

The Ideational Underpinning of Planning in the Gulf countries

Martin Hvidt

Research on the content of the current development plans published by the governments in the GCC countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) show a striking similarity in the conception of the developmental challenges the countries are facing and not least in the means to overcome these problems. This paper aims to identify the ideational input underpinning the planning effort in these countries, in an effort to explain these similarities.

This article is an excerpt of a newly published article by the author titled "Planning for Development in the GCC states: A content Analysis of Current Development Plans," *Journal of Arabian Studies*. No. 2, Vol. 2 (December 2012) pp. 189-207.

In a review of the current development plans issued by the various governments in the GCC region, it was shown how similar the plans were in their analysis of the current and future challenges, and not least the prescription for solving them.¹ While the differences identified among the plans can be attributed to variations in natural endowments, the developmental history of each country, and the current challenges that each is facing, the observed similarity may be the outcome of similarity in the ideational background of the planning effort.

From the review of the plans, and not least from numerous interviews with decision makers and planners in all six countries, it can be argued that three overriding or structuring ideas – meta-ideas – can be identified in the developing planning by the GCC countries.² First, all plans are conceived within the overall and world-dominating framework of a neoliberal globalized economy; second, development is viewed within the ‘cluster’ approach, meaning that economic activities, in order to become successful, must be organized within clusters of similar or supporting industries; and third there is what could be called the ‘world-class city’ approach. Its basic claim is that if decision makers, through significant spending schemes, bring their cities up to ‘world-class’ standards, the cities will be able to compete internationally for investments, people, and economic activity. As will be seen below, there is some degree of overlap between these three approaches.

The GCC countries have continued to use significant numbers of Western and, to a lesser extent, Asian consultancy companies to prepare and implement their plans.³ Consultants are brought in not only to undertake narrow technical jobs like building oil refineries and constructing infrastructure or utilities, but also to take on broader tasks related, for instance, to advising on reforms, preparing government policies and Master plans and assisting in writing national development plans. Because the GCC countries have the ability to pay the sizable fees asked by the consultancy companies for extending their services, they gain access to a global state-of-the-art pool of knowledge.

The implication is that the international consultancy companies bring with them not only technical experience gained worldwide, but also the tacit knowledge, dominating ideas, conceptions, practices, etc., embedded in these consultancy jobs. While it is almost impossible to pinpoint the origin of the ideational contributions to the planning process undertaken in the GCC countries, it is plausible that the international consultancy companies play an important role in transmitting these meta-ideas, which have come to dominate economic development thinking in the GCC countries since the late 1990s. While it is assumed that the reader is familiar with the ideas behind a neoliberal globalized economy, the following paragraph explains the concepts of the ‘cluster’ approach and the ‘world class city’ approach.

The ‘cluster’ approach

The cluster approach originates from the work of Michael E. Porter in the early 1990s. Clusters are defined as “geographic concentrations of interconnected companies, and

institutions in a particular field", including specialized suppliers, service providers, and associated institutions (e.g. in science and research), but also specialized infrastructure.⁴ He argues that clusters provide synergies that make the individual firm more competitive nationally and globally, because "a cluster allows each member to benefit *as if* it had greater scale or *as if* it had joined with others without sacrificing its flexibility".⁵ Porter also maintains that cluster development initiatives undertaken by the state are an important new direction in economic policy in dealing with increasingly globalized competition.

The cluster approach has been universally adopted. For instance Simmie notes that the "meteoric rise of Michael Porter's cluster concept has taken policy-makers if not academics by storm in recent years." Dicken points out that the idea of clusters as 'growth centres' has been met with a "deluge of interest" in most countries over the past decades, while Asheim, Cooke and Martin appear to regard it as high fashion for development agencies:

From the OECD, and the World Bank, to national governments [...], to regional development agencies [...], policy-makers at all levels have become eager to promote local business clusters. Nor has their policy interest been confined to the advanced economies: cluster policies are being adopted enthusiastically also in an expanding array of developing countries [...]. Clusters, it seems have become a worldwide craze, a sort of academic policy fashion item [...].⁶

