Understanding the Economic Development of Dubai

By

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I the undersigned, declare that this independent study is my own original work and that the ethical issues associated with the performance of the relevant research have been considered and appropriate procedures adhered to. I also give permission for this work to be photocopied / archived and made available for interlibrary loan.

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C A Little
Abstract

The study’s overall aim is to analyse how and why Dubai developed to become the region that it has. This broad aim allows the study to explore various ideas that explain Dubai’s development. Three major frameworks have been used to analyse Dubai’s growth: firstly the use of a traditional model to understand and assess the path of Dubai; secondly a social framework has been used to demonstrate attitudes towards economic development through education; thirdly a comparison has been made to the city-state of Singapore to demonstrate the methods and catalysts that take place in newly developing regions.

The data for this study has been wide ranging. Qualitative research has demonstrated the experiences of academics who are residents of the UAE and quantitative data has demonstrated the growth, employment sectors and imports of Dubai. Literature has revealed models of development and these have been tested against Dubai, historical accounts have also been used to examine Dubai’s initial growth.

As a result it can be seen that Dubai’s path has aspired to Singapore’s, and very recently has acted as a competitor to the city-state. It can also be said that traditional models of development cannot accurately define Dubai, instead the social well-being and leadership of Dubai account for too much.

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1. Introduction

1.1 Overview

The Dubai Emirate, located along the coast of the Arabian Gulf, is the second largest member of the United Arab Emirates by measures of both area and population. Dubai represents 4,114 km² (OSI, 2005, p1) of prosperity and possibility, which is the result of a fifty-year transition between the pre-industrial and the post-industrial. Dubai, currently the wealthiest emirate in the UAE, prides itself on its various port developments such as Port Rashid and the Jebel Ali Port and Free Zone (the thirteenth largest port and trading zone in the world), which serves as a prominent gateway to the east as well as to the west.

Dubai boasts an established infrastructure as well as plentiful commerce, finance centres and heavy & light industries, which have all been the initiatives of the Al Maktoum Family, who have ruled Dubai since 1833. The current ruler of Dubai, HH Sheikh Mohammed bin Rashid Al Maktoum also has duties as the UAE Vice President and Prime Minister (Al Maktoum, n.d). It is well stated that the royal family have strived for fast track economic development as well as ensuring the wealth and well being of the 1,321,000 (OSI, 2005, p2) inhabitants of Dubai. An article in The Economist (2006, p1) summarizes this ambition well; “Ruled by a wealthy and ambitious family, the al-Maktoums, it [Dubai] makes no secret of its wish to become the main financial centre between Europe and Asia”.

Figure 1.1 Location of Dubai within the UAE
1.2 The Study

The study that will be undertaken will aim to understand Dubai’s path to success. The predominant aspect of this study will be a critique of development theory, as standard measures of development may not apply to the emirate of Dubai. It cannot be assumed that the wealth of Dubai can only be measured by the strength of the Dirham.

To decide whether Dubai is a product of a global system or whether the emirate has developed through local initiatives some comparisons will be made to similar regions that demonstrate a similar rate of growth, import & export trends and political background. As a result it will be determined whether Dubai is a ‘unique’ trading centre built upon local initiative and social development.

1.3 My Interest in the Study and Relevant Information

The following statement delivered by HH Sheikh Hamdan Bin Rashid Al Maktoum to the board of governors in Dubai, during the 2003 Annual Meetings, highlights the success and speed at which the Emirate has accomplished its aim. The result of the following ideal has become apparent within a time span of only three years, thus inspiring my interest into the motivation of Dubai.

“We realize that as we move forward and try to accelerate growth, we will have to diversify further our economy and export base. As part of this strategy, the government is working to create a suitable investment climate that will enable Dubai to become an international financial center as well as a popular tourist destination in the years to come.” (International Monetary Fund, 2003, p2)

This study will aim to critically evaluate and understand the success of the Emirate, which is a project that has hardly been explored by academics. It is
particularly relevant to present an analysis of the development of Dubai as there have been several recent reports indicating the flaws and limitations of Dubai International Finance Centre, suggesting that too much may have been achieved too soon. Nasser Alshaali, who is a senior official with the Dubai International Financial Centre, states clearly "Our goal is to put Dubai’s clock up on the walls of the world's financial institutions, in a slot between Hong Kong, Singapore and London," (All that Glitters, Special Report, 2006, p1). It is this motivation that has inspired me to analyse the development of Dubai.

2. Aims and Objectives

2.1 Aim

The predominant aim of the study is to determine how and why Dubai has developed to become the economic region that it has.

2.2 Objectives

2.2.1 To define the economic success of Dubai.

2.2.2 To determine what factors were the catalyst for development in the Development of Dubai.

2.2.3 To understand the social structure of Dubai and appreciate the Emirate’s policies of social well-being that have contributed towards economic strength.

2.2.4 To explain whether Dubai is unique or whether other economic regions represent similar paths of progression.
2.2.5 To assess whether a newly industrialized region such as Dubai, has followed traditional models of growth and development, therefore determining whether there is a standard model for success.

3. Literature Review

3.1 Introduction to the Literature Review

The literature regarding Dubai can be divided into two general categories, literature that describes Dubai and literature that explains Dubai. Literature that describes the development of Dubai is predominantly information that is released by government sources such as the Dubai Municipality. There is little academic work that focuses on Dubai’s development, but government releases supply sufficient data that can be interpreted to understand the growth and success of the second largest Emirate. Although government publications should be viewed as a biased source, government agencies such as the Dubai Statistical Centre are new and key resources that demonstrate the developments of trade and commerce, thus enabling the study to show the growth of Dubai quantitatively.

The second category, literature that explains Dubai, includes two subcategories. The first includes information that explains the processes of Dubai through the experiences of other nations, notably Central America and the development of the Asian Tigers. The second subcategory presents literature that outlines theories and techniques for understanding growth and development.

3.2 Literature that Describes Dubai

The first piece of literature that was of interest to me was the publication titled *United Arab Emirates; A New Perspective*. The publication contains various
essays that represent a collaboration between academic writers and the UAE government in order to produce a document that is essentially an advertisement for the Ministry of Information and Culture. All of the featured essays are focused upon the achievements of the United Arab Emirates rather than the individual state of Dubai. However, Shihab M. Ghanem’s essay titled Industrialization in the UAE explains the various industries that are located within Dubai and the effect that they have had on the country as a whole. Economic information is delivered in chronological order, with datasets used from sources such as the Ministry of Finance and Industry. Ghanem delivers historical information about Dubai’s industrial development with informative case studies. The United Arab Emirates’ Year Book 2006 is a similar publication to United Arab Emirates; A New Perspective and acts as an introduction to the developments of the UAE as well as reviewing industrial projects within the Emirates over a twelve month period, which should provide up to date background information for my study. Academic writers such as Michael Pacione have documented the renowned journey of Dubai’s “remarkable progression from an insignificant fishing settlement on the Arabian Gulf to a Cosmopolitan regionally dominant twenty-first century city” (2005, p255). Although predominantly a descriptive piece Pacione’s City Profile: Dubai offers information such as “Dubai’s Development in International Context” which is an element that would benefit my study. This work outlines the function of Dubai as a city experiencing urban regeneration rather than an economic region; however, detailed information regarding the urban economy at the local level is imperative to understanding Dubai as a global entity.

