



**Adam Hanieh,**  
***Money, Markets, and Monarchies: The Gulf  
Cooperation Council and the Political Economy of the  
Contemporary Middle East***

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Reviewer: Erhan Akkas

*Money, Markets, and Monarchies: The Gulf Cooperation Council and the Political Economy of the Contemporary Middle East* is a seminal work by Adam Hanieh on the political economy of the GCC countries. The book scrutinises mainly how the financial surpluses are transferred to the global and regional economy and how the rulers and elites in the region benefit from these corporations through the substantial framework of the critical approach. In general, the book is categorised into eight chapters focusing on the role of the GCC countries in the re-shaping of the capitalist world market. By doing this, there are two distinct ways: the first main objective is to present the position of the Gulf's political economy in global-Gulf relations as presented in chapters 2-3; the second is to analyse the role of Gulf's accumulation on wider Middle East region as seen in chapter 4-8. Therefore, it can be said that the study starts by evaluating the Gulf capital primarily from a global point of view, and then closely examines the regional effect and role of the Gulf capital through capitalist partnerships.

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The first chapter, *Framing the Gulf: Space, Scale, and the Global*, presents the emergence of the Gulf capitalism and its impact on capital accumulation in the region. This theoretical framing of the capitalist configuration within the global scale constitutes a clear understanding of the Gulf's interaction with the other parts of the world economy. Thus, the well-established theoretical background provides a theoretical frame to the development of Gulf capital. In this chapter, the notion of internationalisation of capital comes into prominence. This notion can be considered with the seeking of a new space within the global capitalist market. Therefore, largest capitalist actors whether they are driven by state or private sector need to go beyond their borders as Hanieh stated: "the largest capitalist firms consider their production and marketing decisions from the perspective of a global marketplace, not only from within their national borders" (p. 10). This is the main starting point of the diffusion of capitalist motive all over the world, that reflects the emergence of Gulf capital within the world economy in general and in their region in particular.

Following a theoretical background, the second chapter, *Gulf Financial Surpluses and the International Order*, takes into consideration the Gulf region with its position in the global financial system through its financial surpluses and demand of goods and services from all over the world. Hanieh stresses that a massive expansion has occurred in Gulf's financial surpluses around the last 15 years because of increasing Asian markets and their demand for natural resources from the Gulf region (p. 30). This shows how the Gulf region meets global producers' demand for hydrocarbons and creates financial surpluses. In this regard, Hanieh argues that Gulf capital has spread across the world in two ways (p. 31). First is the financial system, which leads to the flow of Gulf region's surpluses originating from mainly the Asian markets over the last decade into the global financial system such as the US and European markets through Gulf-based companies, sovereign wealth funds, and individual investors (p. 31-32). Latter is Gulf's trade with all over the world. Summing up, Hanieh explains the source of financial surpluses and the financial flows in the GCC in this chapter.

The third chapter, *Boundaries of State and Capital: Mapping the Gulf's Business Conglomerates*, presents the capital accumulation in the Gulf region by structuring this process on three key sites, namely industry, building environment, and financial markets. Hanieh stresses that the industry sector mainly comprises of manufacturing commodities such as petrochemical, aluminium, steel, and cement-based on the hydrocarbon industry (p. 65). He argues that these manufacturing activities

are vital for considerable capital accumulation in the region and presents some examples of companies from the sector and their ownership status, which are all mainly from royal families and elites having political ties in the region. As for building environment, he specifies that the rapid transformation of the region has led to the emergence of new activities; which are directly related to the capital accumulation of construction and contracting companies, developers, telecom companies, and retailers (p.65). Lastly, Hanieh states that financial markets such as stock markets, banks, private equities, and investment firms, which have an important place in both of industrial and infrastructure sectors, are capital accumulation sites (p. 66). Hanieh approaches the banks from the perspective of capital accumulation with regards to their role in shaping financial markets and relations with capitalist firms. He states that “finance is today a fundamental aspect to the class formation in the Gulf and the projection of GCC power throughout the Middle East” (p. 109).

As for the fourth chapter, *From Farm to Shelf: Gulf Agro-Commodity Circuits and the Middle East*, Hanieh discusses the growing weight of Gulf capital in the food sector and its internationalisation across the Gulf region and wider Middle East through Gulf agribusiness firms. Hanieh focuses on Saudi Arabia and the UAE in this section, as they have 70% and 15% of food production and 60% and 18.5% of consumption shares respectively in the region (p. 116). He remarks that Saudi Arabia and UAE with large land acquisitions, while other GCC countries with small acquisitions, aim to buy overseas lands from mainly poorer countries across Asia and Africa such as Sudan, Egypt, and Pakistan in a situation of win-win for the capitalist class in the GCC countries and these poorer countries (p. 121). From these countries, Hanieh stresses that Egypt becomes the main destination for Gulf agribusiness firms in the wider Arab region. However, from the view of rural families, Hanieh states that “with more than one-third of Egypt’s agricultural area made up of rental lands, more than 1 million people lost their rights to farming” (p. 135). As stated in this chapter, the main motivation of these acquisitions was to ensure food security which is a prominent risk in the GCC countries (p.120).

