

**Oman Since 1970:  
Economic, Political and Social Developments**

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CERTIFICATE

This is certify that this M.Phil Dissertation entitled "OMAN SINCE 1970 : ECONOMIC, POLITICAL AND SOCIAL DEVELOPMENTS", submitted by MD. ABU BAKAR in partial fulfilment for the award of degree of MASTER OF PHILOSOPHY of Jawaharlal Nehru University, is his original work. This has not been published or submitted to any other university for any purpose.

We recommend that this dissertation be placed before the examiners for evaluation.

  
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*Dedicated to my*

*Abbu and Ammi*

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*Thanks with love,*

*20. 07.99*

*Abu Bakar*  
**Md. Abu Bakar**

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# *Chapter-1*

## *Introduction*

## CHAPTER - I

### INTRODUCTION

The present study attempts to analyse the economic, political and social developments in Oman since 1970. It was an era of radical and consequential change in Oman with Sultan Qaboos taking over Oman and Muscat. It was a movement of choice between the old Imamite state and a modernised nation-state with its inherent pressures of progress.

The condition prevailing pre-1970 Oman were in fact conducive for such a change. "It began with gradual dissipation of British involvement in Omani affairs after World War II".<sup>1</sup> The introduction of US involvement in Gulf security also contributed to this transformation. The Omani development in this era was however, hindered by the appearance of the Sultan-Said bin Taimur, the first of the rulers to receive a formal education and a frequent visitor to London. He was fully aware of the "Socio-Economic Changes taking place in the world outside, but he was determined to isolate Oman from outside influence, thus cutting out any tentative move towards development".<sup>2</sup>

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1 B.R. Pridham, Oman: Economic, Social and Strategic Development, Croom Helm, London, 1987.

2 Calvin Allen H. Jr., Oman: The Modernisation of the Sultanate, Croom Helm, London, 1987).

Though Said bin-Taimur was responsible for pulling Oman out of debt in the midst of the 1930s depression, he was suspicious of a subsequent British offer of help to tackle the impoverished Omani Economy. Even after the discovery of oil he was quite hesitant to spend on development projects. The Omanis themselves felt that he was opposed to progress. The Sultan's isolationist policy forced thousands of Omanis to seek jobs outside the country, where they witnessed rapid development changes in the Arab Gulf states. The event of 23 July 1970 gave Oman a ruler whose outlook was in harmony with the idea of development, Economic progress and the creation of a Modern government effective in promoting and directing socio-economic development.

### Historical Background

The Omanis all along maintained, "an independent style of existence and the invaders, whether Iranians, Portuguese or Wahabi were ultimately forced to quit. The British influence in some measures curbed the slave trade."<sup>3</sup> The slaves imported from East Africa were sold in other parts of Arabia. It was for this historical reason that the Persians controlled parts of Bahrain, Muscat and Oman for a time. It was in the 19th century that the Persian influence in this area declined. Britain, which occupied a prominent position in Oman entered into a treaty with the Sultan of Oman and as a result a British Council General resided in Muscat.

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3 Hohn Townsend, The making of a Modern State, Croom Helm, 1977, pp 27 onwards.



"Several insurrections took place towards the end of 19th century, and in 1913 a new Imam was elected in the interior in defiance of the Sultan who ruled from Muscat. A new treaty was signed with Britain on 20th December 1951, which recognised the full independence of the Sultanate, officially called Muscat and Oman. The pressures of change in the Sultanate intensified as a result of the discovery of oil in 1964 and its subsequent exportation. The atmosphere was further changed by spiralling violence of revolt in Dhofar and intensified by increasing belief, held inside and outside the country, that if Said-bin Taimur remained in power, the entire Sultanate would fall prey to Subversion."<sup>4</sup>

"By 1970 Said's government had come to be regarded as the most reactionary and isolationist in the area". Slavery was still common and many medieval prohibitions were enforced. The Sultanate insistence that Petroleum revenues will be used exclusively to fund defence, was embarrassing for Britain. The oil companies and neighbouring state provoked the rebellion that began in Dhofar province in 1964. On 23 July 1970 the Sultanate was deposed in a coup led by his son, Qaboos bin Said."<sup>5</sup>

The new Sultanate intended to transform the country, using petroleum revenues for development following the models of Gulf Shiekhdoms to the north. He asked the rebel

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4 Calvin Allen H. Jr., Oman: The Modernisation of the Sultanate, Croom Helm, London, 1987.