The lack of significant academic information focused on documenting the economic region of Dubai is an indication of its rapid progression and undocumented success. Also, when literature is located the publications become obsolete very quickly. As a result this has lead me to refine my search to newspaper articles and editorials. So far this has provided the best literature for my study. Articles regarding Dubai, supplied by the Economist, such as Arabian Dreams, Think Local; Financial Centres, All That Glisters and Arabia’s Field of Dreams all have a large element in common, not only do they appreciate Dubai as a ‘global financial hub’, they place Dubai
in a global context. For example it is stated in *Arabia’s Field of Dreams* “One of the world’s most successful business ventures is a small city state that learned lessons from Singapore and Hong Kong” (2004, p1). The idea of comparing Dubai to its competitors and aspirers should take a prominent theme in my study as it is has been well stated that “As emerging markets have boomed and capital has become more mobile. A growing number of governments around the world have begun to cultivate a desire to create their own financial centres” (*Think Local; Financial Centres*, 2006, p1). Another theme that these articles are reporting is problems that Dubai is experiencing with its financial hub. It has been announced that Dubai’s “new stock exchange is struggling, with thin trading and few listings.” (*Think Local; Financial Centres*, 2006, p1). *All That Glisters* documents that the “emirate is in a hurry. Instead of building itself up bit by bit… it is trying to buy its place at the table.” (2006, p1).

### 3.3 Examples and Case Studies of late industrializers

The idea that Dubai should be understood in a global context is one that should be considered further. It has become evident that literature that understands and explains economic activity within Dubai does not necessarily need to use Dubai as the predominant case study. Academic work such as W.G Huff’s analysis of *The Developmental State, Government, and Singapore’s Economic Development Since 1960* explains the components that have made Singapore (a potential entity to compare with Dubai) a ‘model’ for development. The aims of Huff’s study are to “draw together the major features of government interventionism in the Singapore model of economic development” (1995a, p1421) as well as to answer “what factors made government interventionism successful in promoting economic development in Singapore”. (1995a, p1421). Huff’s work on government interventionism is certainly relevant to the development of Dubai as curiously for a region with capitalist motivates there is “no parliament, no political parties, no elections, no free press, no free trade unions, no minimum wage, no charter of human rights, no right to trial by jury and little consumer protection” (*Dubai’s Building Frenzy Lays Foundation for Global Power*, 2006, p1). Within
Huff’s study comparisons are also made to other developing nation’s experiences such as South Korea and Taiwan, this enables the author to project an informed understanding of how newly industrialised regions function. The most relevant sections that could be transferred to a Dubai study include “The Singapore Development Model” which demonstrates the role of government, labour market regulations and foreign direct investment.

A similar piece of literature to The Developmental State, Government, and Singapore’s Economic Development Since 1960 is the publication Innovation in East Asia; The Challenge to Japan. The author, Michael Hobday presents a text that is predominantly based on the technological development and uses case studies to demonstrate the rapid growth that the ‘East Asian dragons’ have experienced, and consequently describes how “Increasingly, the competitive threat to Japan derives from within Pacific Asia, rather than from Europe or the US.” (Hobday, 1997, p1). Hobday understands each country as an individual region rather than combining the experiences. For example Taiwan is appreciated for its “small firm innovation clusters” as Korea is understood for a development history of “catching up in large corporations”. This idea of understanding the individual region rather than applying a set model is something that could potentially be applied to the study of Dubai and has been used in previous studies such as Hewlett and Weinert’s Brazil and Mexico: Patterns in Late Development. Although a dated piece of work, Hewlett and Weinert understand the characteristics of change and offer ‘comparative patterns’ to understand the process of development. The publication presents a selection of essays, which include foreign Investment and dependent development as well as Bennett and Sharpe’s theoretical conclusions that are based around Gerschenkron’s theory of late industrialisation. Hewlett and Weinert do not understand the complexities and processes involved as well as Hobday but instead a fairly descriptive piece of work that depends upon the analysis of statistics is presented. Hewlett and Weinert suggest that dependent development is the reason that late industrializers succeed. It could be suggested that this idea could be applied to Dubai, due to an oil-rich background. Further literature that focuses on this is Luke’s 1983 article Dependent Development and the Arab OPEC States. Again, Geschenkron’s theories on delayed
industrialisation are used to analyse the situation of oil in the Middle East. The article presents a series of points that provoke argument, such as “The economic development of the Arab OPEC countries has been determined and affected significantly by external forces centred in the advanced OECD industrial economies” (Luke, 1983, p982). Although dated, this essay could provide a good discussion piece due to the strong arguments presented and more importantly provide a footing for economic theory relating to the ‘late industrializers’. The final piece of literature, which explains development through the use of a case study, is Peter Wilson’s The Dilemma of a More Advanced Developing Country: Conflicting Views on the Development Strategy. This is a piece which, unlike the previous essays, does not rely on examining the subjects’ economic past to present, but instead looks at the ‘promotion’ of a developing region to a developed region and the effects and problems that this fast development entails. Although, not essential for understanding economic development, this essay is well written from a perspective which challenges the benefits for rapid industrialisation.

3.4 Theories of Development

By examining the literature that documents the development of other nations it is clear that various models for growth are used as a method to understand development. I feel that it is relevant to assess the ideals of success, the theory behind success and measures used to evaluate them. More importantly I feel that it is beneficial to apply them to Dubai’s situation. Gerschenkron’s work has already been alluded to and the issue of dependent development has been mentioned in two pieces of literature, but I feel it is important to look at more recently published work as well as academics that have had a lasting effect upon development theory (of which can be applied to the region of Dubai).

Krugman’s book, released in 1999 titled Development, Geography and Economic Theory is a collection of his “meditations on the nature of economic theory” (1999, ix). This, I feel, is a good way to introduce economic theory as Krugman represents the previous works of academics along with his
own theories as well as approaching some questions that I have considered during this study on Dubai, such as the notion of a model. An issue that certainly came to light within Krugman’s *Development, Geography and Economic Theory*) is the idea of ‘hypothetical economies’ and being encouraged to ‘imagine’ that an ‘economy is closed to international trade’. I believe these imagined scenarios are of little use to understand the theories and development surrounding real developing regions such as Dubai.

