THE SINGLE-TAX LIMITED IN ABU DHABI:
PROBLEMS AND PERILS OF A PETROLOCRAKY*

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ABSTRACT

Abu Dhabi, richest of the United Arab Emirates, demonstrates the Single-Tax Limited in practice. Virtually all its public revenue comes from land rent generated by a natural resource, oil. But there is a substantial rent surplus left in or channeled into private hands—a surplus especially reflecting indirect oil income resulting from the stratospheric land values precipitated by the staggering population influx stemming from oil production.

Public revenue is generously shared with the other federated emirates to strengthen unity in the face of external threats, and expended on foreign aid to build good will. But the income gap between citizens, who mainly live in idle luxury, and expatriates, who constitute 80 percent of the population and do most of the work but are not permitted to own land, is potentially explosive. And little is being done to conserve the benefits of oil wealth for the future.

INTRODUCTION

During the decades immediately preceding and following the turn of the last century, the "Single-Tax" movement was divided between those who favored public appropriation of something approaching the entire economic rent of land and those who favored appropriation only of as much of it as might be required for legitimate fiscal purposes if all other levies were abolished. The former position was that of Henry George; the latter, known as the "Single-Tax Limited," was advanced by his friend and associate, Thomas G. Shearman, who estimated the necessary share of economic rent at 65 percent (1898, pp. 132-34; Barker, 1955, p. 539).

To contemporary thinkers, this issue may seem academic. Rhoda Hellman, for example, maintains that "it is predicated on an assumption that no longer exists: namely, that all prevailing taxation amounts to less than the annual rental value of land and hence that to absorb for the state the entire exploitative profits

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of landowners would amount to an excess over all hitherto prevailing revenue" (1987, p. 107). I myself wrote, not so very many years ago, that “present conditions make the question of the use of a surplus academic” (Andelson, 1979, p. 384). This could still be true in the United States, although I have since come to feel that, with the lifting of the burden of the Cold War, the annual rental value of US land (properly calculated so as to include much that is customarily overlooked) might well be sufficient to support warranted public expenditures (See Cord, 1985).

It was Shearman’s contention that it is logically impossible for the average annual cost of necessary government ever to be greater than the average annual value of its land:

How can any government be necessary, which costs more than the privilege of living under it is worth? And what is the cost of the privilege of living in any particular place, except the ground rent of that place? . . . Any pretended taxation which takes more from the people than this is extortion, not genuine taxation (1913, pp. 159, 164).

Be that as it may, and setting aside the question of adequacy, let alone a surplus, in the US, the difference of opinion between George and Shearman as to how great a share of economic rent should be publicly appropriated is, in fact, not without practical significance today. For the Single-Tax Limited, instead of being a mere theory, is in actual operation, and therefore subject to empirical analysis.

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Thanks to a grant from the Lincoln Institute of Land Policy, I spent a fortnight in the United Arab Emirates in the Spring of 1993. Although I visited all seven of the emirates, most of my stay was in Abu Dhabi, which is by far the richest, as well as the largest both in area and in population. There I was able to observe the Single-Tax Limited in practice. I am not, needless to say, suggesting the existence of anything like a deliberate effort to implement Shearman’s proposal; it would greatly surprise me to learn that any policy-maker there had even heard of him—or of George either, for that matter. But the fact is that all but an insignificant fraction of Abu Dhabi’s public expenditure is derived from land rent, and that there is a substantial rent surplus that is either left in or channeled into private hands. By “land rent” in this case, I mean, of course, rent generated by a natural resource, namely oil. What I say about it in terms of public expenditure may be generally true also of other Gulf states, but probably nowhere so fully as in Abu Dhabi, which is the only one (aside from the other united emirates and Oman) with which I have recent first-hand acquaintance.

The account that follows is necessarily somewhat anecdotal and impressionistic. It includes relatively few statistics, and some of these are unattributed approximate estimates. There are several reasons for this: Discrete figures for Abu Dhabi are unavailable; I am told that they are not even kept. Changes are taking place even as I write, and to be obsolete by the time the text is printed. I have tried to work into my account what is evident to me of the impact of the policies I have observed. Nevertheless, the shear of the land rent that is not put to productive use is probably less than is the case in other Gulf states.

Prior to the coming together of the sheikhdoms of Bahrain, Qatar, Oman, the Trucial States, the oases of the Omani coast, and the Trucial Oman, the sheikhdoms of the Gulf area were semi-independent principalities, without central governments of their own. The sheikhdoms (now styled emirates) of the UAE, and Qatar participated in the Federation until several years ago, when each emirate is more or less autonomous, with its own emir or sheikh, and the emirs themselves are the real power behind the throne. The federal government is a union of the emirates, the constitution of which was agreed upon in the formation of the UAE, in 1971.