5 Ibid.

for their co-operation, but only the Dhofar Liberation Front responded favourably. Priority was given to providing basic social and Economic infrastructure, like housing education, communication, health services etc. which the former Sultan opposed. In addition, restrictions on travel were abolished, many prisoners released, and many Omanis returned from abroad.

Since 1970, Oman's petroleum resources have been playing a major role in establishing the country's development plans. The country's meager agricultural export have been supplemented by fish products and copper ore exports, but without oil Oman would never have regained the prestige which it had in 19th century. "Oman's first five year plan was hampered by lack of resources and the vision which could have led to the development. But Oman's Second Five Year plan had made a reasonable, start to the task of diversification away from the exclusive dependence on crude oil, which was a modest aim. Without the windfall of additional oil resources becoming available, the Sultanate might have suffered the sharp recession. The Third plan will focus on a more realisable 5 per cent annual growth in GDP, with priority being given to diversification into non-oil sectors, such as agriculture and fisheries, natural water resource and industry".<sup>6</sup>

Some success has been achieved in non-oil exports in food and live animals. Efforts to improve crop production

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6 MEED, 20 November 1998.

include setting up the Public authority for marketing agricultural produce, a state agency for handling, storage and sales, which started operation in Late 1985. Traditional exports like dates, fruits, vegetables and dried limes also increased in 1984.

The progress in education in the Sultanate over the past 25 years has been impressive. Financial investments have grown rapidly, even by Gulf standards and represent major commitment of the Omani government to the development of indigenous human resources in order to further social and economic progress. Educational advancement in Oman, in its rapidity and recency, and its capacity to develop society, mirrors economic development as a whole in the Sultanate",<sup>7</sup> for modern economic development began in Oman only in 1970. The domestic investment of revenues from oil enabled a rapid rate of economic growth, and great strides have been made in the provision of physical infrastructure as well as in education. Overall, modern economic progress is transforming the urban areas, villages and landscape of the sultanate. For example, provision of health facilities from hospitals to clinic has forged ahead. The growth and diversification of the Omani economy is based on private sector development, but the scope of government planning has become more far reaching. The government development policy is coordinated by the Development Council.

Although the Sultan keeps a watchful eye on the

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7 B.R. Pridham, Oman: Economic, Social and Strategic Development Croom Helm, London, 1987.

traditional power system, particularly the religious right wing, a consistent threat, however, has been the highly personalised rule of Sultan Qaboos, in itself a sign of continuity with the past, and the only hesitant step which has been taken towards any implementation of constitutional Monarchy is the State Consultative Council".<sup>8</sup> It is an advisory body, not a debating assembly. As an experiment in democracy the body cannot be compared to the parliament in Kuwait. The regime's liberal emphasis has been better expressed in the attention paid to infrastructure which will undoubtedly in time lead to a more pluralistic society in Oman, but for the time being the political system will remain narrowly based.

In this context an examination of the socio-economic and political structure in the Post-1970 era reveals quite a startling scenario. The whole country witnessed the radical shift from inamate to Sultanate. The ramification on the social sphere were immense - an abject pursuance of modernisation and Westernisation, and a change in the partial dilution of the Shariah law. On the political front, we find early signs of participatory democracy being introduced so as to convert the sultanate into a parliamentary monarchy. The economy was subjected to a rapid transformation through the development of Agriculture, diverse industries, Fisheries and state investment in Human

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8 John Townsendd, Oman: The making of a Modern State Croom Helm, London, 1977.