Chapter five, *The Arab Build Environment, Accumulation, and the Gulf*, scrutinises examples of the market-based urban planning that aims to build a neoliberal (re)imagining of the urban environment through real estate development, urban infrastructure, water, transport, and telecommunications (p. 146). Hanieh sees the building environment ‘as the urbanisation of neoliberalism’ which promotes investment flows to model cities as ‘spaces of entrepreneurialism, networks, creativity, and innovation’ (p. 150). He presents an important data in a table about real

estate projects driven by Gulf capital in the Arab countries such as Algeria, Egypt, Jordan, Lebanon, Morocco, and Tunisia (p. 153). This well-collected data presents the role of the accumulation of Gulf capital in the transformation of Arab urban spaces in the wider Middle East as a Neoliberal transformation.

Chapter six, *Spaces of Financialisation in the Middle East*, examines the financialization process of the Arab region by measuring the financialization indicators; and the role of Gulf capital in the regional financial sectors across the Middle East by presenting informative data including the GCC related banks in the Arab region. Hanieh argues that the banks which are driven by Gulf capital “dominate the non-state-owned banking systems in Jordan, Syria, Palestine, Egypt, and Lebanon” (p. 188). By basing on available data, Hanieh gives some examples regarding the banks’ features related to Gulf capital to support this argument: (1) GCC shareholders control 20% or more of the bank’s shares, (2) a minimum of two GCC investors sit on the board of directors, and (3) the bank is a subsidiary of another GCC financial institution (p. 188). These examples also show how the cross-border capitalist class has relations with the banking sectors in the Arab region. Furthermore, Hanieh states that many Arab countries, Egypt in particular, with their high-interest domestic debt, have transferred their national wealth to the banks related to the Gulf capital (p. 192). In addition to the conventional banking system, Hanieh touches upon the Islamic banking system in the Gulf region, which has the largest share in the world. He argues that although the Islamic banking system is not interest-based, it follows the same path in practice with its non-Islamic counterpart because “*as with any standard circulation of money capital and the accrual of interest, the original money advanced sees an increase over time*” in sharia-compliant products such as murabahah, ijara, sukuk, salam, and istisna (p. 195). In this chapter, it can be concluded that Hanieh remarks that whether it is conventional or Islamic banks or any other financial institutions, they all are ways of Gulf capital flows to other countries.

Chapter seven, *Vision of Capital: The GCC and the ‘New Normal’*, presents the Gulf governments’ reaction against the fall of oil prices in terms of the new economic environment for future development. Therefore, this chapter mainly focuses on national economic vision of each GCC country and oil prices by mentioning the public-private partnerships within the new political actors, Saudi Arabia in particular; the government budgets which are cut with a fall of oil prices and its impact on national and migrant workers; and the position of the capitalist class in economics downturns. Regarding the economic vision of the GCC countries for economic di-

versification, Hanieh argues that there has been a neoliberal norm of governance driven by consultants in Gulf with a local understanding (p. 209), which requires public-private partnerships to maintain projects for building economic environment as a part of their national economic visions. However, in economic downturns; i.e. fall of oil prices, Gulf governments reduce the project spending, which severely affects the migrant workers (p. 222). This chapter put lights on the fact that any economic downturns such as reduction of public spending bring the agenda of public-private partnership, the development of the private sector, migrant workers, unemployment among nationals and by gender as well to the forefront (p. 224). Lastly, Hanieh argues that an economic downturn does not only affect the GCC countries (p. 236) because Gulf capital has an impact beyond national scales through its capital spread across the world and migrant workers.

The last chapter, *Future Paths and Political Ends*, examines the crises or tensions, which Gulf countries get engaged in, such as internal disturbance between Qatar and Saudi Arabia-and the UAE, Arab Spring, and Iran-Israel; and interventions in Syria and Yemen. Hanieh investigates these political responses and conflicts together with capital accumulation in the region. Thus, it deals with examples of what capital accumulation might mean in the future of the Middle East. Finally, Hanieh argues that “the Gulf’s role in making the region has acted to accentuate polarisation throughout all scales: between the Gulf and the rest of the Middle East, within the GCC itself, and inside individual national borders” (p. 269).

Hanieh contributes to the literature about the political economy of the Gulf region through his critical assessment on the Gulf capital and its regional role. Furthermore, this book sets out a discussion on the role of the Gulf capital in the wider Middle East region through agro-industrial companies, real estate developers, banks, and telecoms. The monograph presents a unique explanation for how the Gulf financial surpluses flow in the contemporary world economy. Regarding Gulf capital flows, a remarkable point in this book is that Hanieh has made a critical comment on financialization by indicating that the Islamic finance can be considered as conventional finance as it follows the same capitalist path. Therefore, this book enriches the discussion on financialization in the GCC countries by discussing different types financial sectors.

In general, Hanieh’s book makes a successful critical contribution to the political economy of the Gulf states with its well-structured contents. Furthermore, the scarcity of critical studies in this area makes this book unique in terms of its contribution to the literature. This approach will enable the reader to look at the political

economy of the Gulf countries from a broad critical perspective. The book, thus, is quite comprehensive for the readers, who are interested in more critical studies on the Gulf capital. Summing up, this is not an introductory book to the Gulf political economics; it rather promises an advance level critique and discussion.