The emirates consist of the UAE proper, the Arabian (Persian) Gulf, Qatar to the Northwest of the UAE, and Oman to the South and内陆 on the West. Abu Dhabi and the other emirates have an average rainfall of less than 6 inches, and are the least rainfall and fertile of all the Gulf states. Nevertheless, Abu Dhabi has one of the highest per capita income of any country in the world. It is the result of the development of its oil industry, which has been very successful.

In 1961, the year Abu Dhabi became an independent sheikhdom, the population of the emirate was 235,000. Then it had a population of 255,000 in 1967, and by 1973 the population was 380,000. It is now estimated to be 600,000. These increases have been due to the influx of migrant workers, mostly from other Gulf states and South Asia, attracted by the high wages paid by the oil companies.
figures for Abu Dhabi as distinct from the other emirates are in most instances unavailable. I am told that this reflects official policy to make disparities less evident. Changes are taking place so rapidly that statistics (at least in books) tend to be obsolete by the time that they are published. I interviewed persons in all walks of life, including Abu Dhabi citizens of high station. But the expatriates are subject to deportation virtually at will, and even citizens may suffer loss of privileges if they incur government displeasure, however trivial the reason. Hence, my informants must remain anonymous.

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Prior to the commencement of oil production in 1962, Abu Dhabi was one of seven impecunious desert sheikdoms known collectively as Trucial Oman or the Trucial States, the others being Dubai, Sharjah, Ajman, Umm al-Qaiwain, Ras al-Khaimah, and Fujairah. Aside from Dubai City, a trading center which was then by far the largest town, they subsisted primarily on date production, fishing, pearl diving, and, for centuries, piracy. (At one time, they were frequently referred to as "the Pirate Coast"). Their population was sparse, consisting, as late as 1965, of no more than about 86,000 altogether (World Almanac, 1965). In the 19th century, the sheikdoms came under the influence of Britain, which assumed responsibility for their defense and foreign affairs. By the time Britain withdrew in 1971, the sheikdoms (now styled "emirates") had formed a federation, the UAE. (Bahrain and Qatar participated in the preliminary negotiations and agreements but ultimately decided to "go it alone"; Ras al-Khaimah remained outside the Federation until several months after it was officially proclaimed.) Each emirate is more or less autonomous, with the highest federal authority consisting of the emirs in council, and the highest federal positions divided, by agreement among the emirs, between the princely houses of Abu Dhabi and Dubai. Sheikh Zayed ibn Sultan an-Nahayan, emir of Abu Dhabi, who was the leading force in the formation of the UAE, has been its president since its inception.

The emirates cover an area of some 32,000 square miles along the lower Arabian (Persian) Gulf, with a shorter coastline on the Gulf of Oman, adjoining Qatar to the Northwest and Oman to the Southeast, and bordering Saudi Arabia inland on the West. Abu Dhabi, the most westerly emirate, occupies something in excess of two-thirds of the total. Despite its relatively large area, Abu Dhabi, with the least rainfall and few oases, was poorer than some of the other sheikdoms, though they were all extremely poor—especially after the market for natural pearls dried up in the 1930s. This situation was dramatically reversed with the development of its oil deposits, which account for approximately 85 percent of oil production in the emirates (Elhussein, 1991).

In 1961, the year before oil was first exported, Abu Dhabi City (the provisional capital of the UAE since its inception, and likely to remain the capital) had a population of 1,500—almost entirely Abu Dhabi citizens. Today, the population is considerably greater than 700,000—but it is made up overwhelmingly of foreigners. In fact, UAE nationals currently comprise less than
20 percent of the inhabitants of Abu Dhabi Emirate, and many of them are citizens of other emirates belonging to the Federation. (Throughout this study, for the sake of convenience, I use the term “citizen” to denote status within the discrete emirates, and “national” to denote status within the UAE at large.)

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Never had I seen a terminal so opulent as the one my wife and I entered upon deplaning at Abu Dhabi International Airport. Columns in the form of stylized palm trees soared to join a dome evocative of a starry sky, in a veritable extravaganza of mosaic tile. Met by a friend, we were driven along splendid highways lined with trees and flowering shrubs and centered with verdant medians punctuated periodically by the spray of fountains. Passing mile after mile of mansions and expansive villas, we approached the center city, its skyline an impressive cluster of hotel and office towers. Scarcely more than three decades earlier, Abu Dhabi City had been a desolate collection of mud and palm-frond huts, with only the sheikh’s fortified palace higher than a single story! Drinking water had to be trucked in from Al Ain, an oasis in the interior, the local groundwater being too brackish to be potable. Now, desalinated sea water is used lavishly, not just for drinking, but for the irrigation that has made Abu Dhabi lush with ornamental vegetation. And Al Ain, a garden city traditionally favored by the native aristocracy, today the seat of UAE University, has so burgeoned that its springs can no longer supply its needs, and desalinated sea water is trucked to it from Abu Dhabi City!