Resource Development (HRD). All these tropes are in fact linked pertinently to the change in approach towards the political economy and its structuring in Oman.

#### **SURVEY OF LITERATURE**

Work has been done by many prominent scholars focusing on social, political and economic problems but all these three main aspects in these books and articles are not comprehensively analysed. For example, B.R. Pridham begins by outlining the historical and geographical background emphasising in particular the problems of Tribalism. However the emphasis of the book or the central question dealt with in the book is Oman's economic contribution and co-operation in the oil and non-oil sector in the region. The author fails to provide an inter related conceptualisation of the three variables viz, Economic, political and social. More importantly it fails to articulate the impact of the economic,<sup>9</sup> and political development on the social structure and vice-versa. "Oman in the 20th Century" a book written by J.E. Peterson studies the shifts in the balance of Power or the results of the palace coup of 23 July 1970, wherein the state abruptly turned away from the isolations and traditions of the Past. The book largely concentrate on four themes viz, "the role of Sultan and ruling family, the development of the administration, exercise of Tribal politics and the impact

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9 B.R. Pridham is an author of Oman: Economic, Social and Strategic Development.

of external forces on the state".<sup>10</sup> It argues that the fragile nature of traditional Omani Political System was the result of the constant flux in the relative importance of each of these themes. However, the class basis of the "shift" remains unexplained in the book. It therefore does not take into account the articulation of various group interests prior to the coup of 1970. The book analyses in detail the religious rebellion of the 1913 to 1920 period and also the Marxist-Leninist revolt in Dhofar, but it does not analyse the skillful appropriation of these resentments by Qaboos. The establishment of the Sultanate and Modern state is only explained as the outcome of factional interplay and extraneous facts, but the external dynamics, the pulls and the pressures of vicious market interest as a result of the oil export is not taken into account. 'John Townsend's'<sup>11</sup> book stops shortly after the coup of 1970 and this does not explain the effects of the socio-Political modernisation on the social structure which constitutes one of the important objective of my study.

Scarcely any study of the recent economic, political and social developments in Oman is available as most of these books were published in early or late 1970s. However more recent books are available to set an overview of Economy of Oman for the proposed study.

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10 J.E. Peterson, Oman in the 20th century.

11 John Townsend is an author of Oman: The Making of a Modern State

## THEORETICAL PERSPECTIVE

Any attempt to contextualise the existing economic models of developing countries would have to start with a brief preview of the relevance, applicability and feasibility of the development theories and models that have been in circulation for quite some time now. The basic idea was to make a calculated input to ensure capital formation as well as raising of the output. It was assumed that, once the growth process gained momentum, an invisible trend would take care of the distributional dimensions."<sup>12</sup> The classical and neo-classical views of growth persisted for a long time, although at different stages they were gilded to reduce third world planners and policy makers. The Marxist School, "though it never underplayed the output objectives, was more conscious of the distributional goals".<sup>13</sup> The conceptual understanding of development is marked by a series of debates between competing dichotomies.

1. Modernisation versus dependency theory
2. Neo classical economics versus the developmental state model.
3. State-centric theory versus the 'state in society' approach.

## MODERNIZATION THEORY

From the late 1960s to the early 1980s the field was dominated by the controversy between modernisation theory

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12 Todaro P. Michael, Economic development in the third world, Orient Longman, Hyderabad, 1993.