Leys presents a more descriptive form of understanding theories by using case studies and thorough analysis. This, in my opinion is a more effective way of explaining the various development theories and it is represented in his 1996 book, *The Rise and Fall of Development Theory*. We are introduced to various eras such as the era of the ‘Modernization theory’ and the ‘dependency theory’ as well as the ‘neo-liberal approach’ that demonstrates that issues haven’t just changed over time but the way in which academics and policy makers have dealt with them have. Although general case studies have been dealt with the major theme is the development of Africa, which is useful as Leys applies theory to practise. This is a similar concept to Saushkin’s 1980 publication *Economic Geography; Theory and Methods* where the methodological principles are applied to the Soviet economy, particularly outlining Marxist theory. Although it may appear that Saushkin’s work documents a time and a place which is worlds away from Dubai, I feel that the theories for development such as Modernization Theory are fairly relevant due to the structure of Dubai and the region’s short history, which have meant that development has been organised and planned within a short period of time, like the USSR.

As well as understanding the theories behind development, it is imperative to observe the measures of economic development. The best introductory source for understanding this is *Geographies of Development* edited by Binns, Elliott, Potter and Smith. The most relevant information consists of a documented timescale which demonstrates how indicators are determined by different issues such as “The 1970s and 1980s were conspicuous for the appearance of a whole series of social indicators of development, such as those relating to health education or nutrition,” (Binns, Elliott, Potter, & Smith,
Another section that could be of comparison to Dubai is ‘Industrialisation and Development: The Case of Singapore’. This case study documents the industrialisation and provides further literature and statistics. Rostow’s five-stage model of development is also referred to which could provide a potential model for Dubai. The most notable issue with this text in regards to my study it that there is little analysis of newly industrialized counties, as the issues that are dealt with are predominantly third world issues. Rostow’s five-stage model of development is something that should be investigated further and would certainly add more depth to the study. Rostow introduces and explains his theory thoroughly in his 1959 article *The Stages of Economic Growth*. It is certainly one of the most applicable theories to the UAE, although Rostow only really considers the UK, France, Germany and Russia (obviously due to the age of the paper, no real analysis of newly industrialized countries has been made).

3.5 Conclusion

There has been sufficient literature that has demonstrated the progress and development of regions that have experienced recent industrialisation. Although there has been general literature there have been very few sources of academic literature that examine the development of the UAE, particularly Dubai. The lack of literature is not necessarily a problem for the study, as it creates the opportunity for me to apply current data to established models of development. However, Hobday presents an argument that I also feel is fairly significant to my study; he states “each country has a different history, geography and set of economic opportunities and problems, some of the basic principles regarding the technological advance of East Asia’s latecomers may be of interest and value”. (Hobday, 1997, p9). This demonstrates that these newly industrialized regions should be treated as individual regions, but over time ‘lessons’ can be learnt.
4. Methodology

4.1 Describing the Methods

The study that I am undertaking will consist of both primary and secondary data, the most prominent source of data being secondary. There are two categories of secondary data that will be used, the first being government released quantitative data from sources such as the Department of Economic Development of Dubai, the Dubai Chamber of Commerce and Industry as well as the Dubai Municipality. The information needed is data such as Dubai’s Gross Domestic Product (GDP) since 1960 as well as a breakdown of GDP, which should demonstrate some possible characteristics of development.

The second category of secondary data that I will be using is literature. This should be treated as data as there are many academic pieces that demonstrate economic development as well as provide models for growth. The majority of this data has been represented in the literature review.

The primary data source that will be demonstrated is a short series of interviews that provide a basic understanding of the morals and experiences of undergraduates from the UAE currently studying at Portsmouth University. The Arabic Society at the University of Portsmouth will be approached and a 'snowball’ effect will hopefully occur. The aim of this is not to provide an exhaustive list of interviewees and simply collate the results of the conversation but instead to engage with their thoughts and realise their experiences of the UAE.

4.2 Reasons for the Methods

Treating literature as a secondary data source means that theory can be tested against Dubai’s economic data to demonstrate the emirate’s path to success. By reviewing a sample of the academic literature that relates to
development it is clear to see that there has been such a variation in the methods used to understand economic geography, and I feel that due to Dubai’s seemingly individual path and the renowned works of some economic geographers, it would be important to apply Dubai to at least one model of growth.

The aim for collating secondary data is self-explanatory; there is no better way of viewing the progression of population, GDP, exports etc. without using numerical data. It is particularly easy to access secondary data due to the relatively new online statistics centre; it is only recently that the Sheikhdom of Dubai has allowed public access to these national data sets.

The reasoning for using qualitative research to understand economic development stems from an idea presented by Clark in his 1998 paper ‘Stylized Facts and Close Dialogue: Methodology in Economic Geography’, the article demonstrates that elements within economic geography such as finance can potentially be understood using qualitative research as “Unlike other forms of empirical research, close dialogue relies upon the intimacy or closeness of researchers to industry respondents, a level of personal commitment quite at odds with the conventional notions of scientific disassociation and objectivity” (Clark, 1998, p73) and therefore the logic behind the decisions can be understood. This idea will relate to my understanding of the values of Dubai, particularly; leadership, social well-being and the Emirates’ motivation. From experience I have learnt that the Arab culture depends on friendship and trust (even within business), therefore, conventional questionnaire techniques do not allow the respondent to remain at ease, so as a result an informal conversation is more beneficial.

5. Traditional Models of Growth

5.1 Overview
The aim of this section within the study is to determine (as mentioned in 2.2.5) whether Dubai’s path to success is unique and whether it mirrors economic development as defined by traditional models of growth. Ideally a selection of development theories should be tested against Dubai’s situation, but if this were to happen a whole new study would take shape, and as a result this would take away focus from the understanding of Dubai’s development. Therefore it is important to opt for an appropriate traditional model that presents clear, highly regarded, effective methods for understanding growth.

The development theory that will be applied to Dubai will be Rostow’s Stages of Economic Growth. Geographers still accept the Rostovian model as “its real significance derives from the simple fact that it seemed to offer every country an equal chance to develop” (Binns, Elliott, Potter & Smith, 2004, p89). Although the model is regarded accurate to the western world, it would be interesting to apply this to a new middle-eastern economy such as Dubai.

5.2 Rostow’s Stages of Economic Growth

Within this section each of Rostow’s Stages of Economic Growth will be summarized, then compared to Dubai’s experience using applicable data to validate the reasoning. It is perhaps unfair to assess Dubai’s stages of development from its official birth (1971) as by then Dubai had a legacy of over a century of British influence and previous to this a Portuguese presence. For the purpose of applying Rostow’s theory, the region of Dubai will be considered before 1971 as by the late 1600s Dubai was already making use of its natural harbour and a small established fishing village existed.

The path of progression as outlined by Rostow in his 1959 article ‘The Stages of Economic Growth’ is demonstrated by figure 5.1, the numbers on the graph correspond to the following stages:
1. The Traditional Society;
2. The Preconditions for Take-Off;
3. The Take-Off;
4. The Drive to Maturity;
5. The Age of High Mass Consumption.