Other than a trivial percentage derived mainly from investment dividends and UAE stamps and customs duty, public revenue in Abu Dhabi comes entirely from the governments’s 60 percent share of the profits from crude oil and natural gas production, and from income taxes and royalties from the remaining 40 percent that goes to foreign interests.2

In what is by some standards an absolute monarchy, where such a high percentage of wealth is channeled through the government, it is not easy to draw a clear-cut line between public and private expenditure. For purposes of this study, I classify as “public expenditure” spending for goods and services provided by the state to the general population of the emirate, to all qualified UAE nationals in the emirate, to all citizens of the emirate, to holders of public office by virtue of functional relatedness to their duties, to the Federation and its other member states, and to foreign aid. Under the category of “private,” I place spending not subsumed under any of these headings, even when allocated by the state. Although some public functions are still carried on at the emirate and municipal levels, more and more are being administered by the Federation government, which is largely subsidized by Abu Dhabi. For all practical purposes, public revenue in Abu

Dhabi may be said to consist of revenue from oil, regardless of what jurisdiction it is collected.

In addition to providing a high standard of living, education, cultural institutions, and medical facilities, a massive desalination and irrigation project, a large number of public and private schools, a massive university campus, a national library, a cultural center, a major new hospital, and an association for the disabled, a massive state-owned bank, and a large number of state-owned companies, large and small, all the emirates’ social security benefits and welfare programs, the state provides health and education, including university education, to all citizens and nationals and at minimal cost to government workers. It is not the charge to citizens, who are all considered approved commercial structures and social security beneficiaries by definition, interpreted so liberally as a form of revolt rather than of a step toward a small number of federal employees, or the extremely generous grants to the emirate, which leave little to be desired. [Khalifa, 179, p. 61.)] It funds automobiles, residences and vacations, indulgences enjoyed by millions. It also underwrites the salaries of officials, given first preference, for a time.

It funds mosques and other public structures. It funds the cost of the Federation taking over the infrastructure of the Northern emirates on top of the money given to the UAE—e.g., to less fortunate groups such as the Palestine Liberation Organization.

In view of the above, I think it is safe to say that the cost of all legitimate activities is funded, and may be open to question, in Abu Dhabi. Single-Tax is, however, complex. Public expenditure goes well beyond what is considered “public.” Some expenditure is channelled into private hands, more importantly to individuals.

Before oil was discovered, the government of Abu Dhabi was not very generous. It would have served the country better had it been more frugal. It would have been impossible. But now it is possible. Zayed gives bits and pieces to the wealthy, money to the churches and hospitals.
Dhabi may be said to consist of oil money collected by the emirate government, regardless of what jurisdiction may administer its spending.

In addition to providing for defense and for the maintenance of law and order; for an elaborate infrastructure including first-class roads and airports, port facilities, a massive desalinization system, etc., and for such amenities as parks, zoos, cultural and sports centers, and street beautification—benefits shared by all inhabitants, this revenue furnishes excellent education and health care free to UAE nationals and at minimal cost to expatriates serving in the military or as civilian government workers. It subsidizes comfortable and spacious housing without charge to citizens, who are also eligible for no-interest loans with which to erect approved commercial structures such as office and apartment buildings. It supports social security benefits to certain groups of needy citizens, “need” being interpreted so liberally as to render even nominal work by citizens a matter of volition rather than of necessity (Taryam, 1987, pp. 267-68). (“The relatively small number of federal employment seekers from Abu Dhabi is attributed in part to the extremely generous welfare and social security benefits in this particular emirate, which leave little incentive for the pursuit of public employment” [Khalifa, 179, p. 61].) Needless to say, it pays for the palaces, jets, luxury automobiles, residences abroad, swarms of skilled retainers, and all the countless indulgences enjoyed by members of the princely and other influential families. It underwrites the salaries of cushy public jobs, for which citizens are customarily given first preference, followed by other Emirians, and only then by expatriates. It funds mosques and other Islamic institutions. It covers at least 75 percent of the cost of the Federation budget, more than half of which goes to the poorer Northern emirates on top of the substantial disbursements they receive directly from Abu Dhabi. Finally, it accounts for billions of dollars in foreign aid outside the UAE—e.g., to less developed countries, to the Arab League, and to the Palestine Liberation Organization.

