAE nationals. Again, it is important to point out that the other countries, Bahrain, Qatar, and the UAE, each face situations which are unique to themselves and do not necessarily mirror events in Kuwait. However, some insight into conditions surrounding the import of foreign manpower in these countries may still be gained by highlighting Kuwait's foreign labor market.

This thesis will also show that many demographic and economic conditions point to the continued flow of foreign labor to the Gulf. Despite great advances, the GCC countries continue to suffer from educational systems which do not adequately train the national manpower base; low workforce participation rates of nationals; and a continued aversion by the indigenous population for technical and vocational employment as well as

for unskilled positions. These problems, combined with the growing importance of foreign communities as consumers and as a source of cheap labor for Gulf firms, point to a continued dependency on foreign manpower. One headline has declared, "The bonanza in exported labour to the Middle East is over" (*Far Eastern Economic Review,* September 13, 1984). The number of migrants is expected to decline, but not on the scale indicated by the media. The purpose of this thesis is not to offer suggestions or solutions for reducing dependency on foreign workers. This work instead intends to show that migrants may play a greater economic role than has been originally attributed to them. While their numbers are not likely to reach levels experienced during the peak foreign employment years of the mid-1970s and the early 1980s, migrant workers will continue to play a major role in the Gulf economies. One important indicator, reviewed in this thesis, of the migrants' continued presence in the Gulf is the weak relationship between falling oil revenues and the demand for foreign workers. Although increasing oil revenues initiated the import of foreign manpower, declining revenues have not reversed demand to the same degree. Oil continues to play an important role, however; only extreme supply conditions such as depletion of a country's reserves could significantly impact migrant stocks. Common fluctuations in price are not sufficient to force the GCC governments to sacrifice economic growth targets, thereby drastically reducing employers' demands for foreign manpower.

The subject warrants close examination because the labor migration policies of these Gulf states have important implications for the international community. The Gulf serves as a major employer of Third Country

Nationals (TCNs) whose respective countries depend heavily upon the workers' remittances. Changes in immigration policy, therefore, impact these Third World economies directly.

II. LABOR MIGRATION: AN INTERNATIONAL PERSPECTIVE

A. Theories of Labor Migration

Migration of labor fulfills an important function in the international economy. Worker movement from a labor-surplus country to a labor-scarce region benefits the country of origin through remittances, and the receiving country by providing a much-needed resource. However, the country of destination benefits from this exchange only under conditions of heavy labor demand and only when the worker possesses the desired skills. The labor-supplying country benefits from foreign exchange generated by the worker, but only if a system exists by which the earnings are remitted to the home country. The labor-exporting country may gain from a temporary easing of its domestic high unemployment situation, but suffers a set-back in its own development if it loses, for the long-term, most of its skilled workers to a foreign labor market (brain drain). Furthermore, the economic conditions that first created a demand for labor could possibly change, resulting in the return of migrants to home countries unable to absorb them. The implications of these consequences have prompted efforts to understand and predict international migration. The crucial point is that a country's ability to control population movements is critical to its economic stability and to its capacity to guide economic development.

In general, labor tends to move from less-developed countries to actively developing or industrialized countries, and migrant workers are typically young singles or couples without children. Concerning the social pattern of migration, R. Marshall (1984, 594) wrote, "The first people to

migrate tend to be young and unmarried or married people without children; then spouses and children are brought in, followed by cooks, entertainers, and other supporting populations. . . ." Jenkins (1984) also agrees with this assessment of migrants being primarily young people. A study in France conducted in the early 1980s, prior to a comprehensive worker-legalization program, revealed that "The irregular status population was young, 80 percent being under 32 and 17 percent under 22. It consisted largely of single persons (59.9 %) [and] 36 percent of the accepted applicants had at least one child, but only 15 percent had more than two" (French Ministry of Social Affairs, 1984, 565). Jenkins (1978, 516) acknowledges ". . .a powerful pull drawing workers from the less economically developed regions of the world into the more developed countries." Penninx (1986, 956-7) states, " . . .migration flows tend to direct themselves to the economically strongest countries or regions", and R. Marshall (1984, 593) writes, "There is basic agreement about the direction of net migrant flows from the less to more affluent countries. . . ."

In its most basic form, migration for purely economic reasons (rather than political or social) is often explained in the context of "push" or "pull" factors. Straubhaar (1986, 837) compares three modes of labor migration and concludes that ". . .the push-pull or cost-benefit models offer the widest field of application in the context of international labor migration." However, Straubhaar (1986, 852) believes that the push-pull theory is limited because it "neglects a crucial element when applied to international migration" namely, the influence of immigration policy. "Push" factors occur when a society suffers from a stagnant or deteriorating economy or overpopulation, both of

which lead to a lack of desirable jobs in the home country. These events, singularly or combined, force the worker to relocate to another area. The "pull" argument emphasizes real wage differentials and the attractiveness of relocating to a region with a relatively better economy. A more reliable income or a higher wage rate is often the primary reason for migration. However, some scholars argue that wage differentials alone are insufficient to explain the movement of labor. Regarding employment opportunities and wage levels, Penninx (1986, 955) says "these two factors may be regarded as necessary conditions for the genesis of migration flows, but they are often not sufficient to trigger migration." Access to information about available jobs, familiarity with the proposed region of employment, and working conditions are a few of the many other factors which influence the decision to migrate (Straubhaar, 1986). Costs associated with migration, including fees paid to an employment agency, worker's permit and visa fees, must also be calculated into the final cost of relocating. Social or family ties with migrant workers already established in the area are also an important determinant (Penninx, 1986). Straubhaar (1986), referring to Stark (1984), also suggests the inclusion of risk aversion and relative deprivation as additional deciding factors when forming empirical models of labor migration.

Papademetriou (1984) provides a profile of the demographic conditions within the labor-importing countries which necessitate the entrance of foreign workers. The potential labor-importer, usually a developed country or one with an expanding economy, often has an aging population with low birth rates, resulting in a shrinking workforce. On the other hand, particularly in recent decades, acute labor shortages have been experienced by

resource-abundant countries whose small populations are characterized by high reproduction rates and and large percentages of young people. Prime examples of this are the oil-rich countries of the Arab Gulf which have relatively small and young populations. Stahl (1987, 32) finds that ". . .by far the major proportion of labour immigration is into the rich industrial nations and into the major oil-exporting countries of the Middle East."

In recent times, insufficient domestic labor supplies for some countries have been attributed to the human losses of World War II and insufficient investment in capital-intensive modes of production. Investments in advanced education, fundamental to a contemporary workforce, are time-consuming and delay participation in the labor market. Once employed, workers must update skill-levels periodically to keep up with changing technology, further suspending productive activity temporarily. As overall education levels and economic expectations rise, native workers are less willing to perform undesirable tasks, and this makes it necessary to search outside of the country for willing unskilled workers and manual laborers. These and other factors come into play in fluctuating labor markets.

The largely unregulated and permanent relocation of people has taken place since earliest times. Since World War I, however, governments have increasingly restricted the freedom of individuals wishing to migrate, reflecting the growth of nationalism and new attitudes toward imported labor, namely that it should be for temporary employment, rather than permanent settlement. Kritz (1987, 948-9, quoting work by Zolberg, 1983), notes:

> Indeed, since the middle of the fifteenth century, with the emergence of the nation-state system in Europe and its outward expansion, states have taken actions to control the entry and exit of people in their territories.

Penninx (1986) cites studies by Kubat (1979) and Hammar (1984) identifying this trend in Western Europe in the 1960s.

B. The Role of Policy

Immigration policies in the country of destination as well as emigration restrictions in the home country may play crucial roles in migration by regulating labor's ability to move in response to economic events (Bohning, 1981). A model designed by Straubhaar (1986) attempts to explain international migration flows empirically as influenced by the immigration policy of the labor importer. This approach is counter to the neoclassical, relative-wage theory and suggests a demand-determined approach whereby the presence of immigration controls, rather than economic incentives, acts as the primary determinant for migration. As Straubhaar (1986, 844) points out "an approach which does not take into account the dominance of the demand-determined causes is of restricted value in explaining the causes of international labor migration flows. . . ." The importance of policy as an influence on migration is supported by a study conducted in Western Europe by Penninx (1986) which reveals that the implementation of immigration policies in Europe has had a major impact on migration flows, sometimes reversing trends that had been established for decades. Governments design these policies, for instance, in response to stated development objectives, the labor demands of private enterprise, internal security concerns, and the national population's attitude towards the

presence of foreigners. Concerning the role of immigration policy, Kritz (1987, 950) notes that:

> . . .immigration policy is the outcome of an interactive process at the national level that incorporates information based on a country's actual experiences with immigrants, as well as the perceptions of policymaking elites regarding the role of immigration and its desirability.

Penninx (1986) has identified four methods by which government policy attempts to control the movement of migrant workers. The first and most direct is the constricting or relaxing of admission regulations and recruitment procedures to coincide with fluctuations in the domestic economy. During a recessionary period, an example of restrictive policy might be the enforcement of rules requiring work or residence permits, and the need to secure a corporate sponsor or other personal guarantor. Immigration policy is generally relaxed during economic prosperity when demand for labor is both great and immediate and the domestic labor supply is inadequate.

The second method is the extent to which laws permit dependents to join the migrant worker in the host country, reflecting a country's attitude toward family reunification. Migrants viewed as temporary, and particularly unskilled or low-skilled workers, are frequently forbidden or at least discouraged from relocating family members to the country of employment. The feeling is that family reunification is more likely to lead to permanent residency. At the least, it is associated with an increased length of stay and a strengthening of the worker's position in a bid for permanent status, and with the creation of an expensive social welfare burden for the state in terms of education, health and other social services. Children born to migrants

employed in marginal occupations soon adapt to the social aspirations of their peers and, therefore, are unlikely to be willing to accept the type of work performed by their parents (R. Marshall, 1984). Consequently, the country must continually import more unskilled workers, thereby increasing its foreign population. Regarding the experience of Mexican immigrants to the United States, Jenkins (1978, 517) writes that "domestic workers now shun secondary sector employment, thereby creating a sharp market demand for unskilled workers. The product has been renewed immigration rooted in quite genuine labor scarcities.

A third method of controlling migration is by means of policies and regulations extending the length of stay for a legal migrant who already possesses a temporary visitor's permit. Policies of this type are directed at setting qualification standards for an extension of the worker's stay, and for determining the length of time a non-resident must maintain temporary employment before becoming eligible to apply for a permanent work permit. This may then later qualify the worker for a permanent settlement permit. At least two European countries (The Federal Republic of Germany and the Netherlands) instituting this policy approach experienced periodic reductions in the alien population, but only marginal success overall. In both countries, migrants managed to increase their average duration of stay, meanwhile obtaining permits of a more permanent nature (Penninx, 1986).

The fourth includes policies which offer assistance to migrant workers and their families wishing voluntarily to return to their countries of origin, or which encourage migrants to consider leaving the country. Penninx (1986)

cites work by Muus, *et al.*, (1984) which categorizes voluntary return policies of this type into four different groups.

Under the first of the policy methods to encourage worker departure, the host country invests in development programs in the worker's country of origin. The intended outcome is an improvement in economic conditions and employment opportunities, which reduces the number of people looking for work abroad and promotes return migration. Penninx cautions that there is no evidence that measures of this kind have been successful in reducing the total numbers of alien workers.

A second method is directed toward the training and education of the migrants themselves, with the goal of improving their employment opportunities once they return to their home countries. This type of program might also include financial support for individuals interested in establishing a small business in their homelands.

Third is a policy aimed primarily at reducing financial obstacles to the migrant's return. In particular is the question of pension benefits which the worker would normally forfeit upon departure from the labor-importing country. Several European countries, namely France, West Germany, and the Netherlands, have experimented with this policy and have made arrangements for transfer of pension and earned benefits for migrants who have chosen to voluntarily leave the country (Penninx, 1986). Since the worker has most likely contributed to his/her own retirement funds, and the departing migrant will not be utilizing other social welfare facilities and services utilized by the elderly, retired, and other fixed-income residents, the burden on the host country is lessened.

The final category, directed mainly toward unemployed aliens or those working part-time only, is a policy measure which authorizes a cash payment to each departing migrant. Penninx (1986) discusses an evaluation by Labon (1981) of the program in France which concludes that the migrants who depart under these guidelines have most likely already made the decision to return, but timed departure to the implementation of the policy.

Kritz (1987, 943, citing her work with Gurak, 1979) asserts that the official definition of who is a foreigner is essential to examining immigration policy, and to determining how policy corresponds to reality. Kritz writes:

> Some countries consider immigrants to be any foreigner entering the country; others consider them to be any person entering, national or foreign; some countries specify a period of time that the entering person must remain to be considered an immigrant; and others consider the work status or the intent of the migrant to establish residence.

While observing international migration flows, Kritz and others have identified frequent discrepancies between official policy and practice. Specifically, Kritz (1987, 948, citing Courgeau, 1974), whose research reveals differing attitudes toward enforcement of immigration law, notes that "in addition to definitional complications, countries vary in their efforts to implement, enforce, and monitor their entry and exit regulations."

C. Temporary-Worker Programs

Temporary-worker programs are preferred by most countries today and "are increasingly oriented toward receiving skilled professionals, entrepreneurs, and highly educated persons" (Kritz, 1987, 954). The formulation of policy based on a concept of temporary migration hinges on

the perceived benefits of importing available and qualified foreign labor during periods of economic growth, and exporting these workers during economic slumps. By tying the presence of foreign workers to domestic economic conditions, governments, like those in the countries of the Arab Gulf, hoped to avoid the high costs of social services associated with permanent residency such as unemployment benefits, access to education, social security, and health care. Kritz (1987, 953) states, "such policies may not even be considered by the receiving countries to be international migration policies but rather investment or development policies. In addition, the temporary- or guest-worker programs were designed to reduce the incidence of illegal migration by providing a legal channel for employment. R. Marshall (1984, 604) notes the failure of this method, "there is no evidence that temporary workers reduce the flow of illegal immigrants--instead, they are likely to increase the flow unless there are effective controls." This has been the experience of many countries, including the United States, which established a temporary-worker program with Mexico between 1942 and 1964. It became evident that instead of reducing the number of illegal workers, the program actually led to an increase because it improved the quality of information available to Mexican job seekers concerning the U.S. job market (R. Marshall, 1984).

Many countries employing a temporary worker program restrict admission to the individual foreign worker only, excluding spouses, children, and other relatives. Although immigration policy often prohibits families from accompanying the temporary-worker, once settled in the new country, many workers are able to circumvent these laws. Foreigners entering the

country legally as temporary workers eventually gain permanent residence status through various means. Marriage to a citizen is a frequently-employed method for gaining permanent-resident status. Depending upon policies within the host country, children born to expatriates during the period of their temporary employment may be entitled to citizenship.

D. Illegal Labor Migration

The nature of illegal labor migration makes it impossible to predict with accuracy the total level of migration for employment. However, it is of sufficient scale to warrant increasing attention by governments of labor-receiving countries. Advocates for strict immigration-control measures argue that illegal workers compete unfairly with nationals for scarce jobs. The additional supply of workers then depresses wages, particularly in the secondary market (i.e. manual labor, services, and non-professional jobs) where migrants often represent a disproportionate share of workers and wages are already low (Jenkins, 1978). A. Marshall (1984, 510) notes that "the 'immigrant industries' pay the lowest wages and are among the more labour-intensive. . . ." R. Marshall (1984) cites research by North and Houston (1976), Van Arsdol, *et al.* (1978), and Newman (1978) which supports the contention that workers in the secondary market face the greatest competition from illegal workers. Furthermore, a study on the migrant population in France initiated by the French Ministry of Social Affairs and National Solidarity (1984, 577) indicates that:

> Workers without permits are chiefly to be found in sectors with many small firms (building and civil engineering, and services) where they are channelled into a limited number of occupations, usually among the least skilled and also the most arduous and insecure.

It is believed by some that illegals play an important role by filling positions that are rejected by nationals because of low wages or undesirable tasks. Illustrating the positions of both sides of the argument in the United States, R. Marshall (1984, 596) writes:

> Some immigration analysts argue that illegal immigrants have a positive effect on the economy. In this view, undocumented workers mainly take jobs legal residents will not accept and, therefore, promote economic growth and improve the conditions of American workers, consumers and employers. . . [and] do not burden social services. . .because they pay more taxes than they draw down benefits.

This could be true, for example, during times of economic prosperity and low unemployment, but it is most likely not the case under conditions of high unemployment when native workers are actively seeking any available work. Proponents of stricter controls in the U.S., continues Marshall (1984, 596), claim that:

> Illegal immigrants depress wages, displace American workers, and perpetuate low-wage, low-productivity jobs. . . [and] form an underclass who are easily exploited and who will, in the future, precipitate political crises as they attempt to redress their grievances.

A major weakness in the argument is the assumption that illegals are confined only to low-wage, undesirable jobs. The acquisition of language skills and work experience often permits advancement into higher-paying jobs which may be greatly desired by nationals. Marshall (1984) refers to a 1980 report indicating that 69 positions in a Chicago foundry made available by an INS raid on undocumented workers ranged in pay from U.S. $4.50-

$13.00 per hour. Furthermore, hundreds of legal residents submitted employment applications for these positions within hours of the raid. The extent to which this situation applies to the international scene is not clear. Illegal migration is desired and encouraged by capitalist business owners because illegals are willing to accept less-than-market wages, therefore depressing wages in general (Jenkins, 1978; R. Marshall, 1984). In addition, costs to the employer are less since social security and unemployment contributions on behalf of the worker are not made. Clear targets of exploitative and discriminatory hiring practices, illegals quite undertandably remain hesitant to report unfair circumstances to the authorities. A more extensive exploration of the benefits and drawbacks of illegal labor is to be found in Section D of Chapter II, "Illegal Immigration."

Aside from purely economic considerations, governments are concerned about the potential social unrest and political instability which could arise from the presence of a large population of exploited and dissatisfied foreign workers (R. Marshall, 1984). Mistreatment of workers, irrespective of their documentation status, could lead to strained relations between the host country and the country of origin as well. Organization of foreign workers, legal or illegal, into a political group could lead to sufficient pressure on the host government to influence domestic policy. In the opinion of Roukis and Montana (1986, 177):

> In some cases, expatriate workers who believe that they were primarily responsible for a country's economic development might argue that they are entitled to political rights. In effect, they could assert that but for them, a modern economy would not be possible.

In those countries where children born to illegals are eligible for citizenship, other social problems arise. Illegal migrants, fearing discovery of their immigration status, may be hesitant to enroll children in public schools. Although Weintraub (1984, 745) acknowledges that this may often be the case, one study of illegal aliens in Texas showed that "in the choice between the fear of exposure and possible deportation and the education of children, more families chose to educate their children." If the decision is made not to enroll dependents, the educational deficiencies which arise could perpetuate a cycle of employment in low-wage, unskilled jobs amidst poor living conditions, and potentially lead to future dependency upon social services (R. Marshall, 1984).

III. DEMOGRAPHIC PROFILE OF THE GULF

A. Introduction

The Arab Gulf countries are often grouped together as one unit in Middle Eastern studies because of their geographic location and because they share many demographic characteristics with one another. This, however, results in an oversimplification of their true characters. Each possesses unique features, pursues individual development objectives, and maintains distinctive social customs and public policies. Most evident among the similarities is a common Arab identity, the predominant religion of Islam, and a shared historical experience which accounts for similar customs, traditional crafts, attitudes, and architectural styles. The organization of governing bodies, both national and local, often may be traced back to tribal divisions and loyalties. The GCC countries display overwhelmingly conservative attitudes toward the status and appropriate employment of women. Harsh, dry climatic conditions predominate, and historically, income was derived primarily from trade, limited agricultural activities, the raising of livestock, and fishing.

For each of these similarities, however, there are marked contrasts. One example of this may be found in the Gulf's most prominent and influential characteristics, its religion. Within Islam, the two main branches, shi'i and sunni, although sharing many beliefs and practices, are divided in other respects. Sunni Muslims represent approximately 85 percent of all Muslims, and shiism is followed by 14 percent of all Muslims (Moore and Delener, 1986). The establishment of the Islamic Republic of Iran as a shi'i

state wishing to "export" its Islamic revolution, has exacerbated and accentuated those differences, particularly among the Gulf countries. Although shia primarily reside in Iraq and Iran, several of the GCC states also have large populations. Approximately 24 percent of Kuwait's residents, 18 percent of the UAE, and 8 percent of the population of Saudi Arabia are shia (Roukis and Montana, 1986). Although their presence in Saudi Arabia is relatively small, shia predominate in oil field employment, causing the government to be concerned about the potential shia political influence.

The Gulf region is rich in proven oil deposits both on land and offshore, although estimates of future reserves certainly vary from state to state. At the present time, all of the Gulf countries depend heavily upon exports of oil and oil-based products as a primary source of revenue. Oil income for the GCC countries as a whole represents between 85-88 percent of total revenue (Birks, *et al.*, 1986). Although each country has been successful at reducing dependency upon oil by expanding the non-oil sectors, the contributions to the economy in 1984 stated as a percentage of gross domestic product (GDP) range from 20 percent in Bahrain to slightly more than 51 percent in Oman and Kuwait (Birks, *et al.*, 1986).

B. Population Estimates: Nationals and Non-Nationals

In recent decades, but especially during the 1970s, the area's planners were faced with a demographic profile which posed serious obstacles to development goals. According to Birks (1988, 134) referring to a study by Ferghany (1983), "small indigenous populations are considered a hindrance to economic progress." In each country, the small numbers and composition of

the national population impeded efforts toward the rapid mobilization of a labor force adequate to meet the region's development agenda within the prescribed framework of time. As a result, the natural growth of the indigenous population is viewed as the key to successful labor force nationalization and economic development in the Gulf states (Birks, 1988). As indicated in Table 1, Saudi Arabia is the largest in terms of size of all the GCC countries, and also has the greatest population; approximately 11.2 million in 1985. Kuwait and the UAE claim populations of approximately 1.6 million, followed by Oman with 1.5 million. Bahrain and Qatar have the smallest populations of the Gulf countries, around 400,000 and 300,000 respectively. Encouraged by improving health services and prompted by pro-natalist traditions, the national populations are experiencing high rates of natural growth relative to many non-Gulf countries. Bahrain's rate of natural increase of 4 percent is the highest among the six countries (Birks, 1988, 134). The Economic and Social Commission for Western Asia (ESCWA) estimates that Saudi Arabia, at 2.7 percent, has the lowest natural growth rate for the area (Birks, 1988, 134). These percentages exclude naturalization of foreigners. There is evidence, however, of "a growing interest amongst national populations in birth control methods" (Birks, 1988, 137). This results from rising education levels among women and increased female employment, accompanied by a desire for smaller families.