Stage One: The Traditional Society

The most notable point about ‘The Traditional Societies is that they are restricted by their ‘production functions’, meaning “They lacked, in short, the tools and the outlook towards the physical world of the post-Newtonian era” (Rostow, 1959, p4). The other predominant characteristics of this stage are that food production absorbs 75% of the work force and that “income above minimum consumption” (Rostow, 1959, p4) is invested in religion and war. According to Rostow those who owned land were considered superior to the majority of the population.
Hierarchy, in the traditional society was very much adhered to. It is difficult to apply a time frame to this stage but it is noted that Britain was a traditional society until the mid 1700s. Characteristically this stage is the longest that any society will experience.

Dubai’s traditional society is fairly applicable to Rostow’s model, particularly the idea of the hierarchal system and the idea that war is very much a part of the traditional society. The Al Maktoum’s reign over Dubai stems from the 1890s, and the family itself stems from the Al Bu Falasah (Bani Yas) family (Hawley, 1970, p355), a prominent tribe from the north of the Emirate. There were hostilities between the Bani Yas and the Qasimi as well as the Al Bu Shamis tribe, which were resolved through marriage in 1892. As well as local conflicts the federation was involved in the Omani civil war and conflicts with the Ottoman Empire and the Wahhabi tribes were apparent. Through the oversight of the British there was a moderate stability in the region due to the signing of the General Treaty of Peace in 1820. (Hawley, 1970, p126). It could certainly be stated that agreements with the British accelerated the process of the end of the traditional society and the beginning of the preconditions phase in Dubai.

**Stage Two: The Preconditions for Take-Off**

Rostow noted that Western Europe’s main precondition for industrial take-off consisted of “the gradual evolution of modern science and the modern scientific attitude; and the lateral innovation that came with the discovery of new lands and the discovery of old” (1959, p4). This lead to the idea that new and expanding markets would mean interdependence between economic regions.

Rostow believes that the radical change in three non-industrial sectors was imperative for achieving a sustained industrialisation:

- a. The build up of ‘social overhead capital’, which generally meant the development of transport;
b. A ‘technological revolution in agriculture’ meant that modernisation would allow a higher exploitation of natural resources;
c. ‘Expansion in imports’ would mean increased access to a foreign exchange.

For this to occur in the first place the region must incur social, political and religious stability. Rostow suggests that to succeed at this stage the government must demonstrate to the population that the region would experience more choice, a better lifestyle and would experience higher consumption. It is important to note that this is only imperative to a capitalist society.

I would suggest that Dubai’s take off (as part of the Trucial States) has many similar characteristics to Rostow’s second stage. The main debatable point is that Dubai’s development did not rest on ‘discovering new lands’ in fact; I would suggest that the opposite occurred, and that Dubai was the region that was discovered, firstly due to Portuguese then British intervention and secondly because of Dubai’s natural harbour immigrant merchants from Persia would trade to the Trucial Coast through Dubai. Through analysing literature on the Trucial States, I would suggest that the preconditions for take off were visible in Dubai from the late 1950s. Rostow’s ‘radical changes’ are starting to be seen at this point, particularly the relatively rapid increase in total imports (figure 5.2), particularly from 1965.
This is also reflected in Dubai’s increase in social overheads, as construction on Dubai’s International Airport began in 1959, originally with a runway developed from compacted sand (Dubai International Airport, 2004), so as early as the 1950s Dubai was demonstrating “modern science and the modern scientific attitudes” (Rostow, 1959, p4).

It can certainly be said that by the 1960s social, political and religions stability had occurred. Although there was a British power present in the region Dubai was lead independently through the beginning of the preconditions stage by Sheikh Rashid bin Saeed Al Maktoum, who like the Al Maktoums before him was an influential leader who embraced the Islamic path. (Wilson, n.d). Sheikh Rashid’s reign was visionary and entrepreneurial. Rostow observes the relationship between development and a colonial influence, stating quite accurately in regards to Dubai “There are positive and negative demonstration effects intermingled, under colonial rule; but they yielded, in the end, a local elite which accorded to political independence and over-riding and urgent priority” (Rostow, 1959, p6). The Al Maktoum reign since 1833 has never needed
to convince the population of its methods and objectives, as there is no opposition by any political party.

**Stage Three: The Take-Off**

Rostow explains that the take-off is different from other slight ‘surges’ in development as “the application of modern industrial technique [is] a self sustained rather than an abortive process.” (1959, p7). There are a couple of requirements for this phase to occur, firstly the three non-industrial changes listed in the preconditions must continue, secondly there must be a larger number of the population involved in the “corp of entrepreneurs and technicians” (Rostow, 1959, p7). The general characteristic for this stage is that there is “rapid growth in limited sectors” (Rostow, 1959, p7). Rostow suggests that the time frame for take off is an interval of two decades.

The continuation of expanding imports from the 1960's (figure 5.3) demonstrates that the three non-industrial changes defined in the preconditions phase are ongoing (the decrease from 1980-85 is the result of banking deficits). The ‘technological revolution’ is also continuing as the exploitation of oil in Dubai and Abu Dhabi is being maintained and managed by UAE companies such as Dubai Marine Areas rather than the British.
I would suggest that the industrial technique of developing oil wells (9 in 1962, 20 in 1963, (Hawley, 1970, p216)) and the finance invested in the production of oil demonstrates that the process is self sustaining, as profits from the development of these rigs ensure that the developments increase, especially when the quantity of oil produced in Dubai during the late 1960s increases so considerably (figure 5.4). I also believe that the oil industry in Dubai qualifies as a limited sector, and therefore the growth in the oil sector demonstrates several of Rostow’s features for take-off.

The time scale defined by Rostow of twenty years for take-off (in the case of Dubai mid 1960s – late 1980s) is fairly applicable to Dubai as the introduction of new sectors within the drive maturity is apparent during the late 1980s. It is fairly apparent that oil production dominates the period of take-off.
Stage Four: The Drive to Maturity

The general definition as outlined by Rostow is “the period when a society has effectively applied the range of (then) modern technology to the bulk of its resources” (1959, p8). Features of this stage include the emergence of new sectors replacing old as well as changes in the social structure such as the changing workforce; the population employed in agriculture decreases while the proportion of the semi-skilled and the ‘white collar’ workers increase. As a result the population will experience an increase in real income per head. According to Rostow the leadership during this phase is visionary; “In the drive to maturity men take over with more grandiose visions, with a more acute sense of scale and power” (1959, p10) while professionals become important and manage vital sectors within the economy.

It could be suggested that the drive to maturity started in the late 1980s and continues up to today, the main drive of this period was Sheikh Maktoum and
then his successor Sheikh Mohammed. I would certainly suggest that Dubai is in a ‘drive to maturity’ but I would debate that Rostow’s measures are too simplistic, certainly in terms of employment structure. The idea of a decrease in the population employed in agriculture and the number of professional employees increasing is not that straightforward when applied to Dubai.