In view of the above, it is evident that Abu Dhabi is a Single-Tax state, since the cost of all legitimate public services (and some the legitimacy of which may be open to question) is met essentially by a species of land rent. Its Single-Tax is, however, a Single-Tax Limited, since even though public expenditure goes well beyond what Shearman would have considered necessary or probably even legitimate, a considerable rent surplus is either left in or channeled into private hands. I refer not merely to direct, but also and perhaps more importantly to indirect oil income.

Before oil was discovered, the idea of owning land was unknown. It would have seemed as grotesque as having to buy the air you breathe or the patch of sky over your head . . . In Abu Dhabi now, it is impossible to buy even a square inch of land, but Sheikh Zayed gives bits of it away to a few privileged individuals, to churches and hospitals and other deserving causes. And, of course,
every citizen gets a free lodging, every farmer receives his plot (St. Albans 1978, p. 106).  

The stratospheric rise in land prices, while it may initially have been precipitated by the discovery of the mere presence of oil in the ground, was, of course, heightened many fold by the staggering population influx brought about by oil production. Since foreigners (who constitute well over 80 percent of the population) are not permitted to own land in Abu Dhabi, but cannot avoid using it, if only for a place to spread their sleeping mats, the fortunate local who holds title to a quarter acre or so in even one of the less desirable districts of Abu Dhabi City or Al Ain might nearly as well be in possession of a gusher. And on the receipts from it he is not taxed a single dirham. The results of this are described by Suzanne St. Albans:

The driver thoughtfully allotted to me by the Ministry is a Palestinian who speaks English well. As he crouches over the wheel, slumped with gloom and cares, I try to cheer him up and ask about his family. This releases a floodgate of woes. Life is very expensive for foreigners, who, unlike [citizens], have to pay for their lodgings. The prefab in which he and his family live, and which he took over as a bare shell, and entirely fixed up, fitted and painted himself, laying on water, power and plumbing, is going up in rent. The owner, who had been calmly watching and waiting for his property to go up in the world, came to him when all was finally finished and said, “You’ve done a good job here, and made this into a very valuable property, worth twice the former rent. You must pay double from now on.” And in spite of vigorous protest at the flagrant injustice, he has to comply or get out. There is as yet no law to prevent this sort of thing, which is happening all the time. It is one of the abuses which Sheikh Zayed is determined to stamp out as soon as possible. Legislation is in the pipeline. But everything takes time (1978, p. 27).

Evidently a great deal of time: I saw no evidence that the situation just described had changed since these words were first published fifteen years earlier. Naturally, a condition such as this discourages property improvement on the part of the tenants.

Ironically, the prefab in question was, in all likelihood, one of the myriad low-cost dwellings built by the government and presented free to Abu Dhabi citizens in the 1960s, together with the land beneath them. As Heard-Bey (1982, p. 386) remarks, many recipient families “soon become affluent enough to be able to build their own houses and to let the low-cost house to expatriate tenants; this activity was never officially recognized by the local population to pay tax on.

Behind its glittering facade, another Abu Dhabi, where two-room, rat-infested hovels cost as much as six cens. I visited a well-to-do family in Khalidiya. Inhabited largely by expatriates, the neighborhood is the chic Corniche. Among its streets are many six-figure houses, with twenty-five to thirty people living in each. A house in Alabama. Amid the honking, fighting, the yard littered with rusting cans, I bounded it on one side, rode a street that bounded it on the other. The extrovert, the photographer is probably seeking to publish a picture of it. I am told that a house in Alabama is valued at approximately $300,000. Most are industrial-residential neighborhoods at approximately $300,000.

I have been informed that expatriate houses are sometimes sold for over $500,000, which would make them the most expensive houses in the area. This is partly because expatriates are given very large houses” (Heard-Bey, 1982, p. 386).
activity was never officially condoned, but it was a recognized way of enabling the local population to participate in the emirate’s wealth.”