1. High Percentage of Youth

A large percentage of the region's population is young, under the age of 15 and, therefore, technically not included in the labor force. As a region, the

Table 1: Total Population (Nationals and Non-Nationals) of GCC Countries, 1975 and 1985, and Country Size

Country	1985	1975	Size in Square Miles
Bahrain	427,632	270,000	231
Kuwait	1,698,797	974,500	6,880
Oman	1,588,962*	782,250	120,000
Qatar	290,182	164,900	4,000
Saudi Arabia	11,248,047*	6,157,500	830,000
UAE	1,600,000	656,000	32,280
Total	14,232,335	9,005,150	

*Population figures are provided by the Economic and Social Commission for Western Asia (ESCWA), however, Birks believes that the figures for Oman and Saudi Arabia are too high. Based on additional data, he has recalculated Oman's population to be only 1,260,170 and Saudi Arabia's at 8,955,554.

Source: Birks, 1988, p. 147, Table 7.7 and p. 145, Table 7.6, Scenario A.

GCC's total percentage of young people is among the highest in the world, surpassed only by countries of the African continent (El Hallak, 1986). A look at the age structure of the Gulf populations in Table 2 provides insight into part of the reason behind the present manpower shortage and permits estimations of the expected number of entrants into the labor force in the near future. In addition, it supplies planners with an idea of the type and quantity of schools, hospitals and other social structures that will be needed by the maturing population. For the Gulf, in particular, it will determine the extent of dependency upon foreign workers in the foreseeable future.

Among the Gulf states, the largest percentages of the population under the age of fifteen are found in Kuwait (46.3 percent), Oman (45.6 percent), and Saudi Arabia (43.7 percent). The UAE, Qatar, and Bahrain, with 31.8, 32.5, and 38.3 percent respectively, also demonstrate large youthful populations. For the Arab world as a whole, it is expected that the governments will continue to encourage large families as part of their effort to produce a workforce made up of a greater share of nationals. As these states continue through the development process, however, birth rates should begin to fall naturally. Among the principal reasons for this decline are the rising education levels of females and subsequent pursuit of careers. Birks (1988) observed a trend toward resumption of careers by Kuwaiti females following childbirth, and suggested that this phenomenon may also be occurring throughout the Gulf, utimately affecting the family size and growth rate of the national populations. Although the largest age groups for each country fall into the category of individuals between the ages of 15-64, the median age reveals the

Table 2: Gulf Populations by Age Group (%), 1985

Country	0-14	15-64	65+	Median Age
Bahrain	38.3	58.9	2.8	20.3
Kuwait	46.3	52.1	1.6	16.8
Oman	45.6	51.6	2.8	17.2
Qatar	32.5	65.1	2.4	25.3
Saudi Arabia	43.7	53.5	2.8	18.2
UAE	31.8	65.9	3.2	27.0

Source: El Hallak, 1986, p. 53.

actual majority to be at the younger end of the range. The median age among the six nations is highest in the UAE (27) and lowest in Kuwait (16.8), with Oman (17.2), Saudi Arabia (18.2), Bahrain (20.3), and Qatar (25.3) falling somewhere in between. Pro-natalist policies, the traditional desire for large families, and the low workforce participation rates of women all contribute to high numbers of youth. Birks (1988, 134) writes, "in no Gulf state does the government promote family planning, and in at least one it is an offence to deal in family planning materials." Furthermore, in the opinion of Birks (1988, 134), "governments in the Gulf are not interested in national population control: indeed, in a general way, they are pro-natalist and expansionist." An example of government-sponsored inducements to expand the size of the indigenous population include an offer in 1986 by Kuwait to grant citizens a marriage allowance of approximately U.S. $6,800. Saudi Arabia has also assumed a pro-family position with respect to its citizens, and has offered a marriage allowance of approximately U.S. $11,500 (Dabla, 1986).

2. Sex Ratios

Social custom has greatly restricted the freedom, as well as limited the educational and employment opportunities of women, and has designated the family as the primary focus of female activities. Women constitute less than half of the population in the Gulf because the large numbers of workers migrating to the area are mostly male. Female nationals in the Gulf represent a potentially significant, but relatively untapped, labor resource. Data in

Table 3 provided by the League of Arab States shows estimates of the sex ratio and the number of men for each 100 women, for individual Gulf countries as well as for the Arab world. The data show that the UAE has the highest sex ratio of 205 men for each 100 women, followed by Qatar with 164. These high numbers indicate the residence of a majority of males, most certainly migrant workers unaccompanied by families although this is not in the text accompanying the original data. Countries known to have large populations of migrant workers, as all of the Gulf states do, will most likely have a higher proportion of men than women, and a higher sex ratio. This results, in part, from immigration policy discouraging resettlement of migrants' dependents.

Countries which permit relocation of workers' dependents may still have a high sex ratio only if large numbers of non-national males voluntarily choose to migrate without dependents. In fact, the tendency to bring dependents to the Gulf differs among the various migrant ethnic groups. The 1980 census in Kuwait grouped foreign worker statistics according to the migrants' "continent of origin" rather than by individual country. Under this system, non-Kuwaiti workers are categorized only as Arab, Asian, or "other nationals." The data revealed that 60 percent of non-Kuwaiti Arabs are in the country because they have accompanied a worker. However, this figure dropped to only 28 percent for Asians and 46 percent for "other nationals" (Shah, 1986, 819). Even though differences exist among the various groups, the total number of migrants choosing to transfer with dependents is significant. Although large numbers of spouses accompanied workers in 1985, Kuwait continued to have a relatively high sex ratio of 132

Table 3: Estimates of Population by Sex and Sex Ratios for the GCC Countries, 1985 (in thousands)

Country	League of Arab States Estimates				Population (U.N. Estimates)
	Males	Females	Total	Sex Ratio	
Bahrain	248	169	417	146.7	432
Kuwait	973	737	1,710	132.0	1,811
Oman	528	513	1,041	103.0	1,242
Qatar	184	112	296	164.3	315
Saudi Arabia	5,770	5,635	11,405	102.4	11,542
UAE	880	429	1,309	205.1	1,327
Arab World	97,630	94,497	192,127	103.3	188,379

Source: El Hallak, 1986, p. 49, Table 1.

men for every 100 women. The sex ratio for Saudi Arabia was only 102.4 and for Oman, 103. These low figures for Saudi Arabia and Oman, which are less than other GCC countries importing foreign manpower, suggest that these estimates do not include the countries' migrant workers.

3. Manpower Economic Activity Rates

Economic activity rates for both males and females, available only for four Gulf states including Kuwait, but not Saudi Arabia, are given in Table 4. Figures for four non-GCC Arab countries are also presented for comparison. The manpower economic activity rate represents the percentage of productive males and females who fall within specific guidelines of employability. This category focuses on individuals between the ages of 16-65 who are not institutionalized (i.e. hospitalized or imprisoned) and who are employed. The age parameters exclude the large population of young people found in the Gulf and also excludes retired individuals.

Activity rates for the GCC nations, as compiled in the early 1980s by the League of Arab States and the Economic and Social Commission for Western Asia (ESCWA), are much higher than for other Arab countries. This suggests that the activity rates of migrant workers are most certainly included in the percentages for all four GCC countries in Table 4. As may be expected, because of traditional views toward female employment, the economic activity rates for males are significantly higher than that for females in all eight Arab countries. El Hallak (1986, 51) notes that difficulties associated with gathering data on female economic activity leads to an understatement

Table 4: Crude Economic Activity Rates and Manpower Economic Activity Rates in Selected Gulf Countries According to Latest General Census of Population

	Manpower Economic Activity Rate (labor force as % of those capable of work)		
	Males	Females	Total
Algeria	63.7	4.3	32.9
Bahrain	86.6	21.8	62.1
Iraq	65.5	14.6	40.8
Kuwait	85.8	20.2	60.5
Morocco	85.0	19.7	51.5
Qatar	89.5	17.2	66.3
Tunisia	82.8	19.5	51.6
UAE	94.0	15.8	75.2
Arab World	68.5	9.5	39.2

Source: El Hallak, 1986, p. 61, Table 5.

of actual rates for females in all eight Arab countries. The highest female economic activity rate among the GCC countries is found in Bahrain with 21.8 percent, followed by Kuwait (20.2 percent), and Qatar (17.2 percent). The average female economic activity rate derived from statistics for sixteen Arab countries is only 9.5 percent. The fact that female economic activity rates among the four GCC countries are greater than are found in Algeria (4.3 percent) and Iraq (14.6 percent) is most likely due to the large number of foreign females employed in the Gulf, particularly as domestic servants. Greater social acceptance of female employment in Tunisia and Morocco is evident in the activity rates of 19.5 percent and 19.7 percent respectively--comparable to rates in the GCC countries. Although the social acceptability of female citizen employment among the GCC countries is increasing, higher economic activity rates most likely continue to result from the employment of foreign women.

Among males, the economic activity rates in each of the four GCC countries are higher than for any non-GCC, Arab country. The UAE claims the highest employment figures for males at 94.0 percent followed by Qatar (89.5 percent), Bahrain (86.6 percent), and Kuwait (85.8 percent). By comparison, the Arab-country average male economic activity rate is 68.5 percent. Of the four non-GCC nationals listed in Table 4, both Morocco (85.0 percent) and Tunisia (82.8 percent) come closest to matching percentages in the Gulf and are far-greater than the figures for Algeria and Iraq with 63.7 percent and 65.5 percent, respectively.

The total of both males and females within the age and employability criteria specified is also provided as a percentage of the total population.

Because of the likely inclusion of migrant workers in the data, the percentages for each of the four GCC countries are again higher than any other Arab country. Economic activity rates as a percentage of the total population are higher among the GCC countries than among the non-GCC, Arab nations. The UAE claims the highest activity rate of 75.2 percent, followed by Qatar (66.3 percent), Bahrain (62.1 percent), and Kuwait (60.5 percent). Again, these high levels of workforce participation no doubt result from the large number of migrants included in the statistics. Among the four non-GCC countries, Tunisia had the highest rate of 51.6 percent.

Aside from the possibility of errors in data collection or reporting, the differences in percentages among the GCC countries are possibly due to the level of migrants' dependent accompaniment (or family reunification) and incidence of dependent employment in the Gulf. For example, the UAE hires large numbers of Asian workers who tend to be unaccompanied by dependents, therefore, the total population consists of a greater percentage of individuals actively engaged in work.

C. Gulf Attitudes Toward Employment

In addition to demographics, the social attitudes toward work prevailing in the Gulf appear to affect the overall employment participation and labor productivity. Religion, in this case Islam, is also presumed to influence efforts toward modernization. Roukis and Montana (1986, 175) observing a reluctance on the part of nationals to perform manual work, write:

> In any consideration of the profile of the workforces in the Gulf States, the value system of Islam must be weighted as having a strong cohesive influence. The norms and values of Islam are shared by the indigenous population and the numerous expatriate workers. These norms, over the years, have institutionalized feelings toward work and conditioned perceptions toward modernization. If change is too precipitate, and external values are overwhelming, the societies' self-regulating mechanisms become ineffective and crisis develops.

A trend toward greater interpersonal formality and emphasis on social status and occupation has been noted in the Gulf (Melikian, 1988). This has been accompanied by ostentatious displays of wealth and personal desire for public recognition. Positions within government ministries are considered prestigious and employment is usually secured through family ties or contacts rather than by individual qualification. These social attitudes are important to consider in that they determine what nationals consider to be acceptable forms of employment. Strong preference for certain types of work and refusal to accept other kinds of employment translates into foreign labor to fill these undesired positions. The observance of these social changes are causing some scholars to believe that many Gulf nationals face psychological barriers to full participation in the development process, therefore, reinforcing dependency upon foreign workers (A. Ali, 1986). Al-Hegelan and Palmer (1985) point to research in Saudi Arabia by Palmer, Al-Nimir, and Al-Ghofaili (1984, 50) indicating that "dependence on expatriate labor has been paralleled by a reluctance of Saudi Arabians to become psychologically involved in the productive sector of the economy." Roukis and Montana (1986, 175) caution against judging Middle Eastern workers according to Western standards of job performance saying:

> Managers should not lose sight of the fact that workers in this part of the world eschew the high achievement, calculative involvement drive of American workers and prefer the security of the group. This sense of belonging is a pervasive cultural trait that extends into the world of work.

Al-Hegelan and Palmer (1985) conducted a survey of 123 high-ranking Saudi government officials which appears to support the importance of social relationships in securing employment. It also illustrates the degree of personal motivation and gives indications of job effectiveness. The study looked at six categories of behavior determined by the researchers to be mandatory to the effectiveness of a bureaucracy's operations. Analysis of responses to the questionnaire revealed low scores in each of the designated categories, among them were psychological drive, communications (among co-workers), and job satisfaction. The study concludes that the present structure, in which rewards are tied to personal relationships rather than ability, could pose obstacles to successfully reaching the country's development goals. In addition, there exists a self-proclaimed lack of necessary management skills by those at the highest levels of planning.

Serageldin, *et al.* (1983) report that the majority of education-related development investments and government attention is directed toward post-primary education. This has resulted in the continuation of high illiteracy rates among the Gulf countries. Because literacy is an important stepping-stone to secondary and vocational training, the governments may find fewer adequately-prepared candidates for these educational programs. Furthermore, the literacy rates of males are higher than for females in all Gulf countries (Serageldin, *et at.*, 1983) and this hinders efforts to expand female attendance at secondary and post-secondary educational institutions.

As an example of the high illiteracy rates in the area, A. Ali (1986, citing Al-Atiah, 1983) indicates that Saudi Arabia's illiteracy rate is around 57 percent. In 1980, estimates of illiteracy among employed Kuwaiti nationals revealed that 25.3 percent of Kuwaitis in the workforce were illiterate compared to 35.9 percent in 1975. Once these figures are combined with those of semi-literate Kuwaiti workers (able to read and write only), the figure representing Kuwaiti workers with little or no literacy skills stood at 42.3 percent for 1980 and 59.3 percent for 1975 (Al-Tuhaih, 1986).

D. Profile of Saudi Arabia

In 1923, the British were the first to receive a petroleum concession in Saudi Arabia. After four years of unsuccessful attempts to strike oil, the British ceased exploration activities. An American firm, the Standard Oil Company of California, was more fortunate with its concession, granted in May 1933, for a period of sixty-years (Al-Farsy, 1986, 45). The first commercial quantities of oil were discovered in 1938 at Dammam. Only in December 1950, however, did Saudi Arabia first reach an agreement with one of the foreign oil companies whereby Saudi Arabia shared fifty-fifty in the profits from extraction of Saudi Oil. This agreement was made with Aramco[1] and set a precedent for agreements between other oil companies and the Saudi government (Al-Farsy, 1986, 49). The first Saudi national petroleum company, the General Petroleum and Mineral Organization (Petromin), was

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[1] The California-Arabian Standard Oil Company changed its name to the Arabian American Oil Company (Aramco) in 1944.

established in 1962 in order to evaluate and develop the country's oil reserves.

With its growing oil wealth, Saudi Arabia became instrumental in uniting other world oil producers in an effort to moderate the fluctuations in oil prices. Together with Venezuela in May 1960, Saudi Arabia first proposed the formation of the Organization of Petroleum Exporting Countries (OPEC). The organization was formally established in September 1960, and included thirteen countries, seven of which were Arab states. In 1968, Saudi Arabia was instrumental in uniting the Arab oil-producing nations under the banner of the Organization of Arab Petroleum Exporting Countries (OAPEC). The OAPEC members include Algeria, Bahrain, Egypt, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, Syria, and the UAE.

With respect to Saudi Arabia's finances, the period prior to 1960 was distinguished by the absence of a "workable national budget" and by the fact that government revenues were also considered part of the king's personal wealth (Wells, 1976). Fiscal reforms undertaken by King Faisal, however, put the country on a more structured budgetary system. The increase in the price per barrel of Saudi oil from U.S. $2.59 in January, 1973 to $11.65 for the same period in 1974, had a substantial impact on government revenues (El Mallakh, 1982, 64). According to Wells (1976, 24), "for the years of the plan, 1971-75, the revenues of the government. . .increased 40 percent in each of the first two years, 38 percent in the third year, 168 percent in the fourth, and 138 percent in the final year."

The government viewed the sudden wealth as an opportunity to improve economic and social conditions within the country, and, at first,

every *riyal* earned was spent. Despite attempts to utilize all anticipated income, actual revenue continued to exceed estimated revenue for the period 1971-75, and planners simply continued to increase expenditures in subsequent years to reflect this higher income. Saudi planners adjusted expenditures to equal estimated revenues until 1975, when estimated revenues quadrupled, and spending finally fell below revenues (Wells, 1976, 25). Among the projects undertaken were extensive investments in social programs including free education and health benefits, a social security plan, subsidized housing, food and utilities, and access to recreation facilities for Saudi citizens (Wells, 1976).

It was during the 1970s that Gulf planners recognized that continued reliance on imported labor was unavoidable. However, immigration of workers continue to be viewed by Saudis as a temporary employment situation rather than permanent settlement. Foreign workers are seen as another imported good necessary to accomplish Saudi development goals. Saudi management of foreign labor as a tool for achieving national development goals has been described as "both sophisticated and effective within the parameters they have set themselves. . .and the Saudis have no qualms about managing the flow of human traffic to their entire convenience" (Woodward, 1988, 4).

For the period 1970 to 1975, the Saudi labor force expanded an estimated 3.8 percent annually (Wells, 1976). During this time, non-nationals represented around one-quarter of the workforce. Undocumented Yemenis and workers from other nearby areas supplied the majority of unskilled manual laborers. Skilled and semi-skilled workers were primarily Arab

migrants interspersed with Europeans, Americans and Asians. Wells (1976, 29), using information from the Saudi Central Planning Organization, *Development Plan 1975-1980,* states:

> A survey in 1973 revealed that of the foreign workers entering the labor force in the private sector, Arabs from outside the Arabian Peninsula held the largest share of positions classified as skilled equipment operators, services, sales, and agricultural. Westerners dominated the technical and scientific sector and the management sector. Asians made up the largest share of office workers.

As the Gulf country with the greatest oil reserves and most ambitious development plans, Saudi Arabia is also the single largest employer of foreign workers. Foreigners constituted 25.4 percent of the total population of Saudi Arabia in 1975. By 1985, this figure fell slightly to 23.2 percent (Birks, 1988).

The massive infrastructure projects undertaken as part of the second five-year plan (1975-80) included airports, highways, hospitals, and educational institutions. Diversification of the production base in order to reduce dependence on crude oil exports spurred construction of oil processing plants, natural gas collection facilities, and power plants needed to meet the growing demand for energy. Two industrial cities, Jubail and Yanbu, were created specifically to house planned new oil refineries, petrochemical plants, and a steel mill. The large-scale import of labor to construct and maintain these facilities made it necessary for the Saudis to build entire towns. According to Wells (1976), manufacturing, with private investors playing a critical role, is part of the vision of diversification. Growth of the private sector, in general, is an important component of the development plans and is considered as necessary for a healthy and well-balanced economy. Doubtless, Saudi Arabia will rely on oil-generated revenues for the

foreseeable future, and diversification efforts must be viewed as long-term investments.

As part of the third Development Plan (1980-85), Saudi Arabia gave its attention to increasing agricultural production and developing mining and capital-intensive industries. Construction activity, however, fell more than 6 percent during 1982-83, and fell even further the following year (Der Hovanessian, 1986). Aside from oil production, Saudi Arabia has invested in production of natural gas, cement, chemicals, glass, processed foods, and building materials (Shaw, 1986).

Under the fourth Development Plan (1985-90), Saudi Arabia has continued targeting privatization of the public sector, development of the private sector, and improvement of social services. Much attention has also been placed on improving the living conditions in rural areas and small towns (Der Hovanessian, 1986). Government spending on construction was expected to decline between 1985 and 1990. At the start of the fourth plan in 1985, construction allocations represented U.S. $20 billion of the $54.8 billion total annual budget for Saudi Arabia (Azzam, 1988). However, Azzam (1988) predicts that, due to subsequent falling oil revenues, it is more likely that construction spending during the plan was U.S. $17.4 billion for 1985, $15.8 billion in 1986, and $14.4 billion for 1987-90. The spending cuts total an estimated 25 percent by the end of the five-year period 1985-90, however, the investment in the construction sector remains substantial.

As part of its goal to increase agricultural self-sufficiency, the plan encourages the continuation of investment in the agricultural sector. Investments during the third plan now place Saudi Arabia in the position of

wheat exporter, one of the few Middle East countries capable of producing excess grain for export (Azzam, 1988, 184). In 1985, in addition to wheat, Saudi Arabia was also able to meet domestic demand for vegetables and fruit, where production was only 5 percent of demand ten years earlier (Azzam, 1988).

E. Profile of Kuwait

During the 1940s, the majority of the 8,000-10,000 men in Kuwait's workforce were engaged primarily in "trade, seafaring, and pearling" (Al-Ebraheem, 1984, 91, citing Shehab, 1964). Oil exploration in Kuwait commenced in 1936 with the drilling of a well near Al-Bahara. Although it proved to be dry, subsequent drilling in 1938 in the Burgan field provided Kuwait with one of its most successful and important sources of crude oil. Although extraction ceased from 1942-45 because of World War II, annual production of crude oil in 1946 totalled approximately 5.9 million barrels. By 1948, this had reached 46.5 million barrels per year. From 1951 to 1972, Kuwait's production increased from 204.9 million barrels of crude oil per year to more than 1.2 billion barrels, the peak of its production (Al-Ebraheem, 1984, 93).