For the Gulf decision makers the policy implications following from the cluster approach are threefold: first, economic activities cannot be established as stand-alone projects, which until the late 1990s often characterised efforts to establish manufacturing entities. Second, without effective clusters within the industries of choice, international firms will not be attracted, and are thus likely to invest in a higher performing cluster elsewhere in the world. Third, due to eagerness to 'catch up' with the developed world and not least the competition from already-established industrial centres worldwide, clusters must make significant sectors fully operational at the same time. In other words, in order for the Gulf countries to reap the promised benefits of the clusters they should establish clusters through a 'big push' strategy that promises to overcome problems of coordination failure.⁷

The cluster approach is easily identifiable in the various attempts over the past decade to establish new economic activities in the Gulf countries, such as the Media City, the Internet City, the Maritime City, the Health Care City and the Logistics City, all in Dubai and each representing a cluster in itself; the Knowledge City in Qatar (where eight mostly American university branch campuses are located); the Mubarak port development at Subia Island in Kuwait; and the six impending economic cities in Saudi Arabia (e.g., King Abdulla Economic city in Jeddah), each being a cluster in itself. Another example is the Sohar Port and free zones in Oman.⁸ It is also possible to

claim that the various attempts to establish tourism destinations represents a cluster approach, since the emphasis is on simultaneously establishing a range of accommodation and leisure activities. One might even claim that, at least until the 2008 financial crisis, the city of Dubai could brand itself as a 'cluster of entrepreneurship' since it had the facilities, legislation, drive, the 'can-do' attitude, and the workforce to support the start-up and growth of a broad range of economic initiatives.⁹

The 'world-class city' approach

The concept of 'world-class cities' was developed by the consultancy company McKinsey as a tool used to assess progress in transforming stagnating cities into modern high-growth cities.¹⁰ A given city would be rated against six parameters: economic growth, transportation, housing, other infrastructure (health care, education, environment etc.), financing, and governance, on a four step scale from poor, to average, above average, and world class.¹¹

The world-class city approach views the city as a space of opportunities for the (international) business community. The underlying assumption behind the approach is the competitive nature of the global economy, namely that money, jobs, and people flow freely round the world, and tend to locate in places that are deemed highly attractive to businesses, i.e., in world-class cities. As such, the world-class city approach offers a tangible set of guidelines or check lists for mayors or city governments around the world as to how to develop their cities to make them competitive in attracting businesses.

As may be seen from the brief description above, the world-class city approach and the cluster-approach overlap, as both have a spatial focus on the agglomeration of activities. In cluster-thinking terminology, cities constitute *generalized clusters*, which support a variety of infrastructural, economic, social, and cultural facilities. So, working toward world-class city status means strengthening the attractiveness of the city to businesses, entrepreneurs, and what Florida calls the 'creative class'.¹² The type of clusters discussed above is termed a *specialized cluster*, and focuses on individual industries such as media, logistics, food production etc.

As argued above, both the cluster approach and the world-class city approach have been highly influential globally, and as such are part of the 'toolbox' of the international consultancy companies. These approaches have also offered some appealing features to rulers and decision-makers in Gulf countries in a decade characterised by unprecedented growth, fuelled by high oil prices and a willingness to invest internally.

First, becoming a world-class city can occur through weighty spending schemes. Commanding ample financial resources, spending schemes represent a far easier challenge for the less developed but oil-rich GCC countries than 'catching up' with the old world on the basis of such elements as culture and fine arts, educational standards, or bureaucratic competencies. Furthermore, these approaches encourage development to start with a 'big push' whereby multiple strategies are pursued simultaneously in launching new initiatives.

Second, the world-class city approach fits well with the fact that, excluding Saudi Arabia, the Gulf countries consist of small city-states that have competed against each other and with more distant cities for centuries.¹³ Dubai, Doha, Manama, Abu Dhabi, Sharjah, Muscat, and Kuwait are 'just' cities, commanding small populations in geographically-confined areas. Being cities they can act independently of elaborate bureaucratic structures, and thus take swift, self-serving decisions.