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Behind its glistening facade of posh hotels and sumptuous villas, there is another Abu Dhabi, where poor expatriates squeeze ten to a room in crumbling, two-room, rat-infested hovels which rent for an average of three hundred dollars monthly. I visited a warren of such hovels within a district known as the Khalidiya. Inhabited largely by Pakistanis, they were but a brief stroll from the chic Corniche. Among them, through an open doorway, I could observe some twenty-five to thirty people congregated in a space half the size of my bedroom in Alabama. Amid the hovels, children chased a mangy dog around a rutted dirt yard littered with rusting empty oil drums. Opposite this slum, on a street that bounded it on one side, rose a stretch of ultra-modern high-rises. Facing it, across a street that bounded it on another, was a lovely park. The accompanying photograph is probably the only picture of an Abu Dhabi slum ever to be published. I am told that an area of a thousand square feet in the Khalidiya would be valued at approximately two million dollars! (The same footage in a mixed industrial-residential neighborhood where I was taken in Al Ain would be valued at approximately $300,000.)

I have been informed that, with respect to the new and immensely superior houses now given by the government to local citizens, the practice of letting to expatriates is forbidden and this prohibition strictly enforced. Also, “whole quarters near the center of town built in the late 1960s are now being demolished; the owners are given very generous compensation and land on which to build new homes” (Heard-Bey, 1982, p. 483, n. 145). I am told that the slum in the
Khalidiya is now history (and this account no doubt its only record). None of this, of course, is any help to the expatriates; it merely increases their rents and makes for still worse crowding in whatever lodgings remain available to them.

Moldering and dilapidation are by no means confined to the slums; upon closer inspection even many attractive new buildings reveal evidence of neglect. The combination of extreme heat and humidity, salt air, and brackish groundwater close to the surface, renders the average life-span of a building only fifteen to twenty years. Since interest-free construction loans are granted by the government to landowning citizens, many of them elect to spend no money on maintenance, permitting their structures to deteriorate until they are ready to be torn down. Moreover, as was demonstrated earlier, tenants have no incentive to make improvements, for to do so simply leads to a rent increase. Both phenomena doubtless account for the condition of the building where a businessman, whose primary residence is in Jordan, had given us the use of his spacious, comfortably furnished apartment. Although the building is located in the fashionable Tourist Club section, its lobby and other public areas were thick with grime, and its plumbing, to say the least, erratic. We were shown through the 100 million dollar officers’ club, the first stage and centerpiece of an officers’ complex projected to cost in the neighborhood of half a billion dollars. Designed by the eminent French architect, Taillibert, it somewhat resembles the Sydney Opera House in its external configuration, which is, however, meant to suggest a falcon, the symbol of Abu Dhabi. It includes an Olympic-size pool, a bowling alley, a 705-seat theater with revolving stage and elevator orchestra pit, an elaborate mess, and innumerable rooms for athletics and fitness, all of the most costly marble and granite, together with a vast interior garden replete with rivulets and fountains. Despite state-of-the-art epoxy and steel reinforcement, the structure is not expected to last longer than forty years. It had been five years under construction and was still not quite finished, yet cracks had already appeared in the foundation.

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Abu Dhabi citizens may be the most pampered people in the world. Not only do they receive excellent free lodging and health care; interest-free loans; in many cases, pensions; and all the free education (including living stipends) that they are able and willing to digest, but, qualified or not, they are given preference for all the higher-ranking government appointments, both civilian and military. In these posts, they sport impressive titles and draw fat salaries, while, for the most part, others do the actual work. I was told of brigadiers and colonels who can barely sign their names, and of cabinet ministers with prominent family connections but whose intellectual equipment is dubious at best. One sees them riding in Mercedes limousines, their numerous wives and concubines loaded with gold ornaments, including masks of gold that cover the middle of the face. The local youths, “mod” in designer jeans and with hair styled in the latest Western fashion, for the most part seem interested in little beside barreling around town on expensive motorbikes and idling in the lounges of trendy hotels and clubs.
Except for the camel races! For locals of all ages, the camel races (which are carried interminably on television) would appear to be the overriding preoccupation.

Most of the high-level technical aspects of oil production are still in the hands of Western professionals, who are necessarily well compensated for their expertise. Otherwise, the work of the emirate, which used to be accomplished largely by Egyptians, Palestinians, and other natives of the less affluent Arab areas, is increasingly the task of non-Arab Asiatics, who work cheaper and are perceived as less potentially threatening to the status quo since their main interest is to accumulate a nest-egg and then return home. The population of the UAE is now 68 percent non-Arab (CIA, 1993, p. 354). While there has been some official concern about the dilution of Arab culture by this trend, that concern has manifested itself policy-wise only through limited encouragement of immigration from such selected Arab states as Yemen. Most gardeners and unskilled laborers are now Pakistanis; domestics are Sri Lankans and Filipinas; Indians are found in every occupation, with a heavy concentration in the mercantile sector. Although the government would like to replace expatriates with citizens wherever possible, anything approaching thoroughgoing implementation of such a policy would bring the country to a grinding halt. The citizens are, by and large, spoiled, ignorant, inexperienced and lazy. Most lack the perseverance for higher education, and spurn vocational education as beneath them (See Taryam, 1987, p. 264). They simply would not, and, for that matter, could not, do the work. Even if they would and could, they are too few in number. These observations as to ability and motivation are perhaps less applicable to other Emirians, whose entry to Abu Dhabi is, of course, unrestricted. But, taken all together, they could not begin to supply the necessary labor force.