13 Ibid.

and dependency theory over whether modernisation and capitalism promoted or hindered development. Modernisation theory "assumed that the western path to industrialisation was a universally valid one and recommended that the developing countries adopt this strategy. This would involve the introduction of western economic and political institutions in the Third World."<sup>14</sup>

### **Dependence Theory**

By the late 1960s, the failure of this strategy became evident and as a reaction, dependency theory emerged. According to this theory, "capitalism is essentially a global economic system that prevents peripheral economies from participating in the more desirable and profitable economic activities. The alliance between industrialists in the core and reactionary elite in the periphery i.e. compradore capitalists and large landowners who act as agents of capitalist interests, makes underdevelopment a permanent feature in the Third World".<sup>15</sup>

### **Neo-Classical Model:**

The neo-classical model arose as the Statist economic policies in developed socialist and developing countries collapsed or faced acute problems. This model was

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14 Higgott, A. Richard, Political Development Theory: The Contemporary Debate, Routledge, London, 1989.

15 Todaro P. Michael, Economic Development in Third World, Orient Longman, Hyderabad, 1993.



essentially a "rejection of dependency theory and it also differed from the dominant development paradigm which had assumed that the state would have to play a leading role in promoting industrialisation. This model considered the economy as an autonomous and self sustaining sector of social life".<sup>16</sup> The success of Chinese and East Asian economies has been attributed to the strong and autonomous developmental states and to the confucian influences on its economic and political institutions. This led to a call for bringing the state back in, centered on the argument that only strong developmental states could promote successful industrialisation. The negation of the conventional conceptualisation of development in terms of aggregate production and growth resulted in state intervention becoming very important in transforming economic growth into an improved quality of life.

#### Statist Prospective

The dominance of statist perspective has given rise to state and society approach. According to this theory, "the state economic policies do not arise as a rational response to an economic situation by the state. The state is not a coherent and unified political institution with a fixed policy, but rather different groups of officials and parts of state compete over policy and their action can only be comprehended with reference to the components of the

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16 Ibid.

society".<sup>17</sup>

The process of development encompasses within it, apart from growth in per capita national product, an element of social change resulting in an improvement in the physical quality of life of the population. But this involves the inter-relationships between the state and social classes, which are the most important participants in the process. Various perspectives have been developed focussing on the divergent role and methods of interaction between the state and social classes. The pattern in which this interaction takes place depends on the nature of the structural transformation that takes place overtime in the society. This process of structural transformation being a dynamic two way process in fact determines the development pattern in a society.<sup>18</sup>

In the case of Oman, what happened was that in 1970, a modern state was established. However, the institutions of the modern state was located or placed in a society which was decidedly pre-modern in its characteristics, the most obvious being its tribal nature. This situating of a modern state in a pre-modern society was to have important ramifications the manner that the state operated in society, keeping in mind the constraints that it would have to face and also on how the state impacted on traditional tribal

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17 Alan Richard and John Waterbury, Political Economy of Middle East (Westview Press, London, 1990).

18 Ibid.

society.

The regime of Sultan Qaboos, established in 1970, could benefit from the discovery of oil which gave it a rentier character. The social classes that supported the regime were benefited from the various economic policies that were undertaken by the state. The process of modernisation involved industrialisation and urbanisation that caused a structural transformation in the society and many social classes which supported the regime earlier were left out and many new classes joined the state in support. The change in the relative profile of power relation among classes had an impact on the political processes, social developments and economic policies. Thus many marginalised groups like women found an improvement in their status, and space was created for political opposition.

It cannot be denied that the historical experience of the last century more or less has permanently altered Oman's self perception and the bases of Legitimacy of its government. The tribe remains the principal source of identity for a majority of Oman's and retains social force but it has largely ceased to matter politically. The "traditional political, economic, legal and even social functions of the tribe and the role of the Sheikhs generally have been preempted by the modern central government."<sup>19</sup>

The Imamate has not existed for three decades. Its demise apparently is no longer of much concern, particularly

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19 B.R. Pridham, Oman: Economic, Social and Strategic Development, (Croom Helm, London, 1987),

since popular expectations of a government's purpose now far exceeds the Imamate's minimalist orientation. The third factor in Oman's history, maritime trade, has come to predominate once again - now in the form of the exchange of oil for consumer items.<sup>20</sup> Oil provides the source of both the country's prosperity and the ruler's authority. With its control of oil income the present government holds a far more commanding role, for better or for worse, than any Imam could have imagined. Nevertheless, while the Imamate has not been missed so far, the absence of a pluralist, consultative cast to Oman's current politics, such as existed traditionally, may very well erode the foundation of present government".