The series of pie charts (figure 5.5) demonstrate that the percentage of the population employed in agriculture has remained below 3% for over a decade, so a decline is not entirely recognised. To demonstrate this point further between 1996 and 2003 the total number of farms in the northern region of the UAE (including Dubai and Abu Dhabi) has increased by 400 (figure 5.6), which contributes to the UAE’s collective figure of an increase of 15,750 for the same period (figure 5.7).
Figure 5.5 Total Population Employed in Dubai within Sectors (For Census Years)

There are two reasons for this outcome, firstly that there is simply a demand for crops and foodstuffs, and although Dubai is part of a drive to become a mature society, it is also a region which is experiencing considerable growth and therefore needs to maintain the population, and as mentioned by Shihab “A market for produce is secured by government intervention” (1999, p251). The second and possibly the most influential reason is that since the 1970s the UAE has promoted agricultural development. Shihab documents in his 1999 essay that “Agricultural plots are granted free to any UAE citizen. Land is levelled and prepared mechanically for free. Production inputs such as seeds fertilizers and insecticides are provided at half cost. Water wells are drilled for free.” (p251) The list goes on.
Another element regarding Rostow’s suggested employment structure is the idea that ‘white collar’ work increases over ‘blue collar work’. The pie-charts documenting the employment structure of 1993, 1995, 2000 and 2005 (figure 5.5) show that although the working population has increased. The sectors (blue shades for ‘blue collar’, orange shades for ‘white collar’) have stayed the same. Does this demonstrate that Dubai is still at its preconditions phase? No, not when within the same period the world’s largest manmade port
development, Jebel Ali was completed in 1985 the same year that the Emirates airline was founded, the beginning of the tourist sector for Dubai. A report published by Morgan Stanley in 2007 states “According to construction trade sources, somewhere between 15% to 25% of the 125,000 construction cranes currently operating in the world today are located in Dubai.” (Roach, 2007), therefore where there is development there will be developers and trades that contribute accordingly.

The new sectors and developments that have occurred as stated by Sheikh Mohammed’s website include projects such as: Dubai Internet City, 2000; Dubai Media City, 2001; and festival city scheduled for 2010. Recently developed projects also include ventures involving reclaimed land to create luxury apartments as well as indoor ski slopes with the aim to create an environment for the western workers involved in the international corporations and Dubai’s financial market. The new sectors that have emerged are obviously serviced based and rely on commerce, but it is also worth mentioning that the oil production sector between 2001 and 2006 is at a level of only 5.5%. The table below (figure 5.8) demonstrates this point. In this respect Rostow has demonstrated that new sectors have replaced old.

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Sectors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mining of crude oil and natural gas.</td>
<td>8514</td>
<td>7469</td>
<td>6700</td>
<td>5198</td>
<td>4926</td>
<td>5068</td>
</tr>
<tr>
<td>Total GDP</td>
<td>168780</td>
<td>140200</td>
<td>118428</td>
<td>97743</td>
<td>80494</td>
<td>66028</td>
</tr>
<tr>
<td>Percentage of GDP</td>
<td>5.04%</td>
<td>5.32%</td>
<td>5.65%</td>
<td>5.31%</td>
<td>6.11%</td>
<td>7.67%</td>
</tr>
</tbody>
</table>

Figure 5.8 Mining of Crude Oil in Dubai as a Percentage of GDP

To conclude this phase I would suggest that simplistic arguments such as that when the ‘white collar’ work force increases the ‘blue collar’ workers decrease are not adequate in explaining Dubai. Dubai’s experience has demonstrated that influential leadership during the drive to maturity will prevail over the ‘set route’.
Stage Five: The Age of Mass Consumption

Rostow suggests that there are various definitions of this stage as different regions have different aspirations, for example “Britain and Western Europe opted more substantially for public measures of social security” (Rostow, 1959, p11). An alternative to this is that nations “seek enlarged power for the mature nation on the world scene” (Rostow, 1959, p11). Rostow uses characteristics from the United States example to demonstrate the age of mass consumption; “The boom of that decade [1920s] was built squarely on the migration to suburbia, the mass extension of the automobile, and the household gadgetry which modern industry could provide.” (1959, p11).

This stage of Mass Consumption is difficult to apply to Dubai, the measures are not particularly apt and it appears that Rostow himself only applies this stage to the United States, Western Europe and Russia. Social security within Dubai was established before the ‘drive to maturity’ stage as part of the Social Security Law act in 1977, and therefore an established welfare system is not a particularly applicable measure at this stage. The population of Dubai have access to a free health service, free education as well as substantial grants for those wishing to study abroad (UAE Federal Government, 2006).

There is no evidence suggesting that Dubai as part of the UAE is able to “seek enlarged power for the mature nation” (Rostow, 1959, p11) at this time, and the fact that it can’t is an indication that swift development will not secure a position as a global power. Besides, there is too much evidence in favour that Dubai is at the drive to Maturity stage.

Conclusion

I would suggest that Dubai reflects the majority of the characteristics for each stage (except for the final stage) but I think that the reason why this has occurred is because Rostow’s model does not exclusively apply time frames or specific counts to each stage, making the model fairly vague. It is almost inevitable that if a particular region is striving for modernization and their motivations are based on capitalist goals the region is sure to pass through
each stage. It is understandable that Rostow would create a model that could be applied to as many nations as possible, but elements such as the geography, society and culture of the region are lost, resulting in a model that suggests that all nations have developed in the same way following the same procedure without influences such as political figures.

There are specific reasons as to why Dubai has happened to fit the Rostowian model; the majority of these reasons are based upon the previously mentioned elements of geography, society and culture. The relationship with the British from the 1800s to the mid 1900s stabilised the region, the truce that was devised ensured that Britain’s vessels were protected against pirates and in return the British would offer security, and permission “to enter British ports to buy and sell” (Hawley, 1970, p129), so already a market as early as 1820 had occurred with one of the world’s mature nations, therefore preparing Dubai for it’s preconditions phase. The location of Dubai was imperative to its growth then, and it is today. Dubai’s natural creek allowed the Persians to trade and following shortly (again due to British influence) the East India Company. Due to Dubai’s location between the east and the west a market for distribution and re-exportation had occurred without promoting one – and as a result today the Jebel Ali Free Trade Zone is an expansion of the original market. This is a similar story for Dubai’s tourist industry, Sheikh Rashid saw that due to the location of Dubai, international flights would stop to refuel at Dubai International Airport, and thus a market already existed for accommodation and therefore the development of hotel resorts was just. The oil wells (of course the biggest catalyst) within Dubai and Abu Dhabi’s territories were co funded by the British and western technologies were applied, again accelerating Dubai to a sustainable take off.