In truth, the lot of the expatriates is pitiable only in contrast with the self-indulgent, ostentatious lifestyle of the locals (See Taryam, 1987, p. 260). The expatriates earn considerably higher wages than they would in their own countries, on which they pay no taxes. The crowded conditions in which they live are, in many cases, at least partly due to their propensity to send a large portion of their earnings home, or to save them for investment upon their return. And even in the slums, they may enjoy unaccustomed amenities—for example, virtually every shack in the Khalidiya slum had an air-conditioning unit. No doubt the denizens of these hovels are better off than they would be in Karachi or Calcutta, where they might well be sleeping on the streets. Yet this is cold comfort to those who watch the locals flaunting wealth which they did nothing to produce.

CONCLUSIONS

The unadulterated Single-Tax theory is predicated on the moral principle that the earth and its resources are the rightful heritage of humankind as such, and
that their market value (economic rent), being a social product, ought to be 
appropriated by society. From this standpoint, in a perfectly just world, oil in the 
ground would be viewed as a global resource. Abu Dhabi citizens, who, after all, 
had nothing to do with the existence or presence of the oil, should not regard the 
direct profit from it as their exclusive perquisite; rather, it would be classified as 
“world territorial rent,” to be divided equally among the world’s inhabitants. By 
the same token, Abu Dhabi would share proportionately in the profits attributable 
to natural resources, fertility, and such locational factors as access to navigable 
waters, elsewhere on the globe (See Tideman, 1991, pp. 118ff). However, “the 
component of rental value arising from current and historical urbanization would 
be the product of the labor and capital of current and past generations in a given 
region” (Tideman, 1991, p. 119).

Since past generations made a negligible contribution of labor and capital to 
the rental value arising from urbanization in Abu Dhabi, that value, expressed 
in surface rents (which do not there reflect natural locational factors to anything 
like the same degree as they do urbanization), would, under an order of perfect 
justice, be equally divided and/or shared in common among all members of the 
current regional population that produced it, regardless of their place of origin.4 
Abu Dhabi City is located on an island, which has been and is being considerably 
expanded artificially with public funds. The rent of this “made land” should, of 
course, accrue to the community that made it.

Inasmuch as we don’t live in a perfectly just world, the unadulterated 
Single-Tax has not been implemented anywhere (nor could it be in its entirety 
with respect to world territorial rent unless it were implemented everywhere). It 
would scarcely be fair to fault the government of Abu Dhabi for failure to do 
something no other government has done, and which it has probably come closer 
to doing than has any other government.

Sheikh Zayed is a leader of unquestionable charisma, famed for his 
openhandedness and skill at consensus-building.

The Ruler who is . . . wealthy but not greedy, who is influential 
with many neighboring tribes, who is patient and generous, and 
who has a reputation for personal courage is a Ruler who does not 
find it difficult to increase his influence among the tribes and 
thereby to enlarge the territory of his realm (Heard-Bey, 1982, p. 
102).

This is a good description of Sheikh Zayed. He has not enlarged the territory of 
Abu Dhabi per se; in fact he has agreed to boundary settlements that have reduced it slightly. But the entire UAE has become, in effect, “his realm.” I heard 
conflicting opinions as to the soundness of his judgment, as also to the rectitude 
of his private life-style. But on one point, all of my informants agreed: The emir 
is an honest, well-intentioned ruler; many called him “the best ruler in the Arab
world." To those who know the Arab world this may be damning with faint praise, but even faint praise is, after all, praise.

Earlier in this study I described Abu Dhabi as "by some standards an absolute monarchy." This location was used advisedly. It is an absolute monarchy in the sense that there are few constitutional restrictions upon the ruler’s authority. Yet, this does not mean that he is subject to no practical constraints, for he depends upon the support of his extended family, other powerful families, tribal leaders, and rulers of other emirates—all of whom must be kept appeased. (This explains why the highest appointments seldom go to persons best qualified in terms of education and ability.) Otherwise, he could be replaced by a palace coup, just as he replaced an older brother, Sheikh Shakhbut, who was deemed insufficiently friendly to development. (After a period of comfortable exile, Sheikh Shakhbut was permitted to return to lead a life of dignified retirement in Al Ain.)