It is perhaps well to remember that the maritime influence on Oman's history has fluctuated considerably over the centuries and the country's orientation has repeatedly turned back to the interior. 'The current outward-looking emphasis and coastal predominance (where recent population growth and economic development are concentrated) and the relative neglect of the interior and its fundamental role in the politics, society, and economy of the country can last only as long as oil provides the wherewithal."<sup>21</sup> The question oil runs out, what happens then? Is the country, and especially the government adequately prepared for that coming day? Thus state and social classes had an impact

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20 Ibid., p.14.

21 Ibid., pp. 14.

upon the other in the process of structural transformation motivated by economic factors. This changing scenario relating to the political economy of Oman needs to be studied in a broader framework.

This work is divided into five chapters, the first chapter being the introduction, the second, third and fourth chapters dealing with each of the three major aspects of development the economic, political and social, which constitute the focus of this study. And the last chapter is a conclusion of the study and attempts to look at all the three aspects as they together influence Omani society, and how, these three aspects have an impact on each other.

In the second chapter which deals with the economic aspects an overview of the economic situation has been taken, and how one of the most important discoveries for the economy, that is oil, has resulted in economic growth and diversification. The industrial development of Oman has also been dealt with and how, the period in question has witnessed the growth in size and complexity of Omani industry: while denoting with the economy, the agriculture sector has been discussed especially government's steps to promote agricultural productivity. Finally in this chapter Oman's traditional fisheries sector is also analysed.

The third chapter deals with the political transformations that have taken place from the Imamati period to the Sultanate. These changes are seen in the context of the Dhofar rebellion and tries to understand the manner in which political structure have taken root evolved,

and become differentiated. The important and politically influential sections of society are surveyed to understand the way in which they influence policy.

The fourth chapter deals with the last of the three aspects in question i.e. the social. It tries to grapple with the complex issues of social change that has arisen as a result of governmental effects towards Human Resource development enhancing the status of women and overall modernisation of the social structure.

Finally, the conclusion attempts to draw together the insights gained by the earlier chapters, and to arrive at an understanding of the overall development and transformation of Oman. The aim of the chapter is to look at how the three aspects in question have together influence the course of development in Oman, and how effectively they have been able to contribute to these changes.

## *Chapter-2*

# *Economic Development*

## CHAPTER - II

### ECONOMIC DEVELOPMENT

"Oman is sticking with a long term strategy of economic liberalisation and political reform as the best recipe for future prosperity. Falling oil prices and tighter financial conditions have forced Short-term adjustment and slowed progress on some ambitious big process, but the direction of the strategy and determination to press ahead on all trouts are unchanged".

James Garin  
MEED, 20 November 1998.

The Sultanate of Oman enjoys a stable political, economic and social system. The excellent relations fostered with neighbouring countries have enabled Oman to play an active role in promoting regional, political and economic co-operation. Sultan Qaboos has always encouraged market-oriented policies and private sector development as the mechanism for prosperity and growth. This year has been designated 'The year of the Private Sector' by the Sultan, but as early as 1974, salient feature of Oman's development strategy was to establish a free competitive economy with equal opportunities for all.