From 1950 to 1962, Kuwait gradually developed its most basic infrastructure and social services using oil revenues. Over the next decade, emphasis was placed on diversification of industry and financial services. Kuwait was the earliest beneficiary of oil dollars, and as a result became one of the Gulf's leading financial hubs (Bahrain is now the other), as well as the first to control entirely its own oil production facilities (Bulloch, 1984). The oil boom of the early 1970s, rather than starting Kuwait on the road to

development, merely placed the country in a stronger position to continue its diverse investment practices (Conway and Anderson, 1986). Of the Gulf countries, Kuwait provides the best living conditions, housing and health care and these act as a magnet to foreigners who want to work in the Gulf (Bulloch, 1984). It has been said that health care facilities in Kuwait, free to all residents, equal facilities in some European countries (MERI, 1985, 12). In the opinion of Al-Ebraheem (1984, 88), Kuwait, with its economic strength and its assertive role in Gulf politics, is "the model which other Gulf states, correctly or incorrectly, aspire to imitate."

Kuwait's exports in the 1970s were dominated by crude oil and refined products, which accounted for 92-96 percent annually of total exports, and approximately 85 percent of total annual government revenues (Al-Tuhaih, 1986). Despite its large export earnings, the oil sector employs an insignificant portion of the total workforce. Non-oil Gross Domestic Product (GDP) in Kuwait rose steadily at 9.8 percent annually during the 1970s. This was accompanied by a 10.1 percent employment growth rate during 1975-80, up from 5.4 percent the previous five years (Sherbiny, 1984). In the non-oil sector, construction and boat building are the dominant activities (MERI, 1985). Rather than depending solely on its oil revenues, Kuwait has invested heavily in overseas markets. Seznec (1987, 28) claims that "the Kuwaitis prefer to see themselves as a type of multinational holding company, whose role is to manage financial assets to provide income to its small local population." From this position, Kuwait has managed to offset some of the negative effects of oil price fluctuations.

Kuwait's economic development is hindered both by its small indigenous population as well as its small physical size. From a population of less than 50,000 at the start of the twentieth century, the population grew to only 100,000 by the beginning of World War II (Bulloch, 1984). The first official census was taken in 1957 and revealed approximately 206,473 people (Al-Ebraheem, 1984). Kuwait claimed a 1985 population of 1,698,797, 59.8 percent of whom are non-Kuwaitis (Birks, 1988), and 46 percent are under the age of fifteen (El Hallak, 1986). The life expectancy in 1982 for males in Kuwait is 67 years, and for females, 72 years (MERI, 1985).

The growth rate of the non-Kuwaiti population as a whole has tended to surpass that of Kuwaiti nationals. Between 1975-80, the non-Kuwaiti population growth rate was 8.7 percent per year. This fell slightly to 5 percent between 1980-85. For both five-year periods, Kuwaitis maintained growth rates of only 3.7 percent (Shah, 1986). From 1975-80, the national labor force grew 3.3 percent annually compared to 12.4 percent annually for the non-national workforce. Population projections as part of the fourth Development Plan (1985-90) estimate that the population will reach 1,844,420 by 1990. Also stated in the plan is the expectation that Kuwaitis will represent 23.7 percent of the workforce in 1990, up from 22.6 percent in 1985. In addition to increasing the participation rate of citizens, the plan anticipates higher productivity as well (Al-Tuhaih, 1986).

Like other Gulf states, Kuwait has long claimed that the use of foreign workers is merely a temporary phenomenon. However, the fact that Kuwaitis represented little more than a fifth of the workforce in 1980, and are projected to be just under a quarter of the labor force in 1990, clearly suggests a

long-term dependence on foreign labor (Shah, 1986). Farah, *et al.* (1983, 43) citing Al Eassa (1978) identified "push" and "pull" factors as instrumental to the large-scale labor migration to Kuwait. The "push" factors include the high surplus-labor conditions in many of the surrounding countries and the influx of Palestinians to Kuwait following the Arab-Israeli wars. On the "pull" side are the attractive wages, well-developed social services, the abundance of consumer goods, and Kuwait's "political tolerance".

It was expected that over time nationals would increasingly replace foreigners and, therefore, reduce the dependence upon migrants. Kuwaiti nationals were well on their way to becoming a minority in 1961, when foreigners made up 48 percent of the population (Conway and Anderson, 1986). As a result, the first five-year plan (1967/68-1971/72) identified labor force participation rates and the education of Kuwaiti citizens as key planning goals. Migrants have outnumbered Kuwaiti citizens only since 1975, but they have continued to increase their percentage share of the population, from 51.6 percent in 1975 to 59.8 percent in 1985 (Birks, 1988). This majority position, revealed by the census, has prompted Kuwaiti policy-makers to attempt to stabilize or even reduce the foreign population below 1980 percentage shares of 41 percent for Kuwaitis versus 59 percent for foreigners (Sherbiny, 1984). Although nationals were only 40.2 percent of the population in 1985 (Birks, 1988), the fourth Development Plan projects that this share will increase, reaching 44.8 percent by 1990, and optimistically predicts that a population balance will be realized by the year 2000 (Al-Tuhaih, 1986).

While the Kuwaiti government is taking some steps to reduce the foreign population, it is simultaneously undertaking projects which require foreign manpower. The government has planned construction of a new city, Subiya, located in the eastern part of the Zor Ridge and extending into Kuwait Bay, designed to alleviate population pressures in Kuwait City by the year 2000, and to populate the unsettled rural lands so as to discourage hostile foreign occupation (Conway and Anderson, 1986). Another city, Al-Khiran, to be located between Saudi Arabia and Kuwait City is being planned to accommodate the central administrative offices of the government now situated in Kuwait City. It is estimated that initially 125,000 people will reside in Al-Khiran (Conway and Anderson, 1986).

IV. FOREIGN WORKERS IN THE GULF: BACKGROUND, TRENDS, AND SOCIAL CONSEQUENCES

A. Phases of Labor Migration to the Gulf

International migration to the Gulf Cooperation Council (GCC) countries for the purpose of employment first coincided with the initial oil extraction operations of the 1930s (Seccombe,1985). The roots of dependence on migrants workers, albeit on a moderate scale, has been associated with this period of time (Seccombe and Lawless, 1986). However, it is since 1973, when oil prices soared and migration reached unprecedented levels which is the most thoroughly documented.

The massive influx of foreign manpower to the Arab Gulf countries since the early 1970s is certainly the most significant phenomenon associated with the Gulf labor market in this century. According to Woodward (1988, 7), three distinct phases of labor flows to the Gulf since World War II and extending to the present time, may be identified. The first phase of migration, around the time of World War II, involved primarily unskilled foreign Arabs, although skilled foreign (European and American) workers, mostly employed by oil companies, also migrated (A. Ali 1986) In addition, this period is characterized by low wage differentials and relatively few restrictions on worker entry and exit. For most of the Gulf countries, the exception being Kuwait, the first period ends in 1973-74 around the time of the oil embargo which precipitated the second phase. The second period is associated with hyper-development accompanied by a massive inflow of foreign labor. During this time, the countries of the Arab Gulf underwent a development

process unlike the gradual stages of "modernization" experienced by Western nations and espoused by earlier development models such as Rostow's Five Stages-of-Growth (Rostow, 1971). The GCC countries were able to erect an infrastructure using the very latest technology within just ten years--practically overnight. However, the area's demographic profile posed serious obstacles to the rapid mobilization of a labor force adequate to meet the region's development agenda. Each country wished to establish communication networks, transportation facilities, hospitals, and schools as quickly as possible. In addition, all established and further developed industries primarily associated with oil-based production, although heavy investments were also made in some non-oil sectors.

The abundance of oil revenues after 1973 presented Gulf countries with an opportunity to advance at an unprecedented rate into the forefront of technology and "modernity". The import of workers became necessary because of the small and unskilled natural populations. With the exception of Kuwait, demand for labor in the GCC countries was limited prior to the 1973-74 rise in oil prices and oil extraction-related industries were the predominant employers of foreign labor. The crude oil was then shipped to other regions where workers refined the oil and manufactured the finished oil products. During this period, the Gulf governments increased their control over both the oil extracting and production processes. Many of the social projects made possible by the oil money were completed almost within a decade, a remarkable achievement because they included goals as ambitious as construction of housing, ports, water and sewer lines, highways, power

plants, industries, and offices. In short, an extensive, modern, and complete infrastructure was created where practically none had existed previously.

The oil glut of 1983 prompted a third distinct phase. Oil revenues for the GCC countries as a whole declined 51 percent between 1981 and 1984, and probably fell further the following two years (Seccombe, 1988). The falling of oil prices during this time coincided with the completion or near completion of numerous major construction projects. It is this third phase of falling oil revenues and the resulting impact on demand for foreign labor which will receive the greatest attention in this thesis.

In particular, attempts to reduce reliance on foreign manpower will be examined because this subject has assumed a position of priority in development planning in the last decade among all GCC countries. An educated workforce plays a significant role in any country's quest for self-sufficiency. For this reason, both the failures and successes of planners to train and motivate their workforces will be discussed in this thesis. In the opinion of Al-Tuhaih (1986, 137), "it is clear that manpower planning, training, and education would form the core of critical issues in any long-term strategy for Kuwait." It is apparent that this remark is equally applicable to other GCC nations.

B. The Degree of Foreign Worker Settlement

Exact figures of the extent of migrant settlement are not available, and even though it is known that the communities of non-nationals in the Gulf are growing, it has not occurred at the same level of settlement achieved by migrants to Europe.

The decision to remain often arises because migrants have adapted to their new surroundings, have established themselves politically and economically, and have no desire to return to their homelands. Regarding the characteristics of migrants who tend to remain permanently in the host country, Penninx (1986, 969, citing Muus, *et al.*, 1983) points out that the most-skilled (i.e. professional) and the least-skilled individuals constitute the majority of long-term or permanent migrants. On the subject of global migration and demographic settling, Marshall (1984, 594) notes that "migrants and their hosts ordinarily assume the process to be temporary, which it is for some migrants, but large-scale flows almost always leave residuals of people who settle out."

For many migrants, few employment opportunities and a scarcity of social services in their own countries contribute to the decision to remain in the Gulf. Of the foreign population in Kuwait, slightly less than 44 percent have lived in the country four years or less and 7 percent for more than twenty years (Conway and Anderson, 1986, 140). The natural population growth rate of the foreign communities alone accounts for a significant portion of the growing size of migrant stocks. The effects of this population growth will be even greater once dependents reach child-bearing age (Birks, 1988).

1. Length of Stay

According to Birks (1988), the net migration of foreigners and the extent to which dependents settle in the Gulf are the two most important criteria for evaluating the permanence of migrant labor. Governments have

attempt to regulate the flows of workers by defining strict requirements for the issue of entrance visas and setting restrictions on the length of stay. Usually these controls are in response to changing economic conditions and the level of government revenues, both critical to the demand for labor. Since oil revenues declined, the Gulf countries have begun to pay greater attention to migrants' duration of stay (A. Ali, 1986). The average length of stay and residence status granted to migrant workers, as reflected in net outmigration estimates, ultimately reveals the extent of government control over aliens. Obtaining accurate net migration estimates, however, is difficult.

In a 1970 study of migrants' duration of stay in Kuwait, it was found that non-Arabs stayed an average of 5.3 years and Arab migrants remained for and average of 5.8 years. Migrants from other Gulf states remained in Kuwait even longer, approximately 7.9 years. Egyptians remained for a period of time averaging 3.6 years. In the Asian category, Pakistanis were employed an average of 6.5 years and Indians for 5.4 years. By 1980, 60.2 percent of Arab migrants had maintained employment for 5 years or more as did 39.1 percent of Asians. Foreign workers in civil service jobs show a wider range of averages. The shortest was 4.4 years for Egyptians in civil service, and 12.3 years for Lebanese migrants. But even for migrants employed for long periods of time, Kuwaiti citizenship continues to be extremely difficult to acquire (Shah, 1986, citing Al-Akhras, 1982; Farah, 1983). The average stay for Filipino workers is three years, and five years for Pakistani workers (United Nations, 1986, 11). One study of Kuwait stated "among the foreign work force, after the Arab component, the Pakistanis and Indians are the most

Since the early 1980s, the Gulf states have placed greater restrictions on the length of employment contracts for foreign workers. A United Nations (1986) report on migrant workers states that the typical contract period for Asian workers employed in the Middle East is one to two years. In fact, contracts are commonly extended or renewed before expiration, resulting in a much longer period of employment for Asians. The growing use of government restrictions on new worker permit issues has led to increased retention of workers already employed in the Gulf (Seccombe, 1988, 176). From the viewpoint of the migrant, the difficulty associated with returning to the Gulf after leaving the country at the end of a contract makes contract extensions or renewals attractive. Employers are motivated to retain workers because they perceive the hiring of new workers as difficult or impossible (Seccombe, 1988, 176). entrenched" (MERI, 1985, 31).

2. Family Reunification

Except for the UAE, all GCC countries experienced increasing crude activity rates prior to 1980, suggesting that a large percentage of workers were unaccompanied by dependents. In Kuwait, the heavy inflow of workers to Kuwait between 1975-80 resulted in increasing crude activity rates, but the period after 1980 showed falling crude activity rates, due, in part, to dependent reunification and rising natural birth rates among migrants (Birks, 1988, 141-2). The falling crude activity rate points to growing numbers of economically inactive residents, usually dependent women and children. It is reunification, that largely signals the migrants intended length of stay. According to Birks (1988, 141), "this process of family reunion, and the

lowering of crude activity rates that it brings about, is the essence of demographic settling."

At least in Kuwait, Arab migrants are more likely to be accompanied by dependents than are Asians. To discourage accompaniment and to encourage the use of ethnic groups less likely to remain in the country, Kuwait considered offering incentives and rewards for contractors who can organize "labor packages" (usually Asians) and guarantee close supervision of workers, ensuring their departure upon completion of the job (Shah, 1986, 816, 831).

Among the ways to control dependent accompaniment is through earnings floors. Shah (1986, 821) reports that a migrant worker in Kuwait must earn a monthly income of U.S. $116 or more. Birks (1988, 143) notes that foreign workers in Kuwait must earn a more than the average wage paid to their fellow migrants in order to qualify for family reunification. This is also the general rule in Oman, but additionally, the employer must guarantee living quarters for the worker and family. Employers in Saudi Arabia must likewise ensure that housing is provided. Entry restrictions tied to earnings have favored certain nationalities and ethnic groups who traditionally earn higher wages in the Gulf. Arab non-nationals, Europeans and Americans, who tend to be professionals or skilled migrants are more likely to meet the earnings requirements for family accompaniment than are Asian workers. Birks (1988, 143) writes:

> By such means some Gulf states have been successful in limiting the entry of non-national dependants. However, because of the higher professional status of Arab non-nationals, these thresholds have favoured the development of non-national Arab rather than Asian communities.

The restrictions on dependent accompaniment to the Gulf countries are applied evenly without explicit reference to nationality and are very strict in order to control both the numbers of migrants and their lifestyles (Birks, 1988, 123). However, in practice, controls appear to favor Arab migrants over non-Arab workers. For example, Kuwait has attempted to reduce the number of foreigners within its borders by controlling population growth through restrictions on accompaniment and on new immigration for employment.

In addition to these policies which impact the inflow of new workers, are policies designed to control the workers already employed in the country. Among these is a proposal before the Kuwaiti Assembly for a 10-year residency limit for non-Arab Migrants (Shah, 1986, 831). Presumably, there would be no such limit for migrants of Arab origin. The consequences of such a policy favoring Arab migrants is significant. On the one hand, the policy will force non-Arabs out of the country every ten years, at least for a designated period of time. Most likely, however, any migrant tenacious enough to remain in the Gulf for a decade would presumably manage to return on a renewed visa, or even cultivate a sponsor for permanent residency before the period of ten years elapses. On the other hand, even if the policy is successful in limiting the settling of non-Arab foreigners, it does nothing to control the Arab migrant population. If the goal is to "Arabize" the population by encouraging settlement of Arab migrants, then the policy may be effective to this end. If, however, the host country views the Arab migrants as temporary workers only, the policy could contribute to increased demographic settling. A long-term consequence of the policy is related to the tendency for Arab migrants, more often than non-Arab migrants, to push for

family reunification. This suggests that policies which favor Arab migrants over non-Arabs increase the likelihood of future family reunification, larger numbers of foreigners, and ultimately the possibility of a greater degree of demographic settling.

C. The Use of Asian Manpower

Approximately three-fourths of migrant workers in the Gulf in 1970 were foreign Arabs. By 1975, their share had fallen to 67 percent and in 1980, to only 57 percent (Seccombe, 1988, 155). On the other hand, by 1980, Asian workers claimed 34.5 percent of total non-national employment and their shares were growing (Seccombe, 1988, 156). Seccombe (1988, 156) has proposed several reasons behind the increasing percentage of Asian migrant workers, including the increase in turnkey projects, a specialty of Asian contractors; lower wages for greater productivity; and a ready and organized supply of skilled workers unavailable through Arab labor-exporting nations. According to LaPorte (1984, 700), the five countries sending the bulk of workers to the Gulf are India, Korea, Pakistan, the Philippines and Thailand, and these "share the characteristics of having the populations of professional and skilled labor that can economically undercut comparable labor from other parts of the world." Among the smaller GCC countries, there were large populations of Asian non-nationals prior to the 1980s. For example, in Bahrain 88 percent of work permits were held by Asians (mainly Indians) in 1980, and this figure increased to 92 percent in 1984 (Seccombe, 1988, 178). Arab migrants have represented a minority of non-national workers in

Bahrain, Oman, Qatar, and the UAE, and their numbers have also been declining during the 1970s (Seccombe, 1988, 156).

Kritz (1987, 954-5) notes that "nationality considerations frequently enter into contract worker programs. . .[and] the organizing basis for these accords usually stems from regional proximity or historical ties." This is certainly true with regard to Arab migrants. Research by LaPorte (1984, 700) revealed that migrants from South Asia (Pakistan, India, Bangladesh, and Sri Lanka) first traveled to the Gulf "as part of the World War II effort of the allies." He elaborates with respect to Pakistan, Bangladesh, and India, noting that all "share religious and some socio-cultural ties with the region through Islam. . .only Sri Lanka is the 'odd man out' in this regard" (700). The East Asian countries sending workers to the Middle East include: Hong Kong, Thailand, Taiwan, Singapore, and (The Republic of) Korea. However, among the East Asian nations, "with the exception of Malaysia, Indonesia and the southern Philippines, which provide few workers, there are no significant historical or cultural connections with the Middle East" (700).

Although the total number of Asian workers in the Gulf is increasing, the relative percentages among the individual Asian countries are fluctuating. Indian and Pakistani workers made up 96 percent of Asians in 1975, but only 79 percent in 1980. East Asians, on the other hand, increased in number during the same period, from 15,000 to 152,000. These workers were primarily from Sri Lanka, Bangladesh, Indonesia, Korea, the Philippines, and Thailand (Seccombe, 1988, 157). Relatively few Asian migrants are contracted as laborers. A United Nations report (1986, 11) on migrant workers concludes that:

> The majority of Asian migrant workers in the Middle East are production/transport workers (including construction workers). Substantial numbers of migrant workers are also employed as service workers and professional/technical workers. Only a minority are unskilled labourers.

Approximately two-thirds of Asian migrants are married. They tend to come from rural areas and are predominantly male. The exception is the large number of females from the Philippines, the only country that sends a substantial number of women to the Gulf. The relatively small number of Asian women stems from their reluctance to undertake the often strenuous work in an alien culture. Thailand and Pakistan set restrictions on the employment of females abroad. For instance, a minimum age limit of 45 years has been instituted for Pakistani females desiring work as maids in the Gulf, while Thailand prohibits employment of female Thai nationals in some Gulf countries due to a history of employment abuses (United Nations, 1986, 11). However, a growing demand for domestic servants (maids and housekeepers) has resulted in the increased hiring of Asian females. Asian women made up only 13 percent of the female workforce in 1965, but represented 41 percent in 1980 (Shah, 1986, 821).

In the opinion of A. Ali (1986, 677), the GCC countries became aware of the negative aspects of importing foreign Arab workers sometime around 1977-78. This awareness led to the increased hiring of Asian workers. Arnold and Shah (1984, 315) note that some demand for Asian workers results from the fact that they are viewed as politically less threatening to the internal affairs of the receiving countries. Economy, availability, skill-levels and "sensitivity to risk" may play a part in the growing use of Asian labor. But there may be yet another reason, which rests with the variance between

the crude activity rates for Arab and Asian migrant workers. Using 1980 census data, Birks (1988) looked at the crude activity rates of these two groups in the UAE. The crude activity rate is an indicator of the economically productive workers as a percentage of the individual migrant population groups. The data show that the crude activity rate among Asians is 61 percent compared to 47 percent for non-national Arabs, and only 19 percent for UAE nationals. This means that only one-fifth of UAE nationals and less than half of non-national Arabs are engaged in economically productive labor. By contrast, two of three Asians are economically active. Reflected in these data are the greater number of dependents (those not economically productive) for Arab non-nationals than for Asians. The accompaniment of fewer dependents has been associated with a smaller likelihood of permanent settlement. This in itself could make the employment of Asians more attractive to Gulf development planners. Most East Indian migrants were accompanied by dependents in 1975; however, by 1982, less than 9 percent had families residing in the Middle East (United Nations, 1986, 12). It is also estimated that dependent accompaniment for Southeast Asians is also very small; however, reliable data do not exist to confirm this (United Nations, 1986, 12). Thus, a discrepancy between the stated goal of Arabization of the workforce and actual use of manpower will most likely continue to exist.

Both Saudi Arabia and Kuwait have historically employed non-national Arabs as a majority of total foreign employment within each country. More non-national Arabs as a percentage of foreign workers are employed in Saudi Arabia than any other GCC country (Seccombe, 1988, 156). Birks (1988, 138) claims that the switch to Asian workers took place in Saudi

Arabia between 1975 and 1983. A United Nations report has identified Saudi Arabia as the single largest employer of East and Southeast Asian workers in the Middle East (United Nations, 1986, 9). Of the various Asian nationalities, "86 per cent of land-based workers from the Philippines, 68 per cent of workers from the Republic of Korea, and 85 per cent of recent labour migrants from Thailand" work in Saudi Arabia (United Nations, 1986, 9). The employment percentages of Southeast Asian workers in Saudi Arabia are lower: 50 percent of Pakistanis, 25 percent of workers from Bangladesh, India, and Sri Lanka (United Nations, 1986, 9).