Sheikh Shakhbut’s forebodings about development have proven well-founded: It has brought with it a dangerous population imbalance and an erosion of the native character. Yet, Abu Dhabi could not continue in a time-warp. Development was inevitable; moreover, it had to take place quickly, for reasons of security if nothing else. Sheikh Zayed understood this. He has been farsighted in his recognition that, with British withdrawal from the Gulf, the states of the former Trucial Coast must, for their own protection, pull together. He has displayed quite remarkable leadership in rallying influential approval for his policy of fostering a sense of unity within the UAE by generously subsidizing the federal structure as well as the other emirates while scrupulously respecting their external trappings of autonomy. “The President’s generosity, coupled with a rare gift of persuading the critics to be patient and understanding, usually softened the impact of the seemingly less attractive aspects of the drive to federal unity” (Heard-Bey, 1982, p. 394).

The unification of the emirates is understandably Sheikh Zayed’s number one priority. To this end, he has frequently declared that “Abu Dhabi’s oil and all its resources and potentialities are at the service of all the Emirates” (Quoted in Heard-Bey, p. 349), and followed these words with deeds.

“Money is of no value unless it is used for the benefit of the people,” according to the Federation president (Quoted in Daniels, 1974, p. 1). The obvious question is: What people? For Sheikh Zayed, the term embraces, as we have seen, all Emirians, not just Abu Dhabi citizens. But its scope, for him, does not stop there. He has, in fact, shared oil profits with the broader world, especially the Moslem world, to an extent that may be, proportionately, unparalleled. In the peak year of 1974, when the price of oil had reached its zenith, Abu Dhabi contributed approximately 28 percent of its income to foreign aid, on top of meeting most of the federal budget—a contribution representing nearly half of its total disbursements for the year (Heard-Bey, 1982, p. 381). Such a massive distribution of “world territorial rent” is, I dare say, without precedent: percentage-wise, it makes the Marshall Plan look like peanuts! Needless to say, this aid reflects
political astuteness as well as mere benevolence on the emir's part, since the international recognition and respect engendered by it has helped to motivate a swift transfer of allegiance from local rulers to the UAE and its president (Heard-Bey, 1982, p. 382). At the same time, it meets with some resentment from less enlightened native elements, especially in the four Northern emirates which have no oil and, although over half the federal budget is spent on them, would like to get still more. Sheikh Zayed might well wish to devote an even greater share of his resources to foreign aid, but may feel that he is already pushing against the limits of what UAE nationals will tolerate.

* * *

Although unification of the emirates and their citizens is a sound and understandable first priority, the social stability of Abu Dhabi would seem to call for certain adjustments so as to modify the severe population imbalance and the sharp disparity between the living standards of nationals and of most expatriates. Perhaps this could be done by placing a cap on immigration, while offering, within reasonable limits, more liberal opportunities for naturalization—at least for those Arab expatriates who are not perceived as potential threats to the regime. Instead of allowing surface rents to be appropriated by privileged natives, they could be used for the benefit of all inhabitants—for example, by the extension of free education and health care. Such a policy would help to relieve the shortage of affordable housing for expatriates by squeezing the speculative water out of surface rents.

Implicit in Henry George's strictures against land monopoly is a recognition that each generation has an obligation to safeguard the right of coming generations to natural opportunity: A portion of the wealth derived from the earth's resources must be invested against the day when they are exhausted or their value seriously eroded. (The alternative is to produce no further generations.)

Sheikh Zayed's statesmanship is probably open to question primarily in the matter of provision for a future no longer lavished with oil wealth. Taryam (1987, p. 260) indicts the propensity for conspicuous consumption among numerous citizens, evidenced by, among other things, the depletion of available water reserves by "luxury farms consuming quantities of irrigation water which could otherwise be used for more productive purposes" (1987, p. 270). He also decries the tendency toward "wasteful use of oil revenues" in the UAE, manifested by "concentration on prestigious projects such as airports, grand government buildings, sky scrapers, conference halls, university and school buildings, hospitals, seaports and palaces" (1987, p. 255). (At last count, the UAE, with an area the size of Maine, had no less than six international airports—two in Abu Dhabi, and one apiece in Dubai, Sharjah, Ras al-Khaimah, and Fujairah.) The president's example has scarcely been one to encourage cost-effectiveness. Take, for instance, his penchant for expenditure on costly verdure:
In a discussion with students at the UAE National University Sheikh Zayed was asked pointedly why so much of the country’s treasure was being spent to plant trees in the desert to little obvious, practical benefit. His answer—“Now you know what trees look like”—would be satisfying to most older citizens, grateful for the amenities that now ease a formerly harsh existence, but from the educated young who increasingly take these comforts for granted more such questioning is likely (Peck, 1986, p. 77).