Although Oman has achieved remarkable progress, both socially and economically with the implementation of consecutive Five-Year Development Plans, there are new challenges confronting the Government due mainly to the "reliance on oil, the price of which fell earlier this year to less than US \$11 a barrel. Recognising the finite nature



of oil reserves - even though latest estimates are that these reserves are guaranteed for 50 more years at least - and vagaries of an oil market outside its control",<sup>1</sup> The Government is placing great emphasis on the diversification of country's economic base, led by the private sector. This has led to a detailed review of existing laws and regulations, in addition to introducing a new Foreign Investment Law. Major revisions have also been made to the Commercial Law, the Agency Law and the Corporate Income Tax Law. All these measures are designed to encourage the inflow of foreign investment in active domestic participation. Most important of all has been the "introduction of the Basic Statute of the State, which inter alia states in Article 11 that 'The National Economy is based on justice and principles of free economy.'"<sup>2</sup>

Until oil production in 1967, Oman's export items largely consisted of dates, limes, fish, tobacco, fruit, vegetables, hides and henna. The country was dependent on imports of durable and non-durable goods such as rice, tea, fabrics, pipes, furniture, machinery and cement to name only a few of the essential items needed to build a modern economy.<sup>3</sup> In the mid-seventies, the oil sector became the backbone of the economy and its main source of income.

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1 MEED, 14 November, 1998

2 Oman'96, Published by Ministry of Information, 1996.

3 Oman'96, Ministry of information, Oman.

Since then not only has the economy gradually reduced its dependence on the oil sector, but it has achieved an impressive record of social and infrastructural development. The magnitude of the changes that have taken place can be summarised in reports:-

According to the World Bank Development Reports 1994, "Oman achieved an impressive average annual per capita growth rate of 4.1% without inflationary pressures during the period 1980-1992. The UNICEF Progress of Nations Report 1994 commended the remarkable achievement of Oman in reducing the infant mortality rate to around 10% in the 1980s. This is just one example of the standard achieved in the health services, which hardly existed in 1970. At that time there were only three schools, whereas today there are 1000 schools and colleges all over the Sultanate."<sup>4</sup>

The achievements have not accrued without problems caused by external and indigenous unfavourable factors, such as oil price fluctuations which have had significant adverse effects on the Government's ability to implement the Five-Year Plans.

However the efforts made to diversify the economy and the encouragement given to the private sector have achieved positive results with a structural shift towards the private non-oil sector:-

The non-oil sector's contribution to GDP has been increasing steadily. This "sector now accounts for about

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4 World development report, 1994.

60% of GDP compared with only 43% during the First Five-Year Plan (1976-80). In 1996, the sector registered a 3.3 per cent real growth rate, although its share of GDP declined marginally due to higher oil prices. The share of non-oil revenues in 1996 amounted to about 461.2 million, compared to RO 418.3 million in 1995, which represented an increase of 10.3 per cent. As a share of total State income, this sector's revenues have been steadily increasing. In 1996, its share amounted to 23.2 per cent compared to an average of 21.1 per cent during the previous Five-Year Plan. In 1996, total GDP amounted to RO 5890.3 million at current prices. Real GDP growth was 3.5% (11% at current prices). The consumer Prices Index (CPI) which declined by 1.2% in 1995, rose by 0.3% in 1996. Inflation is expected to remain at around these levels for the foreseeable future."<sup>5</sup>

#### **Development Planning**

Under the Chairmanship of Sultan Qaboos, "the Development Council was formed in 1975 to launch Oman's First Five-Year Development Plan (1976-1980) which coincided with the oil sector boom. The Plan aimed at establishing essential infrastructure, such as Government buildings, power stations and communication centres. It also aimed at increasing the absorptive capacity of the economy and laying the foundation for a competitive private sector-led economy.

Whereas the Second Five-Year Plan (1981-1985) aimed at the completion of the infrastructure needed to modernise the

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5 MEED, 20 November 1998 pp. 26-29.

economy and raise living standards, the scope of the Plan was broadened to include water resources projects and regional development. Its implementation was helped by the increasing demand for energy in world markets, which boosted the oil prices.