Like the other countries in the Gulf, Kuwait has experienced a trend toward the use of Asian migrants over foreign workers of Arab origin. In 1977, Asians received 48 percent of all new work permits in Kuwait compared to 47 percent for Arabs (Seccombe, 1988, 183). The gap had grown dramatically by 1978 to 59 percent for Asians and only 37 percent for Arabs. In 1983, Asians accounted for more than 60 percent of all new work permit recipients and reached 81 percent by 1984--while Arabs claimed a mere 15 percent (Seccombe, 1988, 184).

Concerns about the increasing number of Asian migrants became a public issue in numerous Gulf countries toward the end of the 1970s (Seccombe, 1988, 157). It is now recognized that the growing number of Asian migrants, while offering several benefits over other labor, is not without social implications. Seccombe (1985, 342, citing Al-Issa, *et al.*, 1983) predicts that Asian immigrants are a likely source of "future political difficulties for the states concerned." This runs counter to the opinion of Arnold and Shah (1984) who suggest that some GCC countries consider the potential political

threat from Asian migrants to be low. Saudi Arabia is among the countries who have actually experienced some unrest among resident Asian. Roukis and Montana (1986, 176) report of rioting among East Asian workers over working conditions and wage inequalities in Saudi Arabia in 1976.

It appears that as long as the perceived benefits outweigh the costs and perceived liabilities, Asian workers will be in demand in the Gulf. Conway and Anderson (1986, 153) note that "the size of current development plans [in Kuwait] virtually assures the long-term requirement for construction workers probably recruited from Asian countries." As fewer new large infrastructure projects are undertaken, competition among the labor-sending countries for employment opportunities in the Gulf will no doubt take place. Asian countries have begun actively and aggressively marketing their workers in the Gulf countries, even "to the extent that the export of labor has been described as an industry" (Arnold and Shah, 1984, 315). In 1984, Pakistan approved a 10 percent cut in the minimum acceptable wage for its workers in the Gulf in order to be more competitive (Aftab, 1984, 60). It is possible that, with their traditionally discounted wages and high work productivity rates, Asians can maintain high employment levels in the Gulf, or at least prevent major drops in their relative share. While acknowledging the cutbacks in development projects among the Gulf countries as a result of falling oil prices "there is, as yet, no evidence of a substantial cutback in the overall demand for Asian workers and few Asian workers have been sent home before the end of their contracts" (United Nations, 1986, 9).

Even though fluctuations in the total number of Asians may not be great, there have been shifts in demand for certain occupations (and hence

certain migrants). For example, demand for Filipino workers in the Gulf reached a peak in 1983, then declined between 1984 and 1986 as production and construction workers primarily were no longer needed (Stahl, 1988, 148). In 1987, the employment of Filipinos once again neared the 1983 peak-levels, but the job categories shifted toward professional, technical and service positions (Stahl, 1988, 149). This seems to support the findings of a United Nations report (1986, 11) which predicts that the future decline in new construction projects will cause a shift in demand for foreign manpower to the maintenance and service sectors. Demand for workers from South Asia in particular is expected to continue growing, with some shifting to East and Southeast Asian workers, and possibly to more Indonesian or even Chinese workers in the distant future. If this were to happen, the scale of Chinese workers potentially available for overseas work could have a great impact on wage and employment conditions in the Arab Gulf markets (Arnold and Shah, 1984, 316). The competition created by an influx of Chinese workers could conceivably push wages down even further. The low wages could then prompt increased demand for foreign workers at the new, lower rate.

1. Project-Tied Employment

More often, especially on large projects, a group of workers from a single country will be hired for a pre-determined period of time or until completion of the contract. Project-tied employment, most commonly associated with of Asian labor, has been relatively successful at ensuring that workers leave the country upon completion of a specific project. Korea is recognized as one of the labor-exporting countries most capable of mobilizing

large groups of workers to fill construction contracts in the Middle East. By grouping workers in this manner, the sending country hopes to reduce exploitation of its citizens by recruitment agencies and foreign employers, and increase the competitiveness of its workers. The labor-sending country negotiates on single contracts instead of hundreds of individual agreements. The home country also takes charge of housing, food and recreation facilities for its workers while in the Middle East. The migrants stay in dormitory-type accommodations and are fed traditional food, thus increasing the comfort of the workers. Upon completion of the job, it is the responsibility of the labor-sending government to see that its workers leave the Gulf. Labor contracting through formal channels, either government agencies or large, private employment firms is expected to continue increasing in use due to its popularity with both labor-sending and labor-receiving countries.

D. Migrant Employment Shares by Occupation

This past decade has witnessed several changes in the percentages of both migrants and nationals in various occupational categories in the GCC countries. As major construction projects came to an end, the demand for unskilled foreign construction workers fell. At the same time, however, demand for foreign workers as domestic servants increased, partially offsetting the shrinkage in construction employment (Seccombe, 1988). Overall, the demand for skilled and semi-skilled workers such as engineers, technicians and production-related employees rose in the Gulf. Although large numbers of nationals continue entering the workforce, signalling the completion of educational programs begun several years earlier, the

indigenous workforce is unable to fill meet the labor shortages. As a result, skilled and semi-skilled foreign workers continue to flow into the Gulf countries. In the opinion of Arnold and Shah (1984), the Gulf countries will need more workers in manufacturing, services, and maintenance and fewer in the construction sector now that the push to establish basic infrastructure is largely complete. The attitudes of Gulf nationals toward vocational and unskilled employment continued to be negative. In fact, Birks and Sinclair (1980) as well as Shah (1986) conclude that Gulf nationals have actually reduced participation in strenuous or low-prestige occupations in recent years.

1. Saudi Arabia

The data in Table 5 as presented by El Mallakh (1982) are Saudi Ministry of Planning estimates for 1975 and 1980 of the percentage of Saudi citizens employed in various occupational categories. These estimates suggest that the employment of foreign workers has shifted from primarily agricultural and mining activities to manufacturing, construction and utilities as well as trade, finance and services between the early 1960s to the 1980s (Sherbiny, 1984). In 1975, the largest number of Saudi nationals were engaged in farming (311,200); this figure fell slightly to 281,000 in 1980. The number of Bedouins declined similarly during the same period, from 114,900 to 98,000. In all other categories, however, the number of Saudi nationals was expected to increase over the five-year period. The largest increase came in the area of semi-

Table 5: Estimated Saudi Manpower by Occupational Category, 1975 and 1980 (in thousands) by Number of Persons and Percentage of Total Labor Force

Occupational Group	1975	%	1980	%
Managers, Officials	7.4	.6	8.7	.5
Professionals	48.4	3.8	52.9	3.5
Technicians and Sub-Professionals	25.0	1.9	33.4	2.2
Clerical Workers	67.5	5.2	99.6	6.6
Sales Workers	82.3	6.4	97.2	6.4
Service Workers	105.2	8.2	134.5	8.9
Operatives	40.0	3.1	57.1	3.8
Skilled Workers	70.1	5.5	93.5	6.2
Semi-Skilled Workers	170.0	13.2	265.0	17.4
Unskilled Workers	244.0	19.0	296.4	19.5
Farmers	311.2	24.2	281.0	18.5
Bedouins	114.9	8.9	98.8	6.5
Total	1,286.0	100.0	1,518.0	100.0

Source: El Mallakh, 1982, p. 116, Table 4.4b.

skilled employment, increasing from 170,000 in 1975 to 265,000 in 1980.

Unskilled Saudi nationals made up the second largest group of workers in 1975 with 244,000 workers, but this became the largest employment category by 1980 with 296,400 workers. This category also experienced the second-largest influx of workers over the previous five-year figure. Of the employment categories, "Managers, Officials, Professionals, Technicians, and Sub-Professionals" represented a relatively small and slowly increasing group. Together, the number of Saudis in these employment categories accounted for 58,300 workers in 1975 and 95,000 workers in 1980. Within this category are oil industry positions and government employment. Jobs within the oil sector are particularly attractive to young Saudis because of the availability management positions reserved for Saudi nationals at above-average, Western pay scales. In addition, young Saudis educated abroad tend to fit in better and perform well in companies run according to Western work standards (Woodward, 1988). Some growth in the "Managers, Officials" category may represent Saudis taking public sector jobs. The desire for government positions may be partially the result of earlier Saudi efforts to increase the skill-levels of citizens and Saudize the public sector (Dabla, 1986).

Table 6 shows estimates of non-Saudi manpower by occupational category as provided by El Mallakh (1982). The growth in the number of non-nationals for each job category was expected to be greater than for Saudi nationals in 1980. Foreigners were expected to have increased by almost 500,000 in 1980, compared to only 232,000 Saudis entering the workforce. In 1980, foreigners were estimated to represent twice the employment levels in

Table 6: Estimated Non-Saudi Manpower by Occupational Category, 1975 and 1980 (in thousands) by Number of Persons and Percentage of Total Labor Force

Occupational Group	1975	%	1980	%
Managers	6.3	2.0	12.4	1.5
Professionals	15.7	5.0	23.5	3.0
Technicians and Sub-Professionals	31.4	10.0	81.3	10.0
Clerical Workers	31.4	10.0	121.8	15.0
Sales Workers	47.1	15.0	112.6	14.0
Service Workers	47.1	15.0	145.2	18.0
Operatives	25.1	8.0	51.4	6.0
Skilled Workers	47.1	15.0	101.9	12.5
Semi-Skilled	62.8	20.0	162.5	20.0
Total	314.0	100.0	812.6	100.0

Source: El Mallakh, 1982, p. 116, Table 4.4c.

the "Manager" category over 1975 levels and were expected to have increased at almost five times the rate of nationals within that same period of time. Foreigners were also projected to have grown at a much higher rate than Saudis in the category of "Professional" in 1980, but their absolute numbers were expected to have been approximately half that of nationals.

2. Kuwait

Kuwaiti nationals were minorities in all employment sectors in 1980. Unlike the situation in Saudi Arabia, where nationals still claim a majority, foreign workers held more than three-quarters of all jobs in Kuwait (Shah, 1986). Only in the social services sector did nationals participate in significant numbers, although even there they still made up less than half of the total number of workers. In absolute numbers, Kuwaiti citizens were also drawn to jobs in the transportation and communication sector and trade sector. However, as a percentage of total employees, Kuwaiti participation made up only a minor share (26 percent in 1980, down from 29 percent in 1975). In the trade sector, Kuwaitis registered less than 8 percent of total employment in 1980, down from slightly less than 16 percent in 1975. Agriculture was the only sector in 1975 where Kuwaitis (3,983) were employed in slightly greater numbers than foreigners (3,531). However, this also changed by 1980, when non-Kuwaitis' total (5,212) rose relative to the nationals' declining employment of 3,938 (Al-Tuhaih, 1986).

Kuwaiti citizens are most often found in jobs which require a humanities degree or which involve clerical work. Kuwaitis are rarely involved in manual-labor; this is left to foreign workers. In 1982, Kuwaiti

nationals accounted for only 1 percent of total employment in the categories of construction, transportation or manufacturing (Abbas Ali, 1986, citing Socknat, 1982). Non-Kuwaitis also predominate in positions demanding an education in science or mathematics (Conway and Anderson, 1986).

Between 1970 and 1980, Kuwaiti males demonstrated a trend toward employment in professional, administrative, and service positions and away from sales and production activities (Shah, 1986). Partly responsible for this trend is the government's policy of guaranteeing employment in the public sector for any national seeking a job. This practice has resulted in excess employment in the government and public sector "hoarding" of Kuwaiti workers who are desperately needed in the private sector. Non-Kuwaiti males still held more than four-fifths of all professional/technical jobs in 1980 (Shah, 1986).

Table 7 shows that, from 1970 to 1975, Kuwaiti males increased employment in almost all job classifications. By 1980, however, their percentage shares dropped below the 1970 levels for all categories, except professional/technical and agriculture. Total employment activity by Kuwaiti males fell from 27 percent of all employed males in 1970 to only 21.2 percent in 1980. In no employment sector is it apparent that male Kuwaiti nationals are successfully increasing employment to any significant degree, thereby reducing dependence on foreign labor. Between 1975 and 1980, the percentage of Kuwait males employed in professional and technical capacities fell from 20.5 percent to 16.6 percent. A similar decline in administrative and managerial percentages, from 36.4 percent to 33.6 percent, during the same

Table 7: Kuwaiti Males as a Percentage of Total Employment by Occupation, 1970-1980

Occupation	1970	1975	1980
Professional & Technical	15.2	20.5	16.6
Admin. & Managerial	34.4	36.4	33.6
Clerical & Related	41.3	46.8	40.0
Sales	31.2	25.9	16.9
Services	44.4	50.9	40.8
Agriculture, animal husbandry, fishing/hunting	22.6	50.5	39.2
Production workers & Laborers	13.8	14.5	7.6
Total Activity	27.0	30.2	21.2

Note: (a) Less than 100 persons in the occupation.

Source: Shah, 1986, p. 828, Table 8, citing CSO, 1983.

period has also been recorded. Filling these two occupational categories with citizens is considered crucial to Kuwait's aim of "Kuwaitization", and suggests that the program is not successful. Significant declines in Kuwait male participation in sales and services has also taken place. Slightly more than half of services positions in 1975 were occupied by male citizens, but by 1980, this had fallen to 40.8 percent. A similar drop in employment in sales, from 25.9 percent in 1975 to only 16.9 percent in 1980 also took place. The decline in the employment of nationals in the services category coincides with increased employment of foreigners in the services sector.

The absolute numbers of Kuwaiti women employed in the workforce continues to be small, however, their percentages compared to non-Kuwaitis have increased greatly from 1970 to 1980. Referring to Table 8, except for sales and service, Kuwaiti women increased employment relative to non-Kuwaiti females from 1970 to 1980 in all job categories. As of 1980, the majority of Kuwaiti women were employed in technical and professional jobs, namely as doctors, nurses, and teachers. More than half of all employed female Kuwaitis worked in these occupations (Shah, 1986). In 1983, 4,915 Kuwaiti women represented 38 percent of all female teachers (Shah, 1986, citing CSO, 1983), 156 were doctors and 413 worked as nurses (Shah, 1986 citing V&HSD (1983). Women in general also increased total employment participation in clerical work from 22 percent in 1970 to 35 percent in 1980. Female Kuwaiti nationals held 30 percent of these positions in 1970 and 46 percent in 1980,

Table 8: Kuwaiti Females as a Percentage of Total Employment by Occupation, 1970-1980

Occupation	1970	1975	1980
Professional & Technical	13.1	28.7	29.2
Admin. & Managerial	30.0(a)	48.8(a)	53.9
Clerical & Related	29.6	48.2	45.7
Sales	14.2	7.3	9.3
Services	7.7	7.0	6.0
Agriculture, animal husbandry, fishing/hunting	54.5(a)	100.0(a)	81.6(a)
Production workers & Laborers	7.6	12.5	24.5
Total Activity	12.2	21.0	22.3

Note: (a) Less than 100 persons in the occupation.

Source: Shah, 1986, p. 828, Table 8, citing CSO, 1983.

making this category of employment second to professional/technical occupations (Shah, 1986).

Kuwaiti female employment could also positively impact Kuwaitization efforts. Through the encouragement of female national participation in the labor force, Kuwait may "significantly reduce the dependence on foreign workers in the future" (Shah, 1986, 826). This is likely to occur only if Kuwaiti women view employment in general and work in categories other than professional or clerical as socially acceptable (Shah, 1986).

Although data show that the absolute numbers of Kuwaiti citizens are increasing participation in the labor force, their shares relative to foreign workers are slipping. As far as the replacement of foreigners with both male and female Kuwaitis, success has been mixed. The share of total employment held by Kuwaiti males has fallen significantly relative to foreign males, at least between 1970 and 1980. During the same period, however, Kuwaiti women have made great strides in employment relative to non-Kuwaiti females, but these advances are still a small part of the total manpower situation. The continued importing of foreign workers, both males and females appears to be a necessary component to Kuwait's future economic growth. In addition, with the present immigration policies in place, the government's goal of Kuwaitization does not appear to be obtainable, at least during the 1990s.

E. Social Consequences

Trends in the labor market are not determined purely by the price of oil, but by the attitudes of society toward the continued rapid development and dependence on foreign labor and technology as well. A. Ali (1986, 678) notes:

> Mere economic considerations are not adequate to explain the complexity and direction of the market. Factors related to the social and political environment, both inside and outside the region need to be considered. All these factors will shape the labor market in the 1980s and probably to the end of this century.

There is much discussion concerning the impact of large foreign communities on the indigenous Gulf populations and cultures. Among the concerns to development planners is the impact on the "traditional" values and customs of the indigenous population. Addressing the perceived assault on traditional values, Der Hovanessian (1986, 62) cites "growing conservatism and a fear of 'cultural pollution'" as the response of Gulf nationals.

For centuries, Gulf countries have conducted international trade and, in the case of Saudi Arabia, continue to receive untold numbers of foreign religious pilgrims. Even though foreigners have always played an important role in the Gulf economy, their numbers have never reached the levels of the 1970s and 1980s. But despite the size of the migrant community in the Gulf, Melikian (1988, 122), citizens actually have little direct contact with foreign workers, except during market transactions and while a service is being provided by the migrant. Dabla (1986) also agrees that the impact may not be as great as some suggest, pointing out that foreigners and natives tend to reject one another's cultures rather than embrace them, and interact only on

a limited basis. This implies that direct and prolonged contact is minimized for much of the population. Dabla (1986) notes that, although the scale of foreign workers, particularly non-Arabs, has grown markedly with the oil-boom, the greatest source of change may come from indigenous citizens who travel widely, and from other migrant Arabs (particularly Egyptians, Lebanese, and Palestinians who predominate among Arab migrants). Arab migrants interact relatively frequently and "retain high social status because of their cultural and linguistic homogeneity" (Dabla, 1986, 82). Of the migrants, teachers probably have the most extensive interaction with nationals (Melikian, 1988, 122), and teachers are primarily imported from Arab countries. Melikian (1988, 122) also suggests that it is through the relationship non-national teachers have with students and parents that external political ideas and social attitudes are spread. Woodward (1988, 10) agrees that, in the case of Saudi Arabia, it is the Arab migrants and those most culturally similar to the Saudis who are causing the greatest concern among the indigenous population. Workers from highly dissimilar cultures demonstrate less interest in remaining permanently, bringing dependents, or even mixing closely with the Saudis.

Nonetheless, interaction between the indigenous and foreign populations is clearly taking place. Countries of the Gulf are experiencing increasing incidences of marriage between GCC nationals and non-Arab foreigners (primarily foreign women). A direct result of recent economic development, this phenomenon serves as a significant catalyst for social change (Birks, 1988). Western women in particular may have greater influence on social values among future generations through changes from

within the home. In Kuwait, the diversity of national groups has created friction and hostility within Kuwaiti society (Shah, 1986). The government's commitment to replace foreigners with Kuwaiti nationals is in direct conflict with the objectives of migrants intending to settle permanently. This conflict of goals fosters a lack of cooperation and makes it difficult for the government to achieve its planning objectives (Shah, 1986). Furthermore, the atmosphere of mistrust and competition among various nationalities most likely contributes to low worker morale and negative attitudes on the part of citizens (Shah, 1986, 830).

Initially, the new oil wealth was viewed positively, but after experiencing rapid social change and periods of economic turbulence following the drop in oil prices, many Gulf societies reacted with "a potentially destabilizing surge of Islamic movement" (A. Ali, 1986, 678, citing Ibrahim, 1985). The role migrants have played in building the new Gulf societies is often a source of resentment by the indigenous residents (Dabla, 1986, 87). The important role of foreigners in developing the economy and the awareness of dependency upon them distresses many nationals. To the opposite extreme, there is also widespread resentment against migrant workers believed to reap financial rewards during economic prosperity without making significant contributions to society. Another concern is the potential internal security risk associated with large numbers of foreign workers, especially illegal migrants. One Saudi newspaper article described the security concerns surrounding illegal immigrants saying:

> The presence of these workers in the tens of thousands, whether they are illegal aliens or fugitives, spreads a condition of undisciplined security throughout the kingdom. The fugitive

> worker, not by what he does but by what he could do, is a factor that could spread anarchy and upset the people's spirit, security and stability" (*Al-Yamamah*, August 11-17, 1982, 84).

The presence of large numbers of illegal immigrants in Saudi Arabia and the dearth of cheap housing has led to the presence of shanty dwellings on the mountains and along their slopes in Mecca. This situation has been mentioned as a cause of social tension as a result of the trespassing involved (Nasrulla, 1982). Foreigners have also been accused of increasing the rate of crime in the Gulf. Allegations by Saudi citizens that foreigners are the source of crime may have been accurate at least in one case according to a report on the deportation of Chadian "undesirables," which revealed that "out of 140 repatriated, two-thirds are habitual criminals" (*INFOCHAD*, 1982, 3). The offenses which resulted in these deportations included delinquency, robbery, theft, and rape.

Groups of foreigner workers of different nationalities are often required to work together on a single project, which occasionally creates intergroup friction. For example, the riots in 1976 in Saudi Arabia and 1977 in Dubai resulted from dissatisfaction among a group of foreign employees over working conditions and the sliding pay scale. Concerning the potential for unrest under the stress of camp life Roukis and Montana (1986, 176) notes:

> For the most part, the entry of East Asian workers has not been disruptive when they are enclaved and located away from indigenous population areas, but intergroup conflict is a reality when such workers are employed alongside indigenous or expatriate Arab workers.

The living conditions of the migrants are often at a lower standard than that of nationals, and can be a source of discontent. In Kuwait, for example, Foreigners tend to congregate in crowded, dilapidated inner-city

neighborhoods separate from Kuwaiti citizens who settle in less-crowded suburban areas (Al-Ebraheem, 1984, 71).

There are a few workers' rights organizations, although they are designed primarily to protect nationals, they may offer limited protection to non-nationals as well, but only under certain qualifications. For example, in Kuwait a 1964 law permitted unionization by all employees. To qualify for membership, however, non-Kuwaitis had to first reside in the country a minimum of five years, and even then they were denied voting privileges and prohibited from holding union office (Conway and Anderson, 1986, 150). In Kuwait, unions are usually found in petroleum, banking, and the civil service, but no new unions have been established since 1972, and total membership is only 13,000 (Conway and Anderson, 1986, 150).