I would argue that the changing of sectors from oil to commerce and finance is not a natural change as suggested by Rostow but it is a case of Dubai can, so it will, meaning that the legacy of oil will support any venture, as grandiose as it maybe, and due to technical capabilities and foreign investment these ventures will take off. Obviously the depletion of oil has resulted in a scare that the emirate will not be able to rely on this resource into the future, but at present it acts as a continual flow of capital. The changing of the sectors has
received mixed results, comment from sources such as the Economist suggest that “Yet in spite of this little red tape, subsidies and a ‘western legal code’ and the sea of petrodollars sloshing around the Middle East, Dubai is only halfway towards its ambition (article). Its new stock exchange is struggling, with thin trading and few listings. The banks that blew in with the tide of global capital are impatiently muttering about embarking for the next port. Something is still missing” (All that Glitters; Special Report, 2006, p1). This suggests that rather than following Rostow’s linear model, it is almost a repetition of the take off phase, as just because a region has developed in one sector it does not imply that they will succeed at the other.

Essentially Dubai fits the Rostowian model because Dubai had the opportunities to let it fit, and due to excellent leadership and minimum resistance from outside influences and local disruption (due to the autocratic government). Dubai has been able to meet Rostow’s criteria for development fairly rapidly.

6. The Contribution of Social Well-Being to Dubai’s Economy

6.1 Overview

The aim of this section within the study, as stated in 2.2.3 is to appreciate Dubai’s approach to social well-being and to decide whether the emirate’s policies have contributed to economic strength. The purpose of this element of the study is to consider Dubai at a local level as well as to outweigh the generalisations of Rostow’s model.

The measure that will be used to determine social well-being is education, and more precisely the experience of graduates and undergraduates. Education will be used as an indicator because of its apparent correlation to economic development, as “UNESCO believes that education is key to social and economic development.” (UNESCO, n.d). The reason for focusing on
students whom are studying at an undergraduate degree level (at least) is because of the flexibility that they have, for example, there is no reason why they should remain in Dubai for their study and if they choose not to, there is no reason why they should return.

Rather than rely on numeric data to demonstrate education I feel that it would be imperative to speak to academics to understand their experiences. The framework for this section is based around Nicks-McCaleb’s 2005 article, ‘The Impact of State Funded Higher Education on Neighbourhood and Community in the United Arab Emirates’. Nicks-McCaleb’s aims are to review the provision of higher education in the UAE, as well as to consider the role of the business community within higher education.

6.2 Issues of Economic Development and Education in the UAE

The issues regarding education in the UAE include the lack of diversity within postgraduate study as the majority of UAE universities and all of those in Dubai offer a Master of Business Administration (MBA) but little else. Nicks-McCaleb states “it would appear that business programs are abundant compared to the opportunities in other majors.” (McCaleb, 2005, p326). This links to another idea that education must meet the needs of the community as in Dubai’s case computer literacy. Another issue within this study is that students from the UAE who study abroad “will earn a credential from an international university to help smooth their career path, although it is currently highly unusual for Emiratis to seek employment overseas” (2005, p326). This questions the reputation of the universities within the UAE, and the services that they offer.

6.3 The Experiences of Academics in the UAE

The table below, (figure 6.1) gives a brief description of the students that were approached for the study. All of the students are currently completing their
undergraduate study at the University of Portsmouth except from Jamil who has completed his postgraduate education and returned to the UAE.

<table>
<thead>
<tr>
<th>Name</th>
<th>Age Range</th>
<th>Funds</th>
<th>Residency within the UAE</th>
<th>Level of Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nadya</td>
<td>18-20</td>
<td>No funding</td>
<td>Sharjah</td>
<td>Undergraduate</td>
</tr>
<tr>
<td>Adil</td>
<td>25-30</td>
<td>Work funded</td>
<td>Abu Dhabi</td>
<td>Undergraduate</td>
</tr>
<tr>
<td>Jamil</td>
<td>30-35</td>
<td>No funding</td>
<td>Abu Dhabi</td>
<td>Postgraduate</td>
</tr>
<tr>
<td>Khalid</td>
<td>20-25</td>
<td>State funded</td>
<td>Dubai</td>
<td>Undergraduate</td>
</tr>
<tr>
<td>Rabia</td>
<td>18-20</td>
<td>State funded</td>
<td>Dubai</td>
<td>Undergraduate</td>
</tr>
</tbody>
</table>

Figure 6.1 Interviewees and Brief Description

The following three issues from Nicks-McCaleb will be drawn upon:
- The lack of courses;
- The demands of the work place;
- The benefits of an international qualification.

The lack of different courses within Dubai and the UAE was certainly a push factor for the students to study abroad, as most of the participants I interviewed did not partake in information based degrees. Nadya stated that Pharmacy courses in the UK had a better reputation than those in the UAE. Adil indicated that it was inevitable that he would study abroad, and didn’t think that the universities within the UAE would cater for his degree path. Khalid stated that although the courses were limited when he looked at universities in Dubai, he still would have been able to study architecture but he would have been “mad to miss out on studying abroad, particularly when he was funded to study in another country” (Khalid, 2006). Jamil noted “While in respect to postgraduate studies, UAE’s educational institutions in the past did not offer or they were unqualified to offer Mphil or Ph.D programs. Very recently, some universities are currently offering MBA programs only” (Jamil, 2007).

The lack of diversity links towards the demands of the work place. Rabia is convinced that her qualification in Business Studies and I.T will guarantee her a job in Dubai. She stated that she would have loved to study something literature based but knew that the I.T business in Dubai would end up being
one of the largest sectors. Adil is confident about his prospects and has the security that he has his job to return to.

When the students were asked whether they believed that they would benefit from having an international qualification the opinion was unanimous, but for different reasons; Nadya stated that studying abroad would not necessarily put her above any students that have studied in the Emirates *academically* but she believes instead that she will be attractive to prospective employers due to her social experiences and personal development in the UK. It appears that Adil’s UK education will benefit the organisation as much as it will him as he stated several times during the conversation that the government organisations and corporations want “western thinking” (Adil, 2006). Khalid stated that the improvement of his English language skills would benefit him as “the English language is the most used language in the world, even in the Arab states English is the business language. If I was joined in a meeting by only one English person and the rest were Arabs, the conversation would be in English” (Khalid, 2006). Jamil firmly believed that “Yes, of course USA and UK graduates are more preferable than local universities”. (Jamil, 2007) he went on to state “Well, even if it were offered, I would prefer to do my Ph.D. in UK as UK universities have more credibility in addition to other elements of the academic environment.” (Jamil, 2007)

The most interesting point to me is the fact that the students from the UAE think that studying abroad will definitely benefit their careers, but all of them aim to return to the UAE after their study. Nadya’s prominent aim is to return home to the UAE and find a job within pharmacy. She told me that she would much rather return to Sharjah than stay in the UK because of the way of life, and continuing to study alone and live alone in the UK has been a negative experience for her. She admitted that although jobs within the pharmaceutical centres in the UK are better than the UAE, she would be happy to compromise this (Nadya, 2006). Jamil simply states “I love the UAE because it has good employment opportunities, it has no income tax, safe for me and my family, it also has a very good infrastructure,” (Jamil, 2007). Obviously due to his work ties Adil has an allegiance to return but when he returns to the
UAE he expects that he will be promoted due to the qualifications that he has received. (Adil, 2007)