The Third Five-Year Plan (1986-1990) was intended to augment the achievements of previous Plans, but a steep decline in the oil price posed a serious challenge to Government which was compelled to tighten its fiscal policy at the expense of some investment and development projects. The Fourth Five-Year Plan (1991-1995) concentrated primarily on broadening and diversifying the production base of the economy and private sector development. Special attention was paid to regional development with 60% of funds allocated to projects outside the Capital area, compared with 34% in the previous Plan. The Plan also aimed at developing human resources. By the end of 1995, Omanis represented 36% of the total work force. This figure is expected to rise to 42% by the end of current Plan in the year 2000. In June 1995 a major conference, "Oman 2020", was held in Muscat to prepare for the next Five Year Plan and to chart the course of the economy for the following 25 years."<sup>6</sup>

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#### **The Fifth Five-Year Plan**

The current Five-Year Plan (1996-2000) is regarded as the beginning of a new era of development planning in the Sultanate. This Plan differs from previous ones "since it

<sup>6</sup> Oman 1998, Published by Ministry of Information, 1998 pp. 74-85.

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calls for wider public and private sector participation, the use of sophisticated computerised macro-economic modeling techniques and for planning Oman's development in a regional and global context.<sup>7</sup> The Plan prepares for the next century and puts in place a framework of the Plan in the preparation of the annual State budget, limiting public debt and reaching a balanced budget by the year 2000".<sup>8</sup>

### **Diversification**

Diversification is a fundamental factor in Oman's economic strategy, which goes hand in hand with private sector development. New economic enterprises are being introduced for sustainable development in the future. The main parameters of this strategy are:

- Technology transfer to produce high-value-added products.
- Export-oriented policies
- Private sector development, and
- Promotion of greater integration with the world economy.<sup>9</sup>

### **Global Outlook**

Oman has a history of international trading which is reflected in the current application to become a member of the World Trade Organisation (WTO) and in being a tounder

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7 Middle East and North Africa Year book, 1997.

8 Oman, 1998 Published by Ministry of Information, Oman, 1998.

9 Oman, 1996, Published by Ministry of Information, Oman.

nation in the recently established Indian Ocean Rim Association. Foreign capital and technology have played an important role in the country's economic development. The Sultanate has high financial standing in the world money markets, which is reflected by the credit ratings of the international agencies.<sup>10</sup> It also enjoys political and economic stability with a relatively low debt obligation. Oman has become the first Arab Gulf State to tap investment resources from international money market with a US \$225 million five year Eurobond issue, which will raise the country's profile among international investors and help to promote private sector development. Major loan agreements in 1997 totaled around US \$ 268 million from the Islamic Development Bank and international Bankers, J.P. Morgan. Some of these funds were used to finance the Raysut container port development and the construction of a fishing port at Sur.

#### **Private Sector Development and Privatisation**

Privatisation, which is being given added impetus this year, has always been seen as the catalyst for growth. The Government has adopted two parallel lines of approach; first, through the sale of government holdings and secondly by letting the private sector provide the public with services formerly in the domain of the public sector. The Government sees itself as a promoter of private sector and not a competitor with it. Its policy is to limit the role

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10 B.R. Pridham, Oman: Economic, Social and Strategic Development, p.145.

**Table 2.1****GROSS DOMESTIC PRODUCT****Gross Domestic Product and Gross National Income**

Year	At Current Price (GDP)	GNI	GNI Per Capita
	(Mn. R.O.)	(M.N. R.O.)	(R.O.)
1980	2,185.0	2,098.0	1,995.0
1985	3,590.6	3,503.6	2,488.0
1990	4,493.0	4,400.0	2,705.0
1995	5,307.2	5,170.2	2,426.0
1996	5,874.3	5,691.3	2,570.0
1997	6,075.0	5,911.0	2,620.6
1998	5,457.1	5,218.1	2,281.6

Source : IMF, International Financial Statistics, 1998.