Other improvements in the workplace are occurring in the Gulf. It is not always clear, however, whether this applies only to nationals or if it will include foreign workers on an equal basis. For example, Saudi Arabia sought to expand social insurance coverage for workers during the third plan (1980-85) to more than 1,249,000 employees, up from 718,000 in 1980 (El Mallakh, 1982, 245). In addition, occupational-hazards coverage was mandated for firms with 500 or more employees. It is anticipated that the fourth plan (1985-90) will continue increasing coverage by including additional sectors of the economy.

Calls to reduce the number of foreigners also has to do with the level of demand for social services in the Gulf states. Demand is taxing existing services and "is already becoming an increasingly sensitive issue" (Birks, 1988, 146). Many of the Gulf countries use oil revenue to heavily subsidize the

incomes of nationals, and often foreign residents, too. As recently as 1986, in Kuwait, food was subsidized up to 80 percent through the government's freeze on food prices at 1972 levels (Conway and Anderson, 1986, 153). In Kuwait, according to Conway and Anderson (1986, 153), "in 1983, of the total government [food] subsidy of U.S. $115 million, 21 percent was spent subsidizing seven basic ration card commodities, including rice, milk powder, and vegetable oil." Health care is provided virtually free to both Kuwaitis and foreigners and costs the government around U.S. $540 million each year. Like food and health care, housing is heavily subsidized for Kuwaiti citizens. Public housing at low prices is made available by the government to married, employed, non-property-owning citizens only; however, demand far exceeds supply and more than 26,000 families are now on a waiting list for public housing (Conway and Anderson, 1986, 153). Non-citizens, however, may spend up to 60 percent of total wages for rent (Conway and Anderson, 1986, 153). A more complete description of the extent of Gulf social welfare programs and the effect of the restricted participation of foreigners is provided by Conway and Anderson's (1986, 151) observations of Kuwait:

> The Kuwaiti government provides Kuwaiti citizens free education and health services and heavily subsidizes electricity, water, gasoline, housing, food, telecommunications, and transportation. In their different treatment of Kuwaiti and expatriate populations, education and health policies provide a contrast in achieving their dual goals of promoting Kuwaiti self-interest while insuring social stability among expatriates.

There have been major improvements in social services among the Gulf countries since the initiation of development. One of the earliest successes was in the area of improved health care. In Saudi Arabia, between

1975 and 1980 the ratio of doctors per 10,000 persons rose from 3.8 to 6.7, well beyond the second plan's target of 5.0 doctors. At the same time, the ratio of hospital beds increased from 1.4 per 1,000 individuals to 1.9 (El Mallakh, 1982, 20). Nonetheless, unless spending on infrastructure accurately anticipates growing demand, the situation will become worse as the dependents of migrants mature and have children of their own.

Migrant workers, too, have their share of complaints, mostly with regard to discrimination and unfair working conditions. For example, "non-Kuwaitis. . .are discriminated against in housing, employment, and certain economic regulations" (MERI, 1985, 15). Foreigners' dissatisfaction over employment conditions have disrupted the lives of both workers and employers. Not all migrants have honored their original hiring contracts with Gulf employers, leaving their jobs before the agreed upon separation date. This has resulted in large numbers of workers classified as "runaways", those who have ceased working for their guarantors and are illegally seeking work elsewhere. In Saudi Arabian newspapers, "scores of advertisements appear each day, announcing the escape of a group of workers and warning against hiring or sheltering them" (*Al-Yamamah*, August 11-17, 1982, 80). Among the primary causes of workers running away are "mental or material" exploitation, misrepresentation of the working conditions in the contract, a last-minute change in duties or salary, and mismatching of skills with positions (*Al-Yamamah*, August 11-17, 1982, 81-82).

Most foreign workers in the Gulf, even those who have been in residence over a long period of time, are unsuccessful in obtaining citizenship in any of the Gulf states. The issue is a sensitive one for government officials

who must rely on the foreign population, but hesitate to incorporate them fully into the national system. In Kuwait, for instance, "the desire for Kuwaiti citizenship by Palestinians and other Arabs who regard Kuwait as a permanent home is one of the most pressing and difficult domestic problems facing the government" (MERI, 1985, 24). Kuwait's policy of restricting the granting of citizenship "only in the rarest of cases" dates back to the country's early days of oil wealth (Bulloch, 1984, 97). The large numbers of immigrants, and especially the Palestinians, have always been viewed as a potential source of political instability by Kuwaiti leaders. For this reason, citizenship and eligibility for Kuwaiti welfare programs are difficult to obtain. It remains commonplace for Palestinians who have worked in the government sector for decades to continue travelling under Jordanian or other passports. Because of the restrictions on the granting of citizenship, only an estimated 10,000 people each year are naturalized in Kuwait (Conway and Anderson, 1986, 141). Even then, residents who are granted naturalization status are still denied voting rights (MERI, 1985, 25). The bitterness and resentment on the part of Palestinians contributes to the social unrest in Kuwait. In fact, dissatisfaction among "resident aliens," including Palestinians is likely the most serious social issue faced by Kuwait (MERI, 1985, 17). Concerning the worsening of social conditions because of disgruntled foreigners who seek citizenship unsuccessfully, Al-Ebraheem (1984, 105) is of the opinion that, "an open door policy with respect to the naturalization of Arab expatriates must be adopted." Measures taken to rectify inequalities between migrants and citizens with regard to education and social services are certainly important in

reducing social conflict, but cannot be viewed as a panacea (Roukis and Montana, 1986, 197).

As an interesting side-note, foreign workers have also had an impact on the Arabic language. Bulloch (1984, 113) notes that, "something akin to the Swahili which grew up on the East African coast is developing, with Urdu, Hindi, Thai, English and Korean words regularly sprinkled in among the Arabic. A new language is in the making. . . ."

The relocation of large numbers of people, whether it be rural-urban migration or inter-nation transfers, will always place a strain on the social services in the destination. The precise degree to which foreigners actually come into contact with the Gulf's citizens is not clear. Without a doubt, he presence of so many foreigners and no visible end to dependence on non-national workers is fragmenting Gulf societies and inciting hostile emotions among migrants and nationals alike (Shah, 1986, 83, citing Al-Akhras, 1982; and Nasi, 1983). GCC governments recognize the potential for social upheaval by migrants demanding equal rights, and from the citizens demanding that foreign workers retain their temporary status. The greatest degree of change may emanate from the nationals themselves, and from Arab migrants rather than from Asian or European migrants. Ideally, Gulf nationals should recognize and accept their dependence on the foreign communities. The growing economic interrelationship between migrants and citizens in the GCC countries will put even more pressure on the two opposing forces to demonstrate greater tolerance and accept the probability of long-term coexistence.

V. INDIGENOUS MANPOWER DEVELOPMENT

This section deals with a comparison of native and non-native population data in the Arab states, spanning a ten-year period ending in 1985. The following tables show the number of nationals and non-nationals as a percentage of total population of the Gulf, both individually by country, and as a whole. The point is made that the number of new foreign workers has exceeded the natural growth rate of the native population, with the result that foreigners now constitute a majority of the total population in several Gulf countries. While accurate figures are unavailable, it is generally held that the Arab states have significantly underestimated the number of foreign workers and dependents in residence.

A discussion of the governments' goals of nationalizing and "Arabizing" the workforce reveals that plans to implement these goals are believed to be obstructed at the highest levels by the presence of non-nationals in the planning ministries. Conflicting social, educational, and nationalization goals also aggravate the problem. Furthermore, a lack of coordinated, far-sighted government planning together with an inadequately-trained workforce practically ensures the Arab states' continued reliance on skilled foreign labor. Another factor of significance hindering nationalization is the declining native birth rate as women have become better educated and have entered the work force. This has brought with it an increased importation of foreign workers employed as domestic servants.

Among the major concerns facing development planners today regarding the migration of workers are: (1) the number of migrants relative to the size of the indigenous population, (2) Arab vs non-Arab workers, and

(3) the length of stay and extent of demographic settling. The number of foreigners living in each country as a percentage of all Gulf migrants is shown in Table 9. In 1985, Saudi Arabia was the primary destination of foreign labor, claiming 47 percent of all migrants and dependents in the Gulf, down from 55.7 percent in 1975. In 1985, the UAE ranks second, host to 22.7 percent of non-nationals in the Gulf, up from 16.2 percent in 1975-- an increase attributed in part to the relative ease with which dependents may relocate (Birks, 1988). Kuwait has the third largest influx of migrants; however, the increase in the share of non-nationals in Kuwait was relatively small over the ten-year period ending in 1985. In 1975, 17.9 percent of all foreigners and their dependents who migrated to the Gulf were found in Kuwait. This has increased to 18.3 percent in 1985 (Birks, 1988). The smallest share of foreigners residing in the Gulf, 2.0 percent in 1975 and 2.7 percent in 1985, live in Bahrain.

Migration of foreign workers has taken place at a significantly faster pace than the already high natural growth rate of the national populations. For the region as a whole, between 1975 and 1985, the total non-national population grew at an annual rate of 7 percent, from 2.8 million to 5.5 million (Birks, 1988). The foreign population in Saudi Arabia grew at 5.2 percent per year, the lowest foreign growth rate in the Gulf (Birks, 1988). According to Birks, this figure is deceptively low because of the possible understatement of accurate numbers by the Saudi government. This compared to the natural growth rate for the Saudi national population of approximately 2.7 percent

Table 9: Non-National Populations in the Arab Gulf States, 1975 and 1985. (Non-Nationals by Country as a Percentage of Total Gulf Non-Nationals)

Country	1975	%	1985	%
Bahrain	56,000	2.0	149,952	2.7
Kuwait	502,500	17.9	1,015,527	18.3
Oman	132,250	4.7	340,170	6.1
Qatar	97,000	3.5	173,791	3.1
Saudi Arabia	1,565,000	55.7	2,605,554	47.0
UAE	456,000	16.2	1,258,430	22.7
Total	2,808,750	100.0	5,543,424	100.0

Source: Birks, 1988, p. 138, Table 7.2.

annually, the lowest among the GCC states (Birks, 1988).

Foreigners now constitute a majority of the total population in three of the Gulf countries (Kuwait, Qatar, and the UAE) and represent approximately one-fourth (Oman) to more than one-third (Saudi Arabia and Bahrain) of the population in the remaining three countries. Table 10 shows the number of nationals and non-nationals for the GCC countries for the years 1975 and 1985. Except for Saudi Arabia, the figures show that the populations of non-nationals have increased relative to the national population during this ten-year period. It is possible, however, that the figures for the foreign populations may actually be larger than reported. Birks (1988, 138) states:

> Patently, the non-national population figures are subject to error. Non-nationals tend to be under-enumerated in census results. They are often underestimated when they leave the host country, but have also often entered the gulf illegally too. Labour-exporting country information about workers abroad is inadequate, and for dependants abroad figures hardly exist.

If estimates of the population for Oman and Saudi Arabia as recalculated by Birks (see footnote, Table 1) are used, this would result in an even smaller share of nationals for Oman (73 percent), and would place Saudi Arabia also among the countries with national populations that are declining (70.9 percent) relative to foreigners.

A. Nationalization of the Domestic Workforces

Throughout the 1980s, the Gulf countries, highly sensitive to foreign labor's potential influence on social and political stability in the Gulf,

Table 10: 1985 Percentage Share of Nationals to Total Populations in the Arab Gulf States Compared With 1975

Country	Nationals (1985)	Non-Nationals (1985)	Total Pop.	1975 Nationals % Share	1985 Nationals % Share
Bahrain	227,680	149,952	427,632	79.3	64.9
Kuwait	683,270	1,015,527	1,698,797	48.4	40.2
Oman	1,218,792 [920,000]	340,170 [1,260,170]	1,558,962	83.1	78.2 [73.0]
Qatar	116,391	173,791	290,182	41.2	40.1
Saudi Arabia	8,642,493 [6,350,000]	2,605,554 [8,955,554]	11,248,047	74.6	76.8 [70.9]
UAE	341,570	1,258,430	1,600,000	30.5	21.3
Total	11,280,196	5,543,424	16,823,620	68.8	67.0 [61.1]

Source: Birks, 1988, p. 145, Table 7.6.

[ ] denotes recalculation of populations as estimated by Birks.

continued to proclaim that foreign labor use was merely temporary. According to Dabla (1986), the aim of Saudi immigration policy in the last decade has been to reduce the number of foreign workers entering the country and to replace those already employed with nationals. Nationalization or "localization", the increased employment of nationals relative to employment of foreigners, became an integral part of development policy. Public officials periodically announced continued and expanded efforts to replace foreigners as soon as qualified Gulf citizens became available to fill the positions. As in Kuwait, decisions regarding employment and promotions almost always favor the citizen (Farah, *et al.*, 1983). Although well-intended, these efforts were not successful on the scale that had been predicted. According to Seccombe (1988, 185), government policies aimed at replacing foreigners with nationals "failed to account for the need to re-orient nationals' job preferences away from the focus on administrative and managerial positions in the public sector, oil and financial services."

The countries of the GCC are particularly concerned about the number of foreigners employed in government positions and periodically undertake measures to replace them with nationals. In the case of Saudi Arabia, it has been said that "the Saudis are not totally in control of their own destiny" because of a shortage of indigenous manpower in government (Al-Hegelan and Palmer, 1985, 48). For all of the GCC countries, rapid development necessitated the hiring of many foreign professionals and administrators in planning-related ministries. The pace of progress was reflected in the establishment or expansion of government agencies and the proliferation of public sector jobs. In Saudi Arabia, from the 1960s to the early 1980s, the

number of government jobs more than tripled, keeping pace with the simultaneous undertaking of numerous development projects (Idris, *et al.*, 1982). Among the reasons behind nationalization of the government sector is the suspicion that some of the demand for foreign labor may originate with the foreign workers already employed in the planning ministries. On the subject, Shah (1986, 829) notes that, ". . .there may be a tendency to design projects which necessitate either a further importation or continued heavy reliance on workers of a given nationality or country." Conflicting goals, such as the desire to broaden social welfare programs and provide wider access to education, sometimes are at odds with nationalization goals. Bulloch (1984, 911) sums up the problem:

> . . .the system of total welfare, the provision of sinecure jobs, and the way in which a young man can remain a well-paid student for as long as he wishes, means that there is a positive disincentive for most to take administrative jobs--one odd side-effect of this is that those who do are usually the brightest and best, highly motivated, concerned and intelligent young men.

The situation is further exacerbated by the fact that Gulf states (except Bahrain) have not formulated coherent policies addressing the steps necessary to replace foreigners with nationals (Seccombe, 1988). Instead, individual ministries may set their own general goals. That Gulf countries have found it necessary to rely on foreign workers at the very highest levels of government has been most vexing to planners. To help rectify this situation, public sector employment was made attractive by most Gulf governments through incentives aimed at luring nationals into public service jobs.

In the Gulf, foreign workers in the public sector tend to be better educated than their national co-workers (according to a comparison of the education levels and proportion of foreign Arabs in Qatar versus Qatari nationals). Data from 1985 reveal that non-Qatari Arabs comprised 29 percent of public sector employees compared to 42 percent Qataris. Of these non-Qatari Arabs, 45 percent were college educated compared to only 15.5 percent of the Qatari nationals (Melikian, 1988). Although the data are specifically for foreigners of Arab origin, it indicates that as recently as 1985 foreign workers made up more than one-fourth of public sector employees, and a greater percentage of these were better educated than Qatari nationals.

In the private sector, government policies in the form of sanctions against imported labor, aimed at discouraging the employment of foreigners also indirectly affect employers. For example, denial of state-sponsored education and health care to foreigners forces employers to pick up this cost. In this way, the government manages to increase the firms' cost of hiring non-nationals. The desired result is that firms will decide to hire nationals instead of foreigners. Another way to encourage localization is the use of employment quotas for nationals as a condition of receiving government contracts (Seccombe, 1988). However, private sector employment is often rejected by citizens. With regard to Kuwait, some of the reasons nationals shun private sector jobs include lack of job security, longer hours than public sector work, emphasis on profit as related to performance, and aversion to working under another Kuwaiti (Farah, *et al.*, 1983).

1. Saudi Arabia

"Saudization" has been used to describe nationalization of the Saudi workforce only since the third Development Plan (1980-85) (Viola, 1986). Serious efforts at Saudization did not actually get under way until the early 1980s when programs to educate and train the national workforce were undertaken on a large scale (Der Hovanessian, 1986). The government proclaimed its commitment to nationalization and to "Saudize" all levels of government (Sirageldin, *et al.*, 1984). In 1981, the Saudi government promised a "reward" of approximately U.S. $14,800 to each university graduate subsequently employed with the Saudi government (Dabla, 1986, 89). One year later, the Saudi finance and national economy minister reiterated the importance of Saudization of the workforce (Riyadh Domestic Television Service, 1982). At that time, the goal of Saudization was described as the placement of nationals in "key jobs" (presumably administrative and decision-making jobs in the government and oil sectors) while retaining foreigners in "less important jobs." In addition, foreign businesses, specifically banks, were required to secure a Saudi partner as the majority shareholder (Der Hovanessian, 1986). The fourth Saudi plan (1985-90) targeted total foreign labor reductions by as much as 600,000 workers (Birks, Seccombe, and Sinclair, 1986). Still, Saudi nationals are expected to represent only 51.2 percent of the total labor market in 1990, according to the 1985-1990 plan (A. Ali, 1986). In the opinion of A. Ali (1986), this may be due, in part, to the rate at which changing technology is outpacing the skill-levels of Saudi nationals. For example, the continued construction of new hospitals and the demand for professionals to staff them exceeds the availability of qualified

nationals. The number of doctors needed is expected to reach 10,000 in 1990, up from 6,000 in 1984, and nationals are expected to fill only 30 percent of these positions. Demand for more than 20,000 nurses, only 8 percent of them Saudis, is also anticipated for 1990 (A. Ali, 1986, citing Al-Dean, 1985). In a United Nations report, workforce participation by Saudi women in 1975 was described as "minimal" (United Nations, 1981, 38). The Saudization program would receive an added boost if the government would actively recruit women in the ministries and departments (Viola, 1986).

Sirageldin, *et al.* (1984, 23) notes the absence of "adequate empirical knowledge about the extent of Saudization in the public sector." However, opinions regarding the success of the retention of Saudi nationals in government jobs tend to be negative. Viola (1986, 177) adds, ". . .in practice, it remains a distant goal for all but a few government agencies, public corporations, or private businesses." The failure of Saudization efforts has been linked to the conflicting interests of government, private businesses, and individual Saudis (Viola, 1986). This results in a situation where Saudi job-seekers see this as a chance to benefit from a "seller's market", private firms struggle to hire "token Saudis" in order to meet government-imposed hiring quotas, and most nationals are quickly absorbed by the government ministries, leaving relatively few for the private sector. As a result of the government's hoarding of Saudi professionals "the demand for Saudis skilled in virtually all fields is so high that young college graduates often are hired, regardless of their skills, to satisfy corporate quotas" (Viola, 1986, 178).

The third Saudi Development Plan (1980-85) established guidelines designed to increase manpower productivity levels (*Arab News*, August 25,

1982). This led to a 1982 proposal aimed at increasing the hours worked by civil service employees to eight hours per day, five days per week beginning at 8:00 a.m. and including a one-hour lunch. This was suggested as a partial solution to the problem of workers leaving their posts after lunch and working a second job, or engaging in another business on government time. In addition, it was proposed that overtime be severely curtailed since few employees actually showed up to perform the overtime work for which they were paid (*Arab News*, October 10, 1982).

2. Kuwait

In Kuwait, the greatest concentration of nationals is found in the social services sector due to government incentives to citizens seeking work in the public sector. In 1980, 45.4 percent of workers in social service jobs were Kuwaiti citizens (Al-Tuhaih, 1986). This policy is part of the "Kuwaitization" plan and offers citizens greater opportunities for promotion and advancement than in other sectors. Shah (1986, citing Khoury, 1982, and the [Kuwaiti] Ministry of Planning, 1985), reports that these Kuwaitization efforts have not always allocated labor efficiently, and have resulted in the underutilization of scarce labor. This is the result of the government's policy guaranteeing employment to all citizens seeking work.

In early 1985, the prime minister's Committee to Revitalize the Economy recommended several protectionist measures, including the awarding of construction contracts to Kuwaiti companies only, except where foreign expertise was absolutely necessary (Der Hovanessian, 1986). Other proposed legislation in 1985 suggested that successful bidders on government

contracts be required to employ a specified quota of Kuwaiti nationals. Under this proposal, 15 percent of technical and managerial staff and 30 percent of all other staff were required to be Kuwaiti citizens (Conway and Anderson, 1986; Seccombe, 1988).

Large numbers of Kuwaitis are expected to enter the workforce as the majority population of youth matures; however, Kuwaitization efforts are not expected to be successful because of the continued aversion to technical employment (Conway and Anderson, 1986). Seventy-eight percent of Kuwaiti secondary school students surveyed preferred non-technical subjects compared to 17 percent who liked technical courses (Shah, 1986, citing *Arab Times*, October 26, 1985). To help correct this situation, the 1985-1990 Kuwaiti Development Plan emphasized the importance of technical and vocational education as a method of reducing dependence on foreign workers. The government hoped to change public attitudes toward semi-professional careers by offering educational opportunities and monetary rewards to citizens who pursued this type of training (Shah, 1986, citing the Kuwaiti Ministry of Planning, 1985).

Only in the past two decades or so have Kuwaiti women been encouraged to pursue careers (Shah, 1986, citing Meleis, *et al.*, 1979). Employment opportunities for women are better in Kuwait than in any other GCC state (Bulloch, 1984), and Kuwaiti women hold mid-level government positions and even serve as government representatives at conferences abroad (MERI, 1985). By significantly increasing the labor role of Kuwaiti females from 2 percent to 10 percent between 1970 and 1980, Kuwait has managed to marginally reduce dependence upon foreign workers (Shah, 1986,

citing CSO, 1983), particularly in professional and clerical jobs where the majority of Kuwaiti women seek employment (Bulloch, 1984). There are few large-scale, non-skilled employment opportunities for women, but this may be changing. A highly-successful assembly plant in Kuwait hires women only and is the first of its kind in the Gulf (Bulloch, 1984).