6.4 Conclusion

The experiences of the students demonstrate the points that Nicks-McCaleb presents, as it appears that the role of education in the UAE is to complement the business community and as a result further education in the UAE is limited to information based degrees. The outcome of these provisions does not skew the type of qualifications held by UAE citizens, instead students study abroad and this is not seen as a drawback as an unwritten rule decrees that a degree attained abroad will ensure that students will be favoured in the job application process as ‘western thinking’ is sought after in business (and generous grants are awarded accordingly to Emiratis). So if education has lead these students to study abroad it demonstrates that the UAE must have something to bring them back. Within the UAE there is no income tax, the health service is free, education is funded and work is guaranteed if you are an Emirati but conversely there are very few workers’ rights as documented in a BBC report “Human Rights Watch said the men - who generally came from India, Pakistan and China - were treated as "less than human". It [HRW] blamed increasing worker protests as the result of wage shortages, dangerous working conditions and squalid living quarters.” (UAE to Allow Construction Unions, 2006, March 30). However, during the interview process the idea arose that the ‘way of life’ was better in the Emirates than life in the UK and it appears that this term cannot be measured against any other force. This could possibly be due to the Arab culture as the family network is so important and is based upon the Muslim ideals. It could also be due to the sense of belonging to a nation such as Dubai, which is undergoing rapid change and development and embraces the knowledge of academics and professionals. Whatever the reason, the result can be seen even from such a small sample of people; the UAE will benefit from motivated young professionals who posses the western ideas and training.
7. Dubai and the Singapore Model

7.1 Overview

The experiences of late industrializers such as Singapore are significant when understanding the economic development of Dubai as both Singapore and Dubai have a relatively similar legacy and have followed similar paths to industrialisation. It would be inappropriate to compare these regions exactly as I have discovered so far that it is policy and leadership make a region unique, however, due to Singapore’s slightly more established position assumptions could be made as to how Dubai will continue to develop.

This section within the study will firstly describe the Singapore model using academics’ interpretations of its growth; secondly comparisons will be made to Dubai and finally through Singapore’s experience Dubai’s future as a competitor to Singapore will be considered.

7.2 Attributes of the Singapore Model

Due to a small unskilled population and the idea that “Singapore’s entrepreneurs lacked the finance and management skills needed to bring about industrialisation” (Hobday, 1995, p139) Singapore looked to transnational corporations (TNCs) and catered to their needs which meant offering “a level of foreign control which would not have been acceptable in either South Korea or Taiwan.” (Hobday, 1995, p139). This was one of the largest factors for Singapore’s development. To encourage TNCs wages were adjusted to be competitive at an international level and transportation and communications infrastructure was established as early as the 1960s. Huff states “Singapore illustrates the importance of investment in infrastructure and
One of the key features of the Singapore model, according to Huff was “strongly interventionist government and planning, which went well beyond the World Bank’s ‘market-friendly’ approach to include ‘market replacement’.” (1995b, p736). Good leadership is fundamental to any society but due to Singapore’s large political intervention into the economy this should be seen as a large contribution to the model of success. The ways in which the government contributed to the success of Singapore according to Huff include labour market regulation (as mentioned previously), and government forced savings. Singapore’s government also participated directly into state owned enterprises which “were regarded as the main force for growth” (Huff, 1995b, p743), the investment was strategic and was examined closely by Singapore’s Economic Development Board. Essentially any sector within the city-state which needed funding in order to expand export capability was invested into.

7.3 A Comparison to Dubai

The graph below, (figure 7.1) demonstrates Singapore and the UAEs GDP from 1980 to 2006. Dubai’s growth is also recorded between 1996 and 2006, during this time Dubai contributed approximately 25% to the GDP. As you can see Dubai does not measure to Singapore’s GDP, and resembles the values that Singapore experienced in the early 1980s, (15 years previous to Dubai). This time frame is expected due to Singapore being 25 years more mature than Dubai. Allowances should also be made due to the population size as Singapore has a population four times larger than Dubai’s.
The graph demonstrates a phase where both regions are experiencing a drive to maturity, but Singapore’s fastest drive occurs between 1988 and 1996 and the UAE’s is experienced from 2000. This rapid growth experienced by both could be explained by the adoption of the commerce and finance sector, however Singapore’s growth is much more sustained and demonstrates that the city-state has experienced the service sector for a number of years, whereas Dubai and the other emirates capitalised on oil production (and still do) within the drive to maturity. Although I have indicated that Singapore represents a more mature and sustained region the result of the financial crisis in East Asia in 1998 saw a US$13 billion drop in GDP which did not resolve until 2000. Singapore was the most effected country within the region due to its dependence on foreign direct investment (FDI).

Rather than focus on comparisons between Dubai and Singapore’s GDP there are other more qualitative factors which are comparable. Firstly, location. Huff noted that this was Singapore’s ‘natural resource’. Huff also states “The Singapore model is unlikely to be replicated elsewhere, not only because the Republic is a city state, but also because few others can develop
service exports reliant on location” (2005b, p753). Dubai exactly replicates this; both regions’ ports were originally secured by the British for the East India Company due to their convenient locations between the east and the west. Exportation was one of the initial sectors of Dubai, and still is today, due to further exploitation of Dubai creek.

The only political party to have held power in Singapore since independence is the People’s Action Party. Incidentally Dubai has only been ruled by the Maktoum family. Both governments have been influential in the development of Singapore and Dubai and whereas most governments provide a political framework Lee Kuan Yew and Sheikh Mohammed presided over economic affairs. As well as the idea that a one-party government is stable and has an unlimited time period to develop, there is also the idea that the population do not need to be convinced of strategies and developments, thus minimizing Rostow’s traditional society and preconditions phase, enabling take-off to occur fairly swiftly.

A large openness to FDI is something Dubai and Singapore both share. Free trade zones are common to both Dubai and Singapore and offer incentives such as a tax and customs haven to TNCs. The role of FDI has been more significant to Singapore than Dubai as Singapore had little more than it’s location to boast, whereas Dubai was able to capitalise on it’s oil reserves and did not need to make local wages competitive like Singapore did. The population of Dubai was not treated as an incentive for FDI as the Singaporeans were. An example of the role of Singapore’s population in the county’s development was the fact that English language was to be spoken in the work place, when very few Singaporeans spoke the language. Dubai did not advertise its population as an incentive possibly due to there only being a small indigenous population of Emiratis in Dubai. Dubai’s major contribution to attracting FDI was to develop an infrastructure, expand on its existing strengths and provide a social atmosphere for western professionals.