In conclusion, this paper has argued that the striking similarity among the six Gulf countries in terms of conceptions of their development challenges and the solution to these can be explained as consequences of influence from neoliberal globalized economic thinking. All six countries are influenced by ideas and neoliberal tools such as liberalism, clusters and the World Class city approach. Furthermore, it has not been possible to identify a local or special Gulf Arab ideational input in the planning, implying that the Gulf states in their rapid development processes are basically implementing planning ideals and concepts developed in the Western world. While this might be tempting to the rulers who are seeking fast and extensive development, it might also pose significant challenges in the long run. The concept of 'neoliberal urbanization' behind the chosen approaches results in urban planning giving way to urbanization with spacial dimensions determined by individual investments and not by attempts to create a coherent city space, where people and money can move freely and integrate. The neoliberal city is characterized by high levels of segmentation most clearly observed by the many 'gated communities,' where the wealthy have access to utilities, high levels of services and security, while inhabitants in low-income quarters have to make do without adequate public supply services like water and electricity, etc. This model is being questioned in the West, while at the same time it is being implemented full scale in the Gulf states. As such, the Gulf states might be in the process of establishing a layout and structure of their cities which is outdated and likely to cause considerable problems in the future.

¹ Hvidt “Planning for Development in the GCC states: A content Analysis of Current Development Plans,” *Journal of Arabian Studies*. No. 2, Vol. 2 December 2012 pp. 189-207.

² Evans divides ideas into three categories, simple level ideas, e.g., double entry bookkeeping; mid-level ideas like organizational technologies; and third level ideas, which are institutionalized ideas that operate at the level of society as a whole, such as administrative norms or legal rules. They are ideas themselves, but they also generate (or fail to generate) incentives for the production of new ideas of all kinds. Ideas of the latter type are called ‘meta-ideas’ [Evans, “The Challenges Of The ‘Institutional Turn’: Interdisciplinary Opportunities in Development Theory”, in *The Economic Sociology of Capitalist Institutions*, ed. Nee and Swedberg (2005), p. 94]. This analysis does not exclude the possibility of identifying more meta-ideas.

³ Consultants here is intended to include private consultancy companies like McKinsey, Atkins, URBIS, WSP, Cowi Consult, Harland Bartholomew, etc., as well as consultants from non-governmental organizations like the World Bank, Ford foundation, UNDP and others.

⁴ Porter, “Clusters and the New Economics of Competition”, *Harvard Business Review* (1998), p. 78.

⁵ *Ibid.*, 81.

⁶ Asheim, Cooke, and Martin, “The Rise of the Cluster Concept in Regional Analysis and Policy: A Critical Assessment”, in *Clusters and Regional Development: Critical reflections and explorations*, eds. Asheim, Cooke, and Martin (2006), p. 3.

⁷ See the ‘Big Push’ model developed by Rosenstein-Rodan in 1943 [Todaro, and Smith, *Economic Development*, p. 164].

⁸ In addition, the term ‘world-class’ is frequently used in the region among the planners and policy-makers and not least in the development plans.

⁹ The workforce could be imported from anywhere in the world.

¹⁰ For a conceptualization of the approach, and not least its practical application, see Bombay First and McKinsey, *Vision Mumbai: Transforming Mumbai into a World-Class City: A Summary of Recommendations* (2003). Note the striking similarity between the report’s recommendations for transforming Mumbai and the developmental policies pursued in e.g., Doha, Dubai, and Abu Dhabi.

¹¹ *Ibid.*, p. 4. In order to attain the ‘world-class’ rating in the growth category, a city will need a sustained growth rate of 8–10 percent annually.

¹² Florida, *The Rise of the Creative Class and How It is Transforming Work, Leisure, Community, and Everyday Life* (2004). Concerning generalized and specialized clusters, see Dicken, *Global Shift: Mapping the Changing Contours of the World Economy* (2011), p. 70.

¹³ Hvidt, “Public-Private Ties and Their Contribution to Development: The Case of Dubai”, *Middle Eastern Studies* 43 (2007); Potter (ed.), *The Persian Gulf in History* (2009); Soucek, *The Persian Gulf: Its Past and Present* (2008).