Shah (1986) refers to work by Shah and Shah (1985), indicating that among single Kuwaiti women between the ages of 25-29, approximately 53 percent were employed. Forty-six percent of single Kuwaiti females between the ages of 30-39 were employed. The higher participation rates of Kuwaiti females have, however, necessitated the importing of non-Kuwaiti housekeepers. According to Shah (1986, 826), this reliance on foreign workers in domestic positions is expected to continue as long as Kuwaiti women demonstrate a preference for professional employment and a distaste for routine domestic chores. The total effect is a reduced need for skilled foreign workers, but an increased demand for domestic servants.

B. Arabization of the Domestic Workforces

Labor policies of the GCC countries have all demonstrated a preference for hiring Arab migrants from neighboring countries when nationals are unavailable to fill important jobs (Seccombe, 1988). This process, referred to as "Arabization" of the workforce, is an attempt to minimize the cultural impact associated with the hiring of foreign workers. The employment of Arabs over non-Arabs provides GCC countries with workers communicating in a common language, practicing the same religion, and sharing a similar cultural background (Seccombe, 1988). Arabization programs have resulted in

limited successes in the public sector, but are not as far-reaching in the private sector. According to Seccombe (1988) this may stem from the GCC governments' reluctance to alienate contractors or delay completion schedules by enforcing quotas (Seccombe, 1988).

Despite the fact that the GCC countries publicly promote Arabization, the number of Arab non-nationals employed in the Gulf has been declining, and an increase in the use of Asian workers has been observed in recent years. Between 1975 and 1985, Arab non-nationals as a percentage of the total non-nationals population fell in four of the six Gulf states. The two exceptions, as shown in Table 11, were Qatar and Saudi Arabia. Both of these countries experienced a slight increase in the Arab non-national population between 1980 and 1985. Qatar's growing share of Arab migrants, an increase of 8% between 1980 and 1985, coincided with deliberate efforts to Arabize public sector employment (Birks, 1988). In the UAE, visas issued to companies importing workers now face a quota of 30 percent Arabs (Seccombe, 1988). For the Gulf as a whole, Birks (1988, 140) notes:

> Between 1980 and 1985 the Arab share of the *non-national population* has probably risen slightly, despite the hoarding of Asian *workers* by private sector employers. Natural increase of the Arab community, and the very low dependency rates of Asian workers account for this.

In 1985, approximately 79 percent of foreign workers in Saudi Arabia were of Arab origin, down from 91 percent ten years earlier. Kuwait also hosts a large percentage of Arab non-nationals, but this figure also declined from 80 percent in 1975 to 69 percent in 1985. The smallest population of Arab non-nationals is found in Oman with only 9 percent in 1985 compared to 16 percent in 1975. These changing migrant shares may reflect GCC

Table 11: Non-National Arabs as a Percentage of Total Non-Nationals in the GCC Countries, 1975, 1980 and 1985

Country	1975 % Non-National Arab	1980 % Arab	1985 % Arab
Bahrain	21.8	19.0	15.2
Kuwait	80.1	71.7	69.0
Oman	15.9	10.8	9.1
Qatar	32.8	31.8	33.4
Saudi Arabia	91.3	77.6	79.0
UAE	26.4	21.7	19.4
Total	71.8	58.4	56.1

Source: Birks, 1988, p. 139, Table 7.3.

governments' attempts to manipulate the shares of Arab and non-Arab migrants so as to influence future migrant stocks (Birks, 1988). The trend toward the use of Asian workers contradicts the Gulf governments' publicized calls for Arabization of their workforces.

C. Education and Training of Nationals

Gulf planners had hoped that the completion of infrastructure and large industrial projects would mean drastic reductions in the demand for foreign workers. However, the failure of nationals to acquire adequate training necessary to maintain and repair the finished structures, together with the still small indigenous population, has resulted in continued dependence on foreign labor (Ali, 1986). During the last decade, a general emphasis on higher education has been transformed into a growing focus on scientific, technical, and vocational training for Gulf nationals so that fewer foreign workers need to be recruited for these skill categories.

It appears that although improvements in education are being made throughout the Gulf, nationals are not pursuing or are not receiving the kind of education that enables them to replace foreign workers. According to Roukis and Montana (1986, 177), "in recent years, it has become increasingly evident that the development capacity of the smaller oil-rich Gulf States has restrained the rate of capital formation, because of the limited availability of skilled managerial and technical employees." Abbas Ali (1986, citing Naji, 1982) predicted that the failure of Gulf educational institutions to adequately train nationals to supply the necessary manpower for professional and

managerial positions would result in continued demand for skilled foreign labor throughout the 1980s.

Al-Ebraheem (1984) suggests that part of the solution to improving the manpower skill-levels of Gulf nationals lies in reformation of the university system itself. Specifically, he suggests that together the states form "a unified university system, based on a comprehensive planning and admissions policy linked to the skilled manpower needs of the various states" (82). Additionally, the Gulf universities should raise admissions standards. Al-Ebraheem (1984, 82) emphasizes the major problems:

> The organizational structure of the university is archaic and is headed by a non-native, usually Egyptian, rector. Real power within the university is held by the secretary-general, usually a national and from outside the academic community, who enjoys the confidence of the minister of education. By university law, the minister of education is also the president of the university and has unlimited powers in presiding over the university council. He can thus bypass and undermine the authority of the rector. The state has complete control in selecting not only the rector and the secretary-general, but also the deans and occasionally even heads of departments. In terms of management and operation, universities in the Arab Gulf states lack autonomy, are operated by the states, and are subject, with few exceptions, to the rules and regulations governing the civil service structure. Given these problems facing higher education, there is reason for pessimism about the ability of this system to meet the skilled manpower requirements associated with the development and economic integration of the Council member states.

Dr. Bakr 'Abdallah ibn Bakr, rector of the University of Petroleum and Minerals in Saudi Arabia, expressed the opinion during a 1982 newspaper interview that the production sector rather than services should be the focus of education planners. Dr. Bakr pointed to the preference by many nationals for humanities degrees and the shunning of vocational studies by Saudi

university students as impeding efforts toward manpower self-sufficiency (Idris, 1982).

Among the negative aspects to higher education is the tendency to decrease family size as both males and females achieve higher levels of education. This may have a long-term impact on the size of the national population, and may slow efforts by the governments to increase the indigenous populations (Birks, 1988). Even if policies are successful at increasing both educational achievements and family size, there are repercussions. Studies indicate that the education of females leads to increased female participation in the workforce. The employment of female citizens will result in a need to import foreign workers as housekeepers and nannies. In any case, the desire to increase population size conflicts with efforts to accelerate nationalization of the labor force through the employment of females.

1. Saudi Arabia

The education and training of the Saudi national workforce was first officially addressed as part of development issues in the mid-1960s. The goal at that time was to prepare Saudi citizens for positions in the government (Wells, 1976). Since then, central to each five-year development plan, beginning with the first plan (1970-75), has been development of indigenous manpower. The education of citizens was identified as critical to the success of Saudi economic development (Al-Ayyar, 1982). The second Development Plan (1975-80) addressed training of the workforce in order to increase productivity and decrease reliance on foreign manpower (Wells, 1976).

In 1962, Saudi Arabia was the first of the Gulf nations to establish a university (Al-Ebraheem, 1984). By 1982, Saudi Arabia had established seven universities, numerous military academies, and special institutes (Idris, 1982). A. Ali (1986, 679, citing Zahlan, 1984), predicts that within a decade, Saudi Arabia will most likely reach its goal of providing adequate educational facilities for all Saudi youth, even though this would call for an expansion of almost 100 percent in the educational system. However, the very process of providing education to all nationals necessitated the import of more foreign teachers. Saudi manpower planners find themselves facing the dilemma of encouraging university education, but needing these same citizens to enter the workforce at the earliest possible opportunity. As a partial solution, much attention has been devoted to the establishment of two-year junior colleges whose graduates "would then fill jobs which are on an intermediate level between the jobs for university graduates and those for secondary school graduates" (Idris, 1982, 10-11).

In the early 1980s, Saudi manpower planners continued to urge young Saudi males to undertake technical and scientific training so that foreign workers could be replaced as quickly as possible. At that time, planners felt this replacement would take place "within a short period of time" (*Arab News*, November 30, 1981, 2). Planners are aware of the fact that nationals continue to be reluctant to pursue vocational training because of perceptions surrounding vocational work as "low-prestige jobs" and vocational training as being very limited in nature. With this in mind, the government formed, more than twenty years ago, a technical education department under the Ministry of Education and a vocational training department under the

authority of the Ministry of Labor and Social Affairs (Idris, 1982). Young people between the ages of 14-17 were provided the opportunity to become "semi-skilled workers" in eleven fields of specialization which included mechanical and electrical work, carpentry, and metal work. By late 1982, there were at least 32 training and vocational centers providing instruction and on-the-job experience (Al-'Ayyar, 1982). Despite this, the deputy governor of the Technical Education and Vocational Training Organization in 1982, Muhammad Al-Sulayman Al-Dal'an, stated in a newspaper interview (Al-'Ayyar, 1982, 3) that, "in spite of the growth, all these technical education, vocational training and on-the-job training programs have not achieved their objectives, satisfied the aspirations expected of them or kept abreast of the rapid material and economic growth in the Kingdom." According to Al-Dal'an, only 20 percent of Saudi secondary school graduates enroll in vocational and technical schools compared to 80 percent for countries like China and Korea. A newspaper interview with a Saudi student revealed the following employment choices (in order of most preferred) following secondary-school graduation (Idris, 1982, 10-11):

(1) Attending a home-town university
(2) Employment with Petromin
(3) Employment with Aramco
(4) Employment with Saudi Air Lines
(5) Attending a military academy
(6) Attending a junior college
(7) Accepting a Grade 4-level position
(8) Paying for his own study abroad

Noticeably absent is the option of technical or vocational training, and a preference for status-associated employment.

To further encourage education, in 1980, Saudi Arabia established an office of correspondence-student affairs at King 'Abd al-'Aziz University in order to facilitate education by correspondence as part of development targets. This program was directed primarily toward part-time students and required periodic attendance at the university campus (Al-Jahni, 1981). Despite efforts to increase vocational enrollment, the dream of Saudization in non-government sectors is very slow. With regard to industrial production, it may take several decades for Saudi nationals to acquire the skills and experience in order to achieve manpower self-sufficiency (Wells, 1986).

In 1959, King Saud first announced the foundation of a public education program for females (Viola, 1986). Spending on education for women in the early 1980s sought primarily to broaden the educational experience by increasing the number of schools and expanding the number of courses and degrees offered. In particular, the five-year plan beginning in 1980 set out to establish universities in "all the major provinces" and "middle-level colleges" in other regions in order to ensure all Saudi females had access to higher education (Al-Zahrani, 1981).

In the mid-1980s, approximately one-third of university students in Saudi Arabia were female (Viola, 1986). In 1981, there were 5,126 Saudi female students enrolled in Saudi colleges and approximately 1,520 graduates were anticipated. As far as employment in these colleges, Saudi females represented 31 percent of total employees (Abu Ghazi, 1981). Female education and training goals within Saudi Arabia are concerned mainly with

training women for teaching and administrative positions and for replacing the foreign workers who dominate employment in this sector (Al-Zahrani, 1981). Female nationals are permitted to pursue education overseas in other programs of study; however, since 1983 it must be done at their personal expense rather than with government funds (Viola, 1986). As with male nationals, women are enrolling in degree programs which are not geared toward stated manpower training objectives (Viola, 1986). When questioned during a 1981 interview about the "economic yield of educating [Saudi] women", Dr. 'Abdallah Al-'Ajlan, deputy general director of women's higher education affairs, remarked that:

> . . .teaching the Saudi woman is aimed at giving her a sound Islamic education so that she can perform her role in life and be a successful housewife, an ideal wife, a good mother, a specialized scientist and a capable educator who participates with her intellect, efforts and work in the scientific, educational, social, cultural and professional progress of Saudi society in a manner compatible with her nature (Abu Ghazi, 1981, 10-11).

Social customs which encourage women to pursue liberal arts and teaching degrees, combined with the limited availability of science and technology institutes open to women, limit the manpower usefulness of female nationals in certain fields.

2. Kuwait

In recent decades, Kuwait has placed a great emphasis on developing its educational system. During the thirty years, education-related spending increased from U.S. $289,000 in 1947, to U.S. $344 million in 1977, mostly as a result of oil revenues (Al-Ebraheem, 1984). In recent years, Kuwait's annual

spending on education has reached approximately U.S. $700 million (Conway and Anderson, 1986, 152). School attendance grew from 2,160 students and 89 teachers to 150,231 students and 11,505 teachers during the same 30-year period (Al-Ebraheem, 1984). In Kuwait, "education is compulsory for children between the ages of six and fourteen and is free even for many foreigners from kindergarten through university" (MERI 1985, 11). Conway and Anderson (1986, 152) summarized the Kuwaiti existing educational system as follows:

> There are 79 kindergartens (about 95 percent Kuwaiti enrollment), 178 primary schools (about 45 percent Kuwaiti students), 145 secondary schools (approximately 50 percent Kuwaiti), and Kuwait University with seven facilities. In addition to the 8,650 Kuwaiti University students at home, the government pays for over 2,680 to study abroad, about one-half of these in the United States.

State-sponsored education is available only to dependents of Kuwaiti citizens, with the exception of a small number of non-Kuwaiti Arabs who are long-term residents. Interestingly, approximately three-quarters of teachers in state-owned schools are foreigners hired to teach the 335,000 Kuwaiti dependents (Conway and Anderson, 1986) Migrant workers have little alternative but to enroll their dependents (some 70,000 students in 1983) in one of the approximately 204 private educational facilities (Conway and Anderson, 1986).

Table 12 compares the educational attainment of both citizens and migrants active in the Kuwaiti workforce for the years 1975 and 1980. As might be expected, because of their overwhelming participation in the workforce, foreign workers claimed the largest numbers of workers at all educational levels. Yet, the majority of workers, both nationals and

Table 12: Kuwait: Educational Attainment of the Labor Force (1975 and 1980) by Number of Persons and Percentage of Total Labor Force

	1975				
	Kuwaiti		Non-Kuwaiti		Total
Education Level	Number	%	Number	%	
Illiterate	31,181	31	69,640	69	100,821
Semi-literate	20,398	28	53,705	72	74,103
Primary	12,362	38	20,209	62	32,571
Intermediate	10,340	38	17,067	62	27,407
Secondary & Below Univ.	9,199	24	29,861	76	39,060
Univ. & Post-Grad.	3,488	14	20,962	86	24,450
Not Classified	3	--	--	--	3
Total	86,971	29	211,444	71	298,415

	1980				
	Kuwaiti		Non-Kuwaiti		Total
Education Level	Number	%	Number	%	
Illiterate	26,222	19	110,589	81	136,811
Semi-literate	17,840	15	98,021	85	115,861
Primary	13,420	33	27,028	67	40,448
Intermediate	20,250	37	34,114	63	54,364
Secondary & Below Univ.	17,888	22	64,006	78	81,894
Univ. & Post-Grad.	7,854	14	46,812	86	54,666
Not Classified	-	-	-	-	-
Total	103,474	21	380,570	79	484,044

Note: New unemployed are excluded.

Source: Al-Tuhaih, 1986, p. 130, Table 8-4.

foreigners, were illiterate in both 1975 and 1980. Between 1975 and 1980, the total number of illiterate Kuwaitis fell from 31,181 to 26,222. The trend was reversed for foreign workers, rising from 69,640 in 1975 to 110,589 by 1980. As a percentage of the total workforce, illiterate Kuwaitis decreased from 31 percent in 1975 to 19 percent in 1980; however, it appears that this decline was not offset by an increase in any higher educational category. In short, although the percentage of illiterate citizens declined, Kuwaitis have failed to improve their percentage representation elsewhere. The category of semi-literate contained the second largest number of both Kuwaitis and foreigners for both time periods. Uneducated workers continue to play a dominant role in the Kuwaiti workforce. In 1975, the number of foreign workers claiming university or post-graduate education was 20,962. By 1980, this number had more than doubled to 46,812, representing a growing demand for highly-educated workers. The percentages of employed Kuwaiti nationals with advanced degrees remained at 14 percent during both 1975 and 1980, as did the migrants' share of 86 percent. The inadequate supply of advanced-degree holders among the indigenous population has resulted in the continuing use of foreigners. During both years, foreigners outnumbered Kuwaitis in this education level category. Foreigners were also the majority claimants of education levels at the secondary school level. In 1980, 64,006 foreigners employed in Kuwait had achieved a secondary school education compared to only 17,888 nationals.

The Kuwaiti government considers the education and training of nationals to be an important component of its plan to reduce dependence on foreign workers. Alarmed at the continued reliance on imported labor, in the

early 1980s the government proposed a massive spending increase for education and vocational training" (Shah, 1986, citing Al-Omaim and Kohli, 1984). Because Kuwaiti citizens are a minority in their own country, it is not surprising that they are also minorities in the various employment sectors. However, in recent years, the participation rates of Kuwaiti males in professional and technical occupations have been falling even further relative to non-Kuwaitis (see below, Occupational Categories). Shah (1986, 826) notes that "the decline of Kuwaiti males (as a percentage of all males) employed in professional and technical occupations is indicative of the inappropriate education and training programs. . . ."

Since 1982, four schools of specialized training have begun operation as part of Kuwait's efforts to increase nationals' participation in technical and vocational jobs. A combined figure of more than 5,700 students are now enrolled in the Institute for Applied Technology, the Health Institute, the Teachers Training Institute, and the Business Institute (Conway and Anderson, 1986).

As recently as 1981-82, only 8 percent of Kuwaiti males at Kuwait University were enrolled in engineering or petroleum. The figure was 29 percent for non-Kuwaitis (Shah, 1986, citing CSO, 1983). In the field of literature, however, 40 percent of male Kuwaitis and 53 percent of female Kuwaitis were pursuing degrees. This compares with only 12 percent of male non-Kuwaitis and 33 percent of female non-Kuwaitis.

Al-Ebraheem (1984, 95) is of the opinion that poor development planning has resulted in an educational system "incapable of supplying the various sectors of the society with adequate manpower." Shah (1986, 823,

citing Nagi, 1983) acknowledges the progress in education in recent decades, but also expresses doubt concerning Kuwait's ability to successfully fill critical positions in the labor force with nationals because of deficiencies in the country's educational system. The quality of education has seriously declined during the past decade due to poor student performance and inadequate planning by the ministry in charge of improving Kuwait's educational system (Al-Ebraheem, 1984, 95). Except for university degree-holders, the percentages of Kuwaiti citizens relative to non-Kuwaitis at each educational level are actually falling (at least between 1975 and 1980). This suggests the continuation of a relatively poorly-educated manpower base made up primarily of foreigners. These deficiencies have thus far resulted in the need to continue importing significant numbers of unskilled and semi-skilled foreign workers as well as university-educated foreign workers and migrants with intermediate or secondary education.

VI. INDICATORS OF CONTINUED DEPENDENCE ON MIGRANTS IN EMPLOYMENT AND CONSUMER MARKETS

A. Economic Decline and the Impact on Foreign Labor Demand

The fact that oil income represents between 85 and 88 percent of total revenue for the Gulf states clearly indicates that development spending depends heavily on this one natural resource. Between 1975 and 1980, demand for foreign labor was correlated positively to the government expenditures made possible by oil income (Birks, *et al.*, 1986). According to Birks, *et al.* (1986), this should also mean that reduced revenues after 1985 should result in lower government spending and reduced demand for foreign labor. Beginning in 1981, however, this relationship no longer existed (Birks, *et al.*, 1986). Seccombe (1988, 153) also agrees that the drop in oil revenues will certainly end the growth phase of the Gulf employment market. However, it does not necessarily signal an end to the flow of labor to the Middle East or even reduced demand for workers on the scale predicted. Sherbiny (1984, 644) suggested that the impact of falling oil prices during the early 1980s and any future drops in revenue will affect foreign labor demand in each GCC country uniquely. Because the Gulf is developing at such a rapid pace, however, a slowdown in growth could still necessitate continued labor imports rather than a halt in development. In fact, despite restricted cash flow, these governments would find it out of the question to reduce growth rates very far (Sherbiny, 1984, 645).

Anticipation of reduced government investments following the oil glut of 1983, together with the finalization of earlier projects, fueled

speculation that the tide of migration would finally be reversed. Indeed, large numbers of migrants returned to their countries of origin as their jobs were quickly phased out. However, data now indicate that, although many foreigners left the Gulf and the number of *new* immigrants has been greatly reduced, the migrant population remains quite large, and appears more firmly rooted than development planners had expected (Seccombe, 1988). According to Birks, *et al.* (1986, 808, 799), "available data. . .suggest a relatively slow response in foreign labor stocks to the decline in economic activity" and ". . .the current economic downturn, reflecting the collapse of the world oil prices, has not resulted in the large-scale re-export of foreign labor which was envisaged." And A. Ali (1986, 678) also notes that, "the demand for foreign labor is not expected to decline significantly even though oil prices have fallen and may fluctuate in the future." Der Hovanessian (1986) offers two possible scenarios. First, it may be that a new form of demand for workers (for example, production and service) will be less than demand during the boom period and will replace only part of the departing labor force. Another possibility is that there will be a continued inflow of workers with higher skill-levels, but an overall movement which is less than during the boom period. Some other reasons for the continued presence of large migrant stocks, despite declining economic conditions, will be covered individually in the following sections.

The exact impact of economic decline on migrant stocks is not completely clear due to the unavailability of statistics on the movement of foreign workers in the Gulf (Seccombe, 1988, 157). Data are often not published or are released two or more years after collection. However, on this

subject Seccombe (1988) has examined worker flows in the Gulf using four primary sources to determine the effect of economic decline (due to falling oil revenues) on the movement of migrants. The four data sources analyzed were: international passenger logs to the Gulf, emigrant data from the country of origin, Gulf work permit issues, and migrant remittance data. The results suggest that the numbers of workers are indeed declining. In most cases the decline follows a downturn in the economy and includes a lag period. The study also indicates that the reduction in migrant stocks are much less than expected or claimed by the Gulf states due to increased retention and low net worker outflows.