And there are those who feel (not without reason to my mind) that a hundred million dollar officers’ club (the first stage in a half-billion dollar officers’ complex) does not represent the wisest use of public funds—especially in view of the fact that its lifespan is expected to be at most forty years. One might regard it as a way of helping to bind the officers together in a common loyalty to the Federation, but surely less profligate ways might be found—ways, moreover, not so calculated to arouse the resentment of enlisted men.

At present levels of production, crude oil reserves in the UAE (of which Abu Dhabi accounts for some 85 percent) are estimated to last for more than 100 years (CIA, 1993). But at some point well before their exhaustion, it is not improbable that the demand for Abu Dhabi oil might plummet drastically due to the discovery of major deposits elsewhere or the development of some cheaper substitute for oil.6 (The fate of the pearl fisheries is analogous: The Gulf is still a rich potential source of natural pearls, but with the development of the cultured pearl industry in Japan, demand for them has all but disappeared.)

Dubai (which accounts for ten of the remaining 15 percent of the oil reserves) would probably survive even under such circumstances, for it is a vibrant entrepôt and banking center. The same, to a lesser extent, is true of Sharjah. Most of the other Northern emirates, which never experienced tremendous population influx, may also survive because they either have industries that are more or less self-sustaining or agriculture that is sustainable because of relatively high rainfall. But none of this is the case with Abu Dhabi, wholly dependent as it is upon oil revenue aside from its regional importance as the governmental center of the UAE, which would surely dwindle if the market for oil were to evaporate. The fruit and vegetable production that now exists (chiefly around Al Ain) could not be maintained at anything near its present level without desalinated sea-water paid for with oil profits.

How can one not sympathize with the desire of a people, most of whom once lived so close to bare subsistence, to create, in their harsh, inhospitable habitat, an artificial paradise for themselves and for their progeny? But the cost of preserving “paradise” in a location so hostile will surely dissipate the magic flow of wealth that made it possible. Better to settle for more natural and modest modification of the environment, and invest the difference in shares of productive enterprise abroad, so as to provide a steady income for the future. Otherwise, the
time may come sooner than anyone supposes, when, at the crumbling remains of the Abu Dhabi Officers’ Club—that magnificent marble desert falcon in more than one sense emblematic of this amazing state,

Nothing beside remains. Round the decay
Of that colossal wreck, boundless and bare,
The lone and level sands stretch far away.⁷

NOTES

1. The most recent estimate, that of 1990, was 722,000 (cited in the World Almanac, 1996), but this figure is doubtless now much too low. The most recent estimate of the UAE population is 2,924,594 (World Almanac, 1996). No figure is available for Abu Dhabi Emirate.

2. Since foreign companies invest virtually all the capital, the share of profits received by Abu Dhabi must be virtually all rent. What relatively little capital (mainly infrastructure) is invested by Abu Dhabi in oil production is paid for out of oil rent.

3. Actually, the acquisition of land (usually in the form of date gardens) by wealthy and well-connected Abu Dhabi families—especially in the Al Ain region—considerably antedates the discovery of oil. And land is available for purchase, but only by citizens with government approval and at mind-boggling prices. (See Heard-Bey, 1982, p. 226 and passim.)

4. The members of the expatriate community “play crucial roles in each and every facet of economic life in the UAE. Indeed, one may venture to assert that without their expertise and physical power, socioeconomic development in the emirates would probably come to a halt” (Khalifa, 1979, p. 112).

5. I am not ordinarily an advocate of tax-funded health care, but in this instance, we are talking about using a community-created fund to extend to the entire community that created it an advantage now enjoyed only by a generally unproductive minority within that community. Universal tax-funded education may, in this instance, be justified on similar grounds (and, in other instances, by the need of representative government for a literate and informed electorate). Whether publicly-supported health care and education are best provided by government or by private agencies using a voucher system is another question.

6. In 1990, California passed legislation mandating that within eight years, two percent of unit car sales in the state be zero-emission (i.e., electric), with the number rising to ten percent by 2003. Twelve Northeast states and the District of Columbia recently followed suit. Of course, it is one thing to pass a law and quite another to achieve the desired results, but it is at least conceivable that an alternative to the government mandate may work.

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least conceivable that this could spur the development of a practical
alternative to the gasoline-powered automobile.


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