Comparisons can also be made between Dubai and Singapore’s social well-being. The Economist Intelligence Unit’s Quality of Life Index demonstrates the position of both Singapore and the UAE. Below the key data from the
2005 index (figure 7.2) shows that the UAE is 58 ranks behind Singapore. This is a remarkable difference considering other comparables are so similar. I would suggest that 26.2 is too high a weighting on the factor ‘political freedom and security’ for the UAE to achieve a higher ranking but this can’t
table

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<thead>
<tr>
<th>Quality of Life</th>
<th>GDP per Person</th>
<th>Difference in Ranks</th>
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</thead>
<tbody>
<tr>
<td>Score</td>
<td>Rank</td>
<td>$(at PPP)</td>
</tr>
<tr>
<td>Singapore</td>
<td>7.719</td>
<td>11</td>
</tr>
<tr>
<td>UAE</td>
<td>5.899</td>
<td>69</td>
</tr>
</tbody>
</table>

account for Singapore fulfilling each area of the Economist’s indicators from material wellbeing (GDP per person at ppp) to family life (lowest divorce rate) to job security (unemployment rate). I would suggest that such a considerable difference is due to many factors, but particularly due to time, as I would suggest that Singapore is starting to represent a stage of high mass consumption (outlined by Rostow) and the UAE is establishing itself as a region on the drive to maturity.

In conclusion to this comparison, the development of Dubai is comparable to Singapore but can only be measured as a region within the UAE, due to the vast differences in monetary values. Numerically the social well-being of Dubai and even the UAE does not measure against that of Singapore’s. The dependence on FDI is somewhat higher in Singapore than Dubai but is still the predominant catalyst for growth in the Emirate. Leadership is probably the most significant comparison and a government’s drive is something that cannot necessarily be modelled, but Frye and Shleifer suggest the ‘helping hand’ model which is quite apt as “bureaucrats are intimately involved in promoting private economic activity: they support some firms and kill off others, pursue industrial policy, and often have close economic and family ties to entrepreneurs” (Frye & Shleifer, 1997, p354).
7.3 Dubai – The New Singapore?

An article published by the Economist demonstrates just how much of a threat Dubai could potentially be to Singapore’s status. Although it has been suggested that Singapore demonstrates a sustained and established economy ‘Ports at War’ argues that the purchasing power of the two nations is relatively similar and that “future success depends on their ability to develop as financial centres, tourist destinations and trade hubs. Now that PSA, Singapore’s state-backed port authority, has indicated it is willing to trump a bid for Britain’s P&O by DP World, Dubai’s government-owned port operator, that shared goal has broken out into open rivalry” (Ports at War, 2006, January 11, p1). Incidentally the bid from both regions for P&O is a significant change of the times as it was British maritime capability that secured the ports of Dubai and Singapore. The Economist states the significance of securing P&O as Dubai does not have the capabilities to challenge Singapore’s container hub and the shipping industry is where Dubai can progress. An article published in the New York Times states “This is the second time that DP World has beaten PSA to a deal. In December 2004, the Dubai company purchased the port business of the American rail company CSX for just over $1 billion” (Timmons, 2006, 11 February). These articles demonstrate that Dubai is set to be a ‘match’ for Singapore despite the various differences in capital.

8. Conclusion

In conclusion, three major frameworks have been used to analyse Dubai’s growth: firstly the use of a traditional model to understand and assess the path of Dubai; secondly a social framework has been used to demonstrate attitudes towards economic development through education; thirdly a comparison has been made to the city-state of Singapore to demonstrate the methods and catalysts that take place in newly developing regions. Each of the three sections has been concluded separately but there are concepts that
are worth summarizing in reflection of the aim and objective at this point within the study.

In regards to objective 2.2.2, factors that could be classed as a catalyst include an understanding that a region cannot rely on oil and Dubai realised that although a prominent factor for take-off the region needed to diversify. The major catalyst as demonstrated in all three areas of this study is leadership, the Al Maktoum family made decisions that cannot be modelled.

The social structure of Dubai has been understood and interpreted through education. It has been argued that the economy of the UAE has developed because students experience financial stability and feel that they have an individual worth within their emirate of residency, therefore they return from studying abroad to fulfil important roles within the economy.

By comparing Dubai to Singapore it has been discovered that Dubai is not necessarily unique in terms of its decisions, economy, social structure, (in comparison with Singapore), but the differences have shown that an established economy reaps the benefits of higher GDP, quality of life etc. Differences between the two regions have also been highlighted to show how a region should be treated as a unique entity as Singapore’s development absolutely depended on FDI and Dubai’s development was based on a background of oil.

By using Rostow’s Stages of Economic Growth it can be seen that a traditional model is not particularly apt at understanding the development of Dubai, not only because the model is dated and doesn’t appreciate new economies, but because the catalysts that genuinely shaped Dubai (such as the British legacy) cannot be applied. Using economic models limits reality and therefore limits the individuality of a region. It has been decided that Dubai can relate to Rostow’s model in the way that Dubai strives to meet the stages and the emirate can be located at the ‘drive to maturity’.

In conclusion Dubai is a region that has progressed rapidly from the 1960s and demonstrates the traits of an established economy, but Dubai’s limitations
have occurred such as a low quality of life index and the idea indicated by reports that Dubai is not stable enough to entice more investment. I feel that this is predominantly due to the region’s rapid development and that in time as Dubai focuses towards High Mass Consumption stability will occur as the reputation of Dubai’s financial centre develops.

9. Critical Reflection

One of the predominant issues within the study was the access to numeric data, although Dubai’s Online Statistics Center has a wide breadth of data which covered many topics, and any reports not accessible online could be ordered through the Dubai Municipality (which was of great help to me) the real problem was the depth of the data, as most records were only available from the early 1990s. This is an issue when analysing data over time but was resolved in this study by using data for the UAE collectively, or the ‘Northern Region’. Although this data is fairly accurate in regards to shipments to the UAE as Dubai is the major port of the Emirates it became fairly clear that the extent of the data was limited. I was able to resolve this problem at most stages as I had access to records which gave me a percentage of Dubai’s contributions to GDP, also I was able to find exchange rates to particular years to create a single currency graph i.e. US dollars. There have been occasions in the study where I have not been consistent with the currency, such as where I use Rupees, or Sterling to demonstrate growth (due to journals that date back before the introduction of the UAE dirham). This is not so much of an issue as I wished to demonstrate the increase rather than the relative value.

An area of the study that could have been improved is its focus. Three large areas have been approached and I have been concerned that not enough detail was spared to each. However, I feel that I would have lost the real essence of Dubai’s progress if I hadn’t have tested it against three relatively different factors. Regarding the focus, I feel that I should have anticipated the
relevance of Rostow’s model and possibly adjusted the study accordingly but as mentioned before, I did not want to lose the significance of Dubai’s locality. There is another issue regarding the focus, due to the significance of Rostow’s work within this study, I have not had the opportunity to engage with more of the literature that was represented in the literature review, however the literature that I reviewed certainly shaped my opinions of Dubai and the way that I should approach a study on economic development.

Overall I feel that the study has been successful as each section has been set within a framework and this framework has been assessed, tested and concluded, demonstrating a logical sequence to the study. I also believe that the study’s aim and objectives have been engaged with accordingly to create a positive portrayal of Dubai’s experience of development.

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9. References


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