The construction industry was among the hardest hit. New projects were cut back in scale or even cancelled entirely due to falling oil revenues. The value of construction contracts in the GCC region had reached $37.5 billion at its zenith in 1982, but this figure fell sharply by 1985 to $15.8 billion, and is expected to continue to decline (Azzam, 1988, 106). Rather than returning home, the displaced construction workers were often rehired, legally or illegally, by employers in other sectors such as manufacturing and domestic service. Employers were thus able to circumvent new visa freezes and frequently hired the migrants at below wages previously earned (Seccombe, 1988, 176).

Perhaps one of the most important reasons that total foreign worker numbers remained high is that reduced demand for one category of workers is actually being offset by equal or greater numbers of workers in another sector. At first glance, however, it may give the appearance of lessened total demand for foreigners. Examples of this are the divergent trends in demand

for construction workers and domestic help. The construction sector, ailing because of soft oil prices, slowed in 1984, and tens of thousands of workers returned to their home countries. Among the most seriously affected were Korean contractors in Saudi Arabia whose new contracts in 1983 were $4.5 billion, half of their previous worth (Der Hovanessian, 1986). While unskilled laborers and construction workers most likely absorbed the greatest cuts in employment, demand for domestic workers, technical and maintenance employees appeared to be rising during the 1980s and represented a need for the continued hiring of foreigners (Der Hovanessian, 1986). On the trend toward employment of domestics, Sherbiny (1984, 646) notes:

> As a new sign of prosperity, families in many oil countries import maids, cooks, gardeners, watchmen, drivers, and house servants, whether their services are really needed or not. This is tantamount to a "demonstration effect," where a family's status is measured by the number of household servants/assistants it employs. This new style of social behavior is unlikely to disappear in the short run.

Another reason, according to Sherbiny (1984), is the time-lag of investment which may vary between three and seven years or longer. The fact that capital assets must be made fully operational and then maintained indicates that demand for foreign workers will probably decline only slowly and marginally. In addition, large financial reserves, accumulated during the boom years, will provide some stability to the development projects already underway.

1. Saudi Arabia

An example of Sherbiny's relationship between investment lags and continued demand for foreign labor is provided by Wells (1986) with regard to Saudi Arabia. Wells charted heavy Saudi investments in the industrial sector since the mid-1970s, emphasizing downstream petroleum activities and import substitution. By the end of 1983, investment in industry totalled almost $29 billion, part of which went toward construction of 512 new firms expected to be fully operational by late 1985. Although the industrial sector accounts for only a small percentage of total employment (an estimated 7 percent), it is dominated by foreign labor. Using information from the *Middle East Economic Digest*, Wells (1986, 281) describes a common industrial staffing scenario as follows:

> For the Saudi Transformers Company, associated with the Belgium company Pauwels International, only the general manager is Saudi. The plant manager, the quality control engineer, and the head of maintenance and engineering are all Belgian. The production engineer is from the United Kingdom. The 120 technical staff are Filipinos. Alupco, the Aluminum Products Company in Damman, employs 800 to 1,000 Indians and Pakistanis. Most of the production staff at Zamel Steel Building Company are Filipinos.

This seems to confirm the opinion of A. Ali (1986, 679), that reduced government spending has not resulted in reduced demand for skilled professionals in Saudi Arabia.

In another study, Sherbiny (1984) evaluated past Saudi development plan goals and compared these to the actual economic performance during each stated period. For each plan, economic growth far exceeded the predicted levels. Although the third Saudi plan (1980-85) attempted to reduce economic growth slightly, Sherbiny claimed that data from 1980 to 1982

demonstrated clearly that growth will be above the planned 6.2 percent for non-oil GDP and suggests that this will actually be around 9 percent even after the likelihood of a soft oil market is taken into consideration. With this in mind, a slowdown may eventually take place during the fourth plan (1985-90) but only to around 6-8 percent. Based on these projections, Sherbiny has calculated anticipated foreign labor demand under various economic conditions as shown in Table 13. Sherbiny proposed that the demand for foreign labor would fall during the third plan (1980-85), but would then continue to increase during 1985-90 at even higher levels than the previous five years.

2. Kuwait

Kuwait has developed considerable overseas investments and diversified its productive capacity in non-oil sectors. To some degree, this source of income flow in addition to cash reserves may provide a cushion from slumps in oil prices (Sherbiny, 1984). As with Saudi Arabia, Sherbiny (1984) used estimates of growth in the non-oil components of GDP to develop a three-scenario projection of future labor demand for Kuwait (Table 14). Taken into consideration were the slowdown in the 1982-83 economy, the Al-Manakh stock market crash of 1982, and other significant economic events. In each case, high-, medium-, or low-growth, the projections indicated reduced employment demand during 1980-85. Projections for the period 1985-90, however, suggest that for the high- and medium-growth scenarios, demand for foreign labor will exceed the 1975-80 actual figures, and all three

Table 13: Saudi Arabia: Projected Foreign Labor Demand Through 1990

Projection of Incremental Requirements of Expatriate Labor in Saudi Arabia ('000 workers)

	Actual	Projected	
Scenario	1975-80	1980-85	1985-90
High Growth	679	623	670
Medium Growth	679	633	680
Low Growth	679	643	690

Source: Sherbiny, 1984, p. 650.

Table 14: Kuwait: Projected Foreign Labor Demand Through 1990

Projection of Incremental Requirements of Expatriate Labor in Kuwait ('000 workers)

	Actual	Projected	
Scenario	1975-80	1980-85	1985-90
High Growth	163	138	185
Medium Growth	163	124	164
Low Growth	163	110	142

Source: Sherbiny, 1984, p. 655.

scenarios predict increased demand over the 1980-85 projections.

In conclusion, lower oil revenues contributing to an economic slowdown will most likely still result in significant demand for foreign labor. Faced with falling oil revenues, Gulf governments may be more willing to draw upon reserves in order to sustain a healthy level of economic growth than to allow a serious recession or major slowdown. In addition, the lag time of investments will also help sustain growth, therefore, minimizing some of the falling demand for labor associated with a recession.

B. Visa/Work Permit Activity

Perhaps one of the few ways to try to confirm trends in the scale of labor migration to the Gulf, particularly in response to economic cycles, is through examination of visa and work permit activity. Describing the purpose of permits, Kritz (1987, 950) notes that, "admission into most countries is regulated by passport control and issuance of visas or permits that specify the purpose of the visit, the entry terms, and the length of stay permitted."

Citizens of the GCC countries need only a work permit (no visa) in order to travel among the GCC states and are granted the freedom to change employers without restriction (Woodward, 1988, 18). However, the fact that these countries all have labor shortages, negates any labor market impact from the movement of these workers (Woodward, 1988, 18). For other migrants to any of the GCC countries, sponsors usually play an important role in securing a visa and maintaining a job in the Gulf. Sponsorship is required

prior to issuing a work permit and entrance visa. In Saudi Arabia, relatives or friends of migrants cannot be granted a visitor's permit unless sponsored, and even then a permit is increasingly difficult to acquire. More direct measures to limit family reunification in the Gulf include laws which require a migrant to earn a minimum salary and possess a house lease before family members may enter the country. Together, these requirements eliminate the possibility of family reunification for approximately 80 percent of foreign workers (United Nations, 1981, 21). The number of new workers entering the Gulf is expected to continue declining in the near future as suggested by the data available regarding workers from Jordan and from Asian countries (Seccombe, 1988, 177). Jordan undertakes the most reliable worker documentation efforts of the Arab labor exporters according to Seccombe (1988, 161). New work permits issued to Jordanian workers entering Saudi Arabia reached a peak of 7,300 in 1979, but had fallen to 3,761 in 1983. More accurate information is available through Asian labor agencies. Records from nine labor-sending countries suggest that Asian worker migration to the Middle East is slowing, revealing a decline since 1981-82" (Seccombe, 1988, 166). However, retention of workers through renewal or extension of existing contracts has increased in light of governments' attempts to limit the inflow of new workers. Using this method, a firm may successfully maintain the size of its workforce without importing labor and thereby incurring penalties or government's disfavor. The government is also able to present evidence to it citizens of "cracking down" on foreign immigration by publishing statistics which indicate a decline in new visa grants to workers. The net migration (the number of foreigners entering the country versus departures),

however, remains relatively small. Seccombe (1988, 177) believes that governments will find it necessary to place restrictions on employee transfers and limits on permit renewals if they are to have any real impact on foreign worker stocks.

Restrictions on immigration are likely to cause discontent among private-sector employers because of the effect on wages. In Saudi Arabia, efforts by the government to limit the issue of work permits in 1980-81 were halted by protests from business owners (Wells, 1986). Perhaps as part of the plan to entice skilled and technical workers to Saudi Arabia to take jobs which nationals were unable to fill, restrictions on family accompaniment were relaxed in mid-1982, allowing holders of a university diploma or a certificate from a technical high school to settle with their families. In addition, government and ministry employees no longer had to present a "salary certificate" as a qualification for family residency. Workers in private health, education, or other vital sectors were required to earn a minimum equivalent to U.S. $875 before family reunification or settlement could take place. Construction employees were required to earn a minimum equal to U.S. $1,116 and present a technical high school certificate. Administrative employees in private business or working in the government faced minimum earnings floors of U.S. $1,458 (Hassan, 1982).

During the last decade, Kuwait, like other Gulf countries, has tried to gain tighter control over the hiring of foreigners. Part of this control may result from manipulations of the percentages of Arab versus non-Arab migrants. The aim is to employ workers with the lowest incidence of accompaniment and least tendency to settle permanently, a characteristic

often associated with Asian workers. In fact, residence permits in Kuwait issued between 1970 and 1980 reflect a trend toward greater numbers of Asian migrants (Shah, 1986, 816). In 1984, Kuwait instituted tighter restrictions on the issuing of work permits, particularly for job seekers in the private sector (MERI, 1985, 31). To some extent, this was successful in reducing the number of new workers entering Kuwait. However, Birks (1988) points out that, although the number of immigrants to Kuwait declined after 1984, the rate of natural increase of non-nationals already in the country was high. Figures available for earlier periods show that in 1970, there were 94,200 births to non-citizen migrants in Kuwait, with 156,400 in 1975 and 229,300 in 1980 (Birks, 1988, 139).

Seccombe (1988) conducted a detailed study of foreign worker movements in Kuwait between 1975 and 1985. By dividing work permit data into four categories (new issues, cancellations, renewals, and transfers) rather than to view only work permit totals, he was able to estimate, with greater accuracy, labor demand in response to economic decline. He found that new permit issues during 1984 had fallen 54 percent from 1983, apparently in response to an economic recession and government-mandated reductions in imported labor. In addition, he noted that permit cancellations also increased significantly during the same period. Based on this information, one might assume that labor imports had been greatly reduced. In fact, however, work permit renewals of migrants already in the country, placed at around 54,900 in 1980, escalated to 139,600 in 1984 and 163,474 by 1985. Furthermore, work permit transfers, which allow an employee to move to another company from a firm which no longer needs the worker, also increased significantly.

There were twice as many transfers in 1984 (29,000 total transfers) as in 1983. These opposing forces, concludes Seccombe, help explain the mere 6 percent drop in total (existing plus new) foreign labor permits between 1983-84. The policy measure effectively reduced the inflow of new migrants, but resulted in increased retention of migrants already inside the country.

Seccombe also examined international passenger statistics for Kuwait because migrant workers make up the majority of these travelers. Although passenger arrivals into Kuwait declined "substantially", 29 percent from 1980 (1.27 million) to 1984 (900,000), the number of people leaving the country remained very low. Kuwait did eventually experience a trend toward net outflow, but not until 1982, and departures from the country increased only toward the end of 1983. Regarding his findings on passenger traffic in Kuwait, Bahrain and Qatar in the mid-1980s Seccombe (1988, 160) notes that, "the pattern which emerges is certainly not one of massive net migrant worker departures as suggested in the press."

Birks, Seccombe, and Sinclair (1986) have also examined the relationship among downturns in the economy, decreased government spending, and the number of foreign workers in several Gulf states. The unique situations and policies of each country further resulted in differing responses to economic events and warn against generalizations for the Gulf as a whole (and data limitations make comparisons difficult). However, most of the necessary information was available for Kuwait. The researchers concluded that, at least for Kuwait, despite desired reductions in the issue of new permits and increased cancellations of existing permits following recession-induced cuts in government spending, the total number of foreign

workers declined less than expected. Further investigation revealed that a significant rise in the renewal of existing permits took place concurrently with the decline in new issues. In fact, permit renewals in Kuwait rose 154 percent between 1980 (54,905) and 1984 (139,578). Furthermore, the number of foreign workers switching from one employer to another in 1984 (21,572) grew 170 percent from 1983 (Birks, *et al.*, 1986, 810). It should be noted that this policy of allowing freedom of movement is not common throughout the Gulf.

As the study by Birks has indicated, for Kuwait in particular, but possibly for the other GCC countries as well, the increase in transfers combined with rising permit renewals may have contributed to the reduction in new permits rather than the reductions resulting from government restrictions on new permit issues. If this is the case, economic recessions and government policies restricting entry of foreigners may actually lead to longer average stays by guest workers. In many situations, each year of employment improves the migrant workers legal position in the quest for permanent residency and family reunification. Events coinciding with an economic recession have led to a decline in new worker immigration, but have had little impact on the number of foreign workers in Kuwait (Seccombe, 1988, pg. 185).

C. Migrant Wages

The wage rate paid to foreign workers is influenced by supply and demand conditions. Specifically, the extent of the labor shortage in the Gulf and the harsh living conditions faced by migrants make it necessary for the

GCC countries to offer higher wages in order to entice workers to accept offers of employment. Migrants must be paid a wage higher than typical for their home country, but this is still significantly lower than the wage paid to Gulf nationals. The pay scale varies throughout the GCC states. For example, Saudi Arabia has no uniform minimum wage, rather the employer and the labor ministry negotiate the wage rate (Shaw, 1986). In addition to a set wage, the worker may earn bonuses, receive a living allowance or periodic raises, and qualify for vacation or home leave. The latter benefits must be stipulated in the hiring contract, and vary in length according to the job classification and period of continuous employment.

To businesses and contractors operating in the Gulf, foreign workers represent an available and relatively cheap supply of labor. Although the wages appear high to the migrant, employers in the GCC countries often consider the wage to be relatively low. A Gulf firm could hardly expect to hire Gulf nationals on the scale needed for so low a wage as is paid to foreign help. Foreign workers also provide Gulf employers with a relatively convenient source of available skilled workers. Conway and Anderson (1986, 146) cite a study conducted in 1976 which revealed that non-Kuwaitis earned an average monthly wage of U.S. $420, compared to U.S. $700 for Kuwaitis performing similar work. Another study in 1982 shows an average monthly wage of U.S. $350 to $525 for newly-hired construction workers. Certainly, the willingness of foreign workers to accept wages lower than those demanded by nationals further encourages employment of migrants. Shah (1986) indicates that one of the hindrances to efforts at Kuwaitization of the workforce is the

fact that it often is simply cheaper and quicker to hire foreign skilled workers than it might be to prepare a Kuwaiti citizen for the position.

The attractive wages paid by Gulf employers further contribute to increased labor retention. Gulf wages provide migrant workers with an opportunity to double or triple their rate of pay at home. For many of the migrants, the end of a work contract means return to their home country where high unemployment and depressed economic conditions may predominate. Upon expiration of a work visa, many foreign workers often choose to remain illegally until they find another job. The decision to remain past the original period of employment is usually not part of the migrant's plan when first entering the host country. Initially, workers view employment abroad as a temporary measure, allowing them to pay off debts, educate children or siblings, purchase a home, or accumulate savings to even establish their own business after departing from the Gulf. Later, however, conditions often arise which contribute to the decision to remain.

According to Woodward (1988), Saudi employers always offer a multiple of the market wage earned in the home country regardless of occupation or skill level. Two to three times the home country wage is believed to be the minimum salary necessary to convince a worker to migrate. Earnings comparisons for Filipino workers in the Middle East as reported by Stahl (1988) show that wages ranged from almost 1.5 times higher for administrative and managerial workers to more than 3 times higher than earnings in the Philippines for service workers. Stahl also argues that these figures, provided by the Philippine Ministry of Labor and Employment, may in fact be understatements of actual earnings because they do not include

extras such as end of contract bonuses, overtime, and room and board. Arnold and Shah (1984) contend that earnings for Asian contract workers in the Middle East are 5-6 times the home wage.

1. Potential for Social Conflict

Even though foreign workers earn better than normal wages working in the Gulf, conflict often results because of the widespread knowledge that nationals receive even higher salaries. Al-Qudsi (1985) researched wage discrimination practices among the Gulf countries and Kuwait in particular. Kuwaitis were found to earn double the wage of foreign workers despite the significantly higher education levels achieved by the non-Kuwaitis. According to Farah, *et al.* (1983, 49), "there is no principle of equal pay for equal work and there is a policy of granting benefits according to citizenship rather than merit."

Al-Qudsi (1985) concludes that discriminatory salaries of the magnitude seen in Kuwait, and awarded solely on the basis of nationality will not only perpetuate the existing system of welfare underemployment but also will contribute to the current level of social tension. All of the GCC countries follow a dual wage scale. Although some complaints are heard, Woodward (1988, 61) notes that:

> The foreign worker is faced with massive disparities in income when he arrives in the Middle East. His belief in the principle of equal pay for equal work may be challenged by the sheer weight of evidence around him. Most are aware of the extenuating circumstances that make inevitable large disparities in income between different nationalities. Even those at the bottom of the pyramid seldom lose sight of the fact that they are earning at least

> two or three times what they could at home, and that because the work is uninterrupted, with fairly consistent overtime, it may actually be five or six times. They also know that other nationalities who may be making more are not necessarily more satisfied and may not, in fact, be doing as well.

Referring to the human capital approach to migration, Chiswick, Chiswick and Miller (1985, 677) emphasize that, ". . .no matter how low real wages may be in the destination for migrants relative to the natives, what matters for migrants is their opportunities in the destination relative to their opportunities in the origin." Increased tension as a result of wage discrimination may be felt more by migrants who intend to remain in the Gulf permanently and for those accompanied by family members. Feelings of inequity may be stronger because they must compete economically in the same environment as Kuwaiti nationals (Woodward, 1988). However, for workers whose dependents remain outside of the Gulf, and who clearly view their employment as temporary, a basic understanding about the differences in the cost of living among the migrants' home countries tempers most overt negative feelings about the pay scale.

2. Economic Recession and Wages

As in other Gulf countries, the fall in real incomes of Saudi nationals after 1982 has impacted the wages of migrant workers. In some cases, real incomes fell as much as 40 percent from 1982 levels (Birks, 1988, 144). Although wages and benefits have decreased significantly, most migrants choose to accept the wage cuts rather than to return home. Many non-nationals demonstrated a willingness to accept lower wages if accompanied by the renewal of their employment contracts (Seccombe, 1988). The economic

recession has caused private sector employers to offer lower wages, and since the new wage level as lower than before, nationals are even less inclined to accept employment in the private sector. The result is increased demand for migrants who are more disposed to working for lower wages (Seccombe, 1988). Bulloch (1984, 112) predicts that the lower wages will even lead to a change in the composition of workers, and this " is one of the reasons why the faces seen in the Gulf today come from further and further East--Korean construction workers will work for far less than Pakistanis."

Dependent re-unification has become more difficult as a result of falling wages (Birks, 1988, 144). Minimum salary requirements as a prerequisite to reunification are harder than ever to achieve. Offsetting this is increased determination by migrants to qualify for reunification since additional family members are now needed in order to compensate for the lower individual wages (Birks, 1988).

Economic fluctuations have prompted many GCC governments to cut back on the number of migrants permitted to migrate to the Gulf for employment. This has resulted in a smaller supply of workers and short-run wage increases. In Kuwait, as the result of limits to immigration in 1982 and 1983, industrial wages rose markedly in response to a dwindling labor supply. Although this move successfully reduced the number of new migrants, the short-term outcome was higher costs to employers and higher prices for products (Conway and Anderson, 1986). Government-ordered reductions in the number of foreign workers tends to increase employer costs. Greater demand for a limited supply of workers, increases the difficulty and cost of securing the migrants' visas, and government premiums or penalties have

also contributed to higher wages. On the other hand, higher employer costs in the short-run increase firms' demands for sources of cheaper labor and eventually bring wages down. The labor-supplying countries demonstrate a willingness to reduce wage requirements so that they may bid more competitively on labor contracts. Individual migrant workers, too, accept a new lower salary when the alternative is unemployment. In the long-run, amidst increasing competition between labor-sending countries, a downward trend in the wage rate occurs. Available information suggests that the lower wages associated with the slowdown in the economy are still acceptable to the great majority of migrants. Any decline in the wage rate paid to foreign workers will likely prompt Gulf employers to hire more, and not fewer, non-nationals.

D. Illegal Immigration

Restrictions on the issue of visas and work permits have had several effects on the labor market in addition to labor hoarding. As a consequence of budget cuts in some sectors, employers have been forced to reduce the numbers of employees. Often, instead of releasing the worker from the initial employment contract and repatriating the migrant, many employers allow their workers to look for other jobs until the economy picked up again. By releasing the worker, the firm maintains a sort of stand-by labor force inside the country until business improves. By employing this method, the employer avoids many of the hassles of importing and training new workers. Usually, the motivation behind the release of a worker is to avoid paying the cost of the worker's return home rather than for humanitarian reasons. This

practice is illegal and employers whose workers are caught often claim that the workers have "run off" (Sabbagh, 1982, 6).

In spite of slowdowns in some sectors, employer demand for foreign labor appears to continue to be strong, but at lower than peak levels. The rise in wages coinciding with government immigration restrictions may has caused some employers to look for other of cheaper labor. Illegal aliens residing in the Gulf provide an alternative to the rising contract costs and wages associated with legal immigrants. Illegal aliens have always resided in the Gulf and found employment even prior to the decline in the economy. According to Woodward (1988, 28-29), the employers' incentives for hiring illegal aliens are many and arise from the high cost associated with hiring and maintaining contract labor:

> Not only do they have to pay 50 to 100 percent payroll burdens, but they must maintain a staff to process the visas and other government requirements associated with imported labor such as social insurance, medical costs, workmen's compensation, camps, and catering.

The migrants, too, have an incentive to enter illegally. Although they must purchase a valid re-entry visa, illegally and at an inflated price, from a worker leaving the country, they avoid paying an employment agency and bypass the delays associated with an initial entry-visa request. Furthermore, they have signed no work contract and may then work for the firm paying the highest wages, although they forfeit any employment benefits such as workmen's compensation (Woodward, 1988). Employers often pay undocumented workers higher than normal wages while still benefitting by not having to pay all of the contract costs associated with importing a new contract worker

(Woodward, 1988). Concerning the employment of undocumented workers in Saudi Arabia, Woodward (1988, 28) notes that:

> Illegal entrants normally work in and around the larger cities like Jeddah or Riyadh, where they find anonymity. Or they work in small villages where their employers have an easy accommodation with the local authorities and these local authorities are not close to immigration officials. They work for shops and smaller employers who do not bid on heavy development projects where there might be government security measures and risk of detection. Many wealthy and influential employers who have close connections to officialdom hire illegal entrants, protecting them from authorities or even legalizing their status.

The *hajj* to Mecca has contributed to the number of foreigners remaining illegally in Saudi Arabia (Dabla, 1986). While this has long occurred, the number of those staying past the permitted time has increased in the last few decades (Dabla, 1986, 85). Using large trucks, periodic "campaigns" have been undertaken to round up illegals. Beginning in 1981, fifty small "vanettes" for the first time enabled officials to maneuver in the narrow streets where illegals had previously sought refuge (Sabbagh, 1982). As an indication of the scale of these sweeps, one article reported that "about 11,000 foreigners without legal residence permits" were deported "in recent campaigns" (*Arab News*, January 29, 1982, 2). Specifically mentioned as targets of the campaign were the areas of Mecca, Jeddah, Taif, and Madina. Approximately 150-200 illegal or runaway workers are detained every day in Saudi Arabia, and the figure is expected to continue rising with the demand for foreign labor. Ninety percent of apprehended fugitives and illegal aliens are Pakistani nationals (*Al-Yamamah*, August 11-17, 1982).

Employers of illegal aliens face fines of U.S. $600 - $3,000 and imprisonment of 2-6 weeks (*Al-Yamamah*, August 11-17, 1982). Sabbagh

(1982) notes that in 1981, the fine for harboring illegal immigrants was approximately U.S. $3000 and possible imprisonment for Saudi employers, and deportation for the foreign worker. Landlords who rent to illegals also face imprisonment and fines.

Further efforts at controlling the activities of foreign workers and reducing the incidence of unauthorized employment come in the form of increased responsibility on the part of employers and guarantors. Employers are expected to supervise the behavior of workers whose conduct "inside or outside working hours" is the responsibility of the guarantor/employer (Sabbagh, 1982, 6). This supervision of workers extends to responsibility for ensuring that employees possessed required residence permits. In 1982, employers of workers who were arrested without evidence of legal residence were fined approximately U.S. $180. (Sabbagh, 1982).

In Kuwait, estimates of illegal immigration by foreign Arab during 1982 stood at approximately 3,000 illegals every month (Conway and Anderson, 1986). At the end of a one-year period in 1982, government efforts to reduce the numbers of illegal workers had resulted in 50,000 undocumented aliens leaving Kuwait. The Kuwaiti government has become increasingly intolerant of the dependence on migrant workers and this has prompted efforts to "crack down" on undocumented aliens.

Workers migrating to the Gulf illegally are responding to the excess labor demands of GCC-based businesses. By hiring illegals, employers send a message to the writers of immigration policy, stating that the flow of relatively cheap migrant labor, both legal and illegal, is based on critical manpower shortages. The discovery and deportation of large number of

illegals in both Kuwait and Saudi Arabia suggest that demand for foreign workers continues to be high despite government efforts to reduce labor flows into the Gulf. As long as firms face labor shortages, and continue to be willing to circumvent legal channels through which traditional employment occurs, the problem of illegal immigration will continue.

E. The Importance of Migrant Communities to the Local Economies

Prior to the large-scale labor movements to the Gulf, private-sector businesses, both large and small, conducted consumer exchanges with the migrants. Since the influx of workers, expansion of the private sector and growth of the economy have come about partly as a result of these exchanges. Economic dependence on the foreign communities has likely taken place over the past few decades. If this is the case, any large reduction in foreign workers, whether as a result of government controls or from a sluggish economy, could create a financial slump for local markets, and immigration controls would eventually be influenced by these events. According to Ali (1986), the number of migrants forced to return home as a result of cutbacks in investment spending was sufficiently large to prove disruptive to Gulf real estate markets. Ali (1986) refers to Al-Mastagbal (1985) who reported that some areas of the Gulf experienced a decline in rent and property values of as much as 50 percent and that demand for automobiles, leisure-related services, and other goods also suffered.

As the Gulf economies develop and expand their dependence on workers for more than just their labor increases. Particularly where migrant workers constitute a majority of the population, such as in Kuwait, Qatar, and

the UAE, foreigners play a critical role as consumers. Housing and consumer goods markets, especially in the smaller GCC countries, have benefited most from migrant consumers (Sherbiny, 1984). Policymakers who attempt to curb the presence of foreign workers/consumers may find themselves in opposition with "local entrepreneurs, merchants and businessmen [who] wield enormous powers and affect high-level decisions" (Sherbiny, 1984, 646). In agreement with this view, Birks, *et al.* (1986, 813) suggests that resistance to governments' efforts to reduce migrant stocks will come from local merchants because of their heavy dependence upon migrants as consumers.

Islami (1984, 65, citing data from the Saudi Central Planning Organization 1980) reports that in 1975, relatively few large companies (435) controlled 84 percent of "industrial assets." Islami (1984, 65) notes that "the Saudi business community is crowed with a large number of very small producers and traders. In 1976, among 77,301 business establishments, the number of medium-sized firms was less than 3,000." With a large number of small establishments competing for consumer dollars, reductions in the size of the consumer market may lead to objections from businesses. As an indication of the fiercely competitive nature of these small businesses Bulloch (1984, 107) relates that "customs duties [in Kuwait] are extremely low and competition among traders is cut-throat, so the returning worker can also be sure of taking all sorts of things back with him at the lowest possible prices."

According to Abbas Ali (1986, 678), middle-class businessmen in the Gulf became a political and economic force only after the economy slowed and government-sponsored development assistance was cut. Prior to this,

generous government spending had allowed private enterprises to flourish. Sherbiny (1984, 646) suggests that it is this cohesive force that will continue to flex its strength in direct relation to efforts by the government to reduce the immigration of workers.

The housing and real estate markets have also developed a dependence on foreigners and often benefit more from renting property to non-nationals. For example, foreign workers in Kuwait cannot own land, and "are at the mercy of Kuwaiti landlords when it comes to rent" (MERI, 1985, 30). Birks (1988) also reports that drops in real income and falling wages throughout the Gulf prompted migrants employed in the Gulf to send for family members so that total family income didn't decrease. As a consequence of this activity, migrants (in Dubai) were moving from dormitory accommodations and into residential areas, greatly benefitting landlords.

It may only be assumed that this trend may also have occurred in Saudi Arabia. If this is the case, it may have proved to be a boon for Saudi landlords as well since the end of the boom period halted the elevated rent values which have now been declining in recent years (Birks, 1988). Despite falling rents, Saudi nationals have been choosing to relocate to rural areas in order to escape the overcrowded urban conditions, where the competition for social services is intense (Birks, 1988). Should this trend continue, Saudi land owners will no doubt face greater dependence upon foreign workers for rental property income. This dependence may lead to pressure on the government to continue favorable immigration policies.

The earlier heavy investments in private sector production and continued government encouragement in this area act as a source of present

and future dependence on migrants and migrant worker spending. In Saudi Arabia, both the second and third development plans (1975-80 and 1980-85) emphasized the importance of developing private enterprise and expanding production in the oil sector. However, El Mallakh (1982, 410) suggests that the small domestic population of Saudi Arabia is limited in its ability to meet this goal, because the non-oil industries are "dominated. . .by establishments producing on a small scale for the consumer market." Furthermore, El Mallakh (1982) ties the growing demand for consumer goods to the many foreign workers presently in the country, and to the expanding ranks of the Saudi middle class. Among the most important consumer products in terms of gross value of output are food processing and clothing. Demand for household furnishings, from rugs to appliances, as well as for recreation goods is also growing.

It would appear from this discussion that the presence of foreign workers is closely tied to the standard of living of the national population. With respect to Kuwait, Al-Tuhaih (1986, 123) wrote, "more expatriate labor has been called for to maintain the growth rates in GDP as well as the standard of living of both the Kuwaiti and non-Kuwaiti population." Furthermore, a smaller migrant population inside the Gulf, whether planned or as a result of a sluggish economy, will have an effect on production levels. Lower the levels of production within a country translate into an increase in imported goods. Conway and Anderson (1986, 153) report that a slowdown in development in the 1980s, both as a response to falling oil prices and a deliberate effort by Kuwaiti planners to reduce reliance on foreign labor, resulted in a growing trade dependence on imports. Concerning Saudi

Arabia's reliance on foreign labor, foreign investors, imported goods, and ties to the world economy through investments, Wells (1976, 69) states:

> Given the structure of the Saudi economy. . .no feasible development strategy offers much likelihood of reducing these influences. . . . Any feasible course of economic development aimed at modernization and major increases in real national product and real income would have the same effect of increasing reliance upon the foreign sector. And it seems impossible to conceive of Saudi Arabia's turning off the faucet and deliberately choosing to maintain the relatively isolated condition that can be achieved only by accepting low levels of income.

It would appear then, to a certain degree, that consumer dollars spent by migrants directly maintains the incomes and standard of living of the indigenous populations of the Gulf and adds to the rate of economic growth of the country. Although nationals are unlikely to adopt a pro-immigration position, citizens, and particularly businesspeople, probably recognize the importance of established migrant communities. With these economic forces as work, and as long as the economy is stable, it may prove difficult for Gulf planners to significantly reduce reliance on the foreign communities presently within their borders.

F. International Political Relationships

Political relationships between the GCC labor-importing countries and labor-supplying countries can be rather influential in Gulf immigration policies (A. Ali, 1986, 678). Through the use of oil money, the Gulf countries have cultivated political relationships with Arab and non-Arab, Muslim, and non-Muslim countries From its first financial aid disbursement in 1953 until 1980, approximately U.S. $1,285 billion in loans were provided to 48 countries

(Al-Ebraheem, 1984, 99). Another estimate places Kuwait's disbursement of development grants and loans at approximately U.S. $1.2 billion between 1975-1980 alone, primarily to countries sympathetic to Kuwait's position against Israel (MERI, 1985, 7). Likewise, Saudi Arabia has provided financial aid to Arab (and other countries) since the advent of the Arab-Israeli war in June, 1967 (Wells, 1976, 26). Among the beneficiaries are Bahrain, Syria, Egypt, Jordan, Niger, Somalia, PDR Yemen, Mauritania, and Uganda. Financial contributions were U.S. $1.644 billion in 1975 compared to U.S. $673 million one year earlier. It is possible that future efforts to restrict immigration would be tempered in order to avoid disrupting these relationships which Saudi Arabia and Kuwait have obviously valued. As Choucri (1977, 425) notes, "migration has become, for both donor and recipient, an indirect and often inadvertent instrument of foreign policy. Regional politics and migration patterns are inextricably intertwined."

Bulloch (1984, 112) also recognizes that the earnings of migrant workers "have become a major factor in the economies of half a dozen countries, and are now part of the undeclared politics of the developing world. . . ." Already, Gulf countries must tread softly when their dealings with migrant communities are viewed as harsh or unfair. According to LaPorte (1984, 699), "social tensions between the host country population and the foreign worker communities have arisen, and these tensions have political repercussions." In the opinion of Wells (1976, 69) with regard to Saudi Arabia, "it is doubtful that the Saudis can attract skilled workers if economic relations between Saudi Arabia and the industrialized nations are subject to substantial tension."

Worker ethnic composition, too, is often determined by relationships between governments. Seccombe and Lawless (1986, 548) write that, "the composition of labor inflows (to the Gulf in the early 20th century) were mainly determined by political and strategic, rather than commercial concerns." It is most likely that labor inflows during the oil boom period were influenced by politics as well.

Another reason the foreign population figures could be expected to remain high lies in the importance of remittances to the labor-sending countries' economies. Any perceived threat to the flow of worker remittances could result in the flexing of political muscles in order to keep the income flowing. In 1981, remittances to Pakistan from overseas workers totalled approximately U. S. $2 billion, almost 9 percent of the country's GNP (Arnold and Shah, 1984, citing Gilani *et al.*, 1981). For Bangladesh, Sri Lanka, Phillipines and Korea, remittances account for approximately 3-4 percent of GNP (Arnold and Shah, 1984).

The competitiveness among labor-sending countries trying to secure a market for their excess labor may also fuel political pressures on Gulf governments. Bulloch (1984, 112) claims that labor-exporting countries are "deliberately undercutting each other in their efforts to provide workers to the rich [Gulf] States, and so to cream off more of the money available." As the Gulf labor market tightens, labor-surplus countries, especially those with struggling economies facing few alternative sources of earnings, are likely to increase competition with one another in their efforts to export workers. This scenario is not restricted to Asian countries, but includes Arab labor-sending nations as well (Bulloch, 1984, 112). As Seccombe (1988, 153) has

noted, "in 1983,. . .recorded workers' remittances to seven of the main Arab labour-sending countries (Egypt, Jordan, Somalia, Sudan, Syria, YAR, PDRY) amounted to U.S. $6.9 billion."

Taking a more positive approach to the interaction between the labor-suppliers and the GCC countries, Arnold and Shah (1984, 315) predict that "major government to government agreements for the provision of foreign workers" will take place in an effort to facilitate and control the flow of migrant workers. Under these conditions, a downturn in the Gulf economies may not lead to a great reduction in the foreign workforce , but rather a reduction in wages. Workers whose contracts expire and who are offered extensions or renewals may face pay cuts of up to 30 percent or more (Azzam, 1988), probably with the approval of the labor-sending countries. In addition, employers may continue to demand the same number of new workers at less pay, and from countries where workers are likely to accept increasingly lower wages.

VII. CONCLUSIONS

A. Accelerated Growth

Taking into account the obvious problems which have arisen as a result of the wave of migration, one might wonder why the Gulf countries have not not simply pursued a program of gradual development rather than one of accelerated growth. A conservative path would have permitted gradual education and preparation of the labor force, well-paced adaptation to new technology, and a minimal impact on society. The strains on traditional society brought about by rapid change and large populations of foreigners have led some planners to criticize the pace of development. Nevertheless, the GCC countries have chosen accelerated development. Wells (1976) identifies some of the reasons why the Saudi government has felt compelled to pursue this course. In his view, the decision is based in part on uncertainty surrounding the future strength of oil prices and fluctuations in government revenues. High oil prices encourage oil exploration by competitors, which in turn pushes the price of oil downward. Wells (1976, 54), points out that inflation has also contributed to the decision:

> If one estimates worldwide rates of inflation at 5-8 percent during the next decade, the costs of development projects, given Saudi Arabia's dependence on imports of capital goods, could be reduced by initiating and completing them as soon as possible.

In addition, the accumulation of unspent revenues might very well prompt less-fortunate Arab and Muslim countries to press for a share of the wealth (Wells 1976).

It is fairly evident, then, that policies for growth which are not easily modified have been set in motion, and that rapid development will continue. The Arabs are additionally driven by a sense of time running out, as they look ahead to the day when their oil resources will be depleted.

B. Permanent Settlement

Several studies have examined the flow of workers to and from the GCC countries in order to determine the net outmigration. Data derived from the examination of visa and work permit issues and renewals provide results which are especially interesting. The evidence that new issues are down, but renewals and extensions of existing contracts are up, points to a potentially more significant problem--permanent settlement.

Some of the earliest migrants, many of them initially unaccompanied by family members, have found their stay in the Gulf extended by job demands. Some have chosen to stay after the expiration of employment contracts. Many have relocated their dependents to the host country or have established new families in the GCC countries.

Finding a job and acquiring language skills strengthen the migrants' ties to the new community and provide opportunities to increase the duration of stay, using legal channels, which in turn contributes to permanent settlement. This transition is taking place in the Gulf and stems, in part, from employers' lax enforcement of restrictions on workers' length of stay. The ease with which migrants circumvent existing barriers to residency has also increased the scale of permanent settlement. There is no reason to believe that this situation will change appreciably in the next decade, because

the level of immigration, as determined by the governments, conflicts with the labor demands of private employers. It should be evident that any government policy is doomed to failure if it ignores the economic realities of the populace. That this policy is enforced laxly is probably an indication that, given the prevailing circumstances, it is unenforceable.

For a host of reasons, mostly economic and political, the permanent settlement issue will not easily be slowed, let alone reversed. One of the historical realities of labor migration is that, of workers permitted into the country for extended periods of time, some will opt to remain permanently. The governments of the Gulf states have had some measure of success in slowing residency through the importation of Asian workers, but only at the expense of other goals, mainly those of nationalization and Arabization.

C. Restricting Entry - Repatriation

Almost since the beginning of the labor flows, the watchful eyes of the GCC governments have monitored both the overall scale and the nationality composition of the immigrants. Throughout the past few decades, immigration policies have fluctuated between relative ease of entry and highly restrictive and selective admission. This ambivalence has also characterized the official attitude toward dependent accompaniment. Data indicate that present immigration policies, aimed at reducing the size of migrant stocks by restricting entry, are not effective.

Policies created to control the length of the migrants' stay are routinely circumvented through the use of official extensions, contract renewals, legal

permanent settlement, or even illegal residency. The intention of the governments to repatriate foreign workers following completion of the initial development projects has not yet given way to a realization that a compromise may need to be reached with the migrants. Among other things this will entail fostering a degree of tolerance among the indigenous population, who now view foreigners with distaste and who practice overt discrimination. Economic and political reality will certainly force the GCC countries to acknowledge migrants' demands for equal rights and even permanent residency, because human capital, unlike mechanical equipment, is not as easily exported when the job is finished.

The GCC countries, having opened the doors to immigration, will find them difficult to close anytime soon for the very basic reason that the foreign workers are vital to the economy of the host nations, both as workers and consumers.

D. Nationalization and Arabization

We have seen how government policies designed to increase the employment of the national population in both public and private sector jobs have failed in the sense that dependency on foreigners has not been significantly lessened. Still, for all the GCC countries, nationalization of the workforce remains a priority. Arabization is promoted as another important objective, but realistically it cannot be successfully implemented in the foreseeable future, given the contradictory market forces at work. Indeed, the number of Asian workers to the Gulf is increasing significantly at the expense

of non-national Arab employment. The Gulf planners find themselves faced with the challenge of increasing the skill-levels of their citizens, particularly vocational and technical skills, but sparse native populations preclude the possibility of achieving independence from foreign labor, and this condition promises to remain for several more decades.

Although Gulf national populations are growing at a rate higher than most other countries, the native population remains small, predominantly young, and averse to acquiring the skills necessary to reclaim the workforce from foreign domination. Even among the mature population, workforce participation rates of the nationals will continue to be low, owing to lax work habits and job preferences, and thus no change in the status quo is predicted in the next few years as the population remains resistant to government efforts at redirection.

E. Political Considerations

Political relationships have always played a part in international resource exchanges. Labor-sending governments depend on remittances to help maintain both economic and political stability within their own borders, and there is no reason to doubt that they will use every influence to secure jobs for their citizens. High unemployment rates and low income levels among the labor-exporting nations offer a strong incentive to keep the stream of workers flowing.

The Gulf countries which have cultivated foreign relationships through development aid will be sensitive to pressures by labor-exporters.

Those countries most capable of supervising workers to the satisfaction of the GCC countries will have the advantage in securing contracts.

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Without question, the foreign migrant communities are putting a strain on the Gulf societies. The growing demand for better treatment and political rights, as well as the pressures on social services has increased tensions between foreigners and the indigenous populations. Perhaps the greatest friction occurs in areas not traditionally flooded with foreigners, as pilgrimage centers and major trading centers have always been. In addition to any overt influences by foreigners, intermarriage between Gulf residents and outsiders, particularly Westerners, is also generating change from within the family unit.

Both the GCC governments and individual citizens will have to publicly acknowledge the extent of present and future dependence on transient workers, and accept the fact that many of the migrants are determined to stay. Recognition of this fact, however, may require an acknowledgment that Gulf societies will be changed forever. The GCC countries, based on their immigration policies, do not appear ready to make this concession. However, the extent of social and economic and social change experienced in the Gulf is overwhelming.

Other Middle Eastern countries, namely Iran and Egypt, when faced with accelerated development and discontented citizens, have experienced the revival of fundamentalism. The potential for political instability arising

from this type of activism could disrupt development plans and result in the expulsion of large numbers of foreigners. Barring the occurrence of any such extreme event, the flow of workers to the Gulf will probably continue to be steady for an indefinite period of time, although at lower levels than during the boom years.

The indigenous populations, as discussed previously, are far from prepared to take the places of the foreign workers. The GCC countries have failed to provide motivations and incentives to encourage greater participation by citizens in critical employment sectors. Abundant social welfare programs and services, as well as employment and wage biases favoring citizens will perpetuate this pattern. The government's failure to change public opinion concerning scientific, technical and vocational careers will impede efforts at private-sector nationalization. In addition, it is doubtful that public attitudes toward employment and specific careers could be changed significantly over the short-run. GCC governments must manage to slowly wean employers from dependence on foreign labor. At the same time, policymakers must be careful not to discourage private investment in manufacturing and production (which usually depends on migrant labor). One method might be to encourage domestic private investment in manufacturing facilities located outside the country. Although this would do little to develop industry within the Gulf, it would certainly reduce the need to import workers and would still provide income for nationals. At this time, countries of the Gulf are not even close to achieving manpower self-sufficiency, and for most, very little progress has been made. From all indications, economic growth among the GCC countries, a pre-requisite for

the continuation of demand for foreign workers, remains steady and even strong.

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