**Table 2.2****Industry****Selected Products ( '000 Barrels)**

Products	1988	1989	1990	1993	1994	1995
Motor Spirit (Petrol)	3,431	3,592	4,056	3,680	5,610	5,550
Distillate Fuel Oils	4,459	4,406	4,565	4,480	7,920	7,380
Electric Energy (Million k wh)	3,772.8	3,926.8	4,503.8	7,298	7,856	8,258

Source : UN, Industrial Commodity Statistics Yearbook.

of the public sector to the activities that the private sector is unable to undertake.

A number of privatisation projects have already been completed in areas such as banking, insurance, tourism and electricity. Major projects - the LNG project, aluminum smelter, fertiliser plants, Mina Raysut container port and the petrochemical complex - are already being implemented, while others are being considered in various areas of infrastructure. These ambitious private sector plans will require a capital injection of over RO 1 billion.<sup>11</sup>

#### **INDUSTRY AND MANUFACTURING**

##### **Petroleum**

The first oil concession in Oman was granted in 1925 to the D'Arcy Exploration Company, but after disappointing results the licence was allowed to lapse.<sup>12</sup> In 1937 a new concession was awarded to the Iraq Petroleum Company, but it was not until after the second world war that exploration began in earnest. Again the results were unsatisfactory and all the partners in the venture apart from Shell and Partex pulled out in 1960. In 1962 oil was discovered at Yibal and at Natih in 1963, When oil was found at Fahud in the following year it was decided to develop the fields and commercial exports began in August 1967.<sup>13</sup>

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11 Oman'97, Ministry of information, Oman.

12 <http://www.arabnet.com>.

13 Ibid.



## Oil Exploration

Since 1970 many other fields have been found and developed by Petroleum Development Oman (PDO). At the end of 1997 production had risen to an average of 845,771 barrels a day from ninety-three fields, compared with 300,000 barrels a day in 1970 from only four fields. In 1974 the Government acquired 60% of PDO under the terms of the Participation Agreement. Since then PDO has relinquished acreage, for which other companies have been invited to enter into exploration and production sharing agreements with the Government. During 1996, "four new exploration and production agreements, worth a total of US \$120 million in exploration expenditure, were signed with international oil companies" -- Japex Montasar (Block 35), Arco Oman Inc. (Block 32), Philips Petroleum Oman Ltd (Block 36) and Triton Oman Inc. (Block 22). In January 1997, the Saudi Arabian Nimr Petroleum Company signed an agreement with the Government to invest US \$50.5 million over a period of eight years to explore for oil and gas in the north-east of the Sultanate (Block 3). In July, a Canadian company, Gulf Stream Resources Ltd. signed an agreement to explore in Northern Oman (Block 30) and in September Occidental Oman Inc signed an agreement to explore in the same area (Block 31). Twelve onshore and four offshore blocks remain open to bids by international oil companies".<sup>14</sup>

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<sup>9</sup>  
14 Middle East and North Africa, Year Book, 1988.

## Oil Production

In 1980, Elf became the second company to produce oil, being followed later by Occidental Oman Inc. and Japex Oman Ltd. Also International Petroleum Bukha Ltd. (IBBL) started production in April 1994 from Bukha gas/condensate offshore field. The oil from these companies, which accounts for about 6% of Oman's total oil production, is transported and exported via the PDO facilities. Oman's oil production, is transported and exported via the PDO facilities. Oman's oil production in 1997 from around one hundred fields averaged just under 900,000 barrels a day, marginally higher than production in 1996. With effect from the beginning of April, 1998 the decision was taken to cut oil production by 30,000 barrels a day from this level in the interests of the oil producing states and to help stabilise the oil price on world markets.

Table 2.3

	<b>Annual Production Average Daily</b>	
Company	(million barrels)	(Barrels)
PDO (Block 6)	309	484,771
Occidental (Block 9)	15.23	41,714
Japex (Block 5)	3.5	9,575
Elf (Block 7)	1.0	2,871
Novus (Block 8)	1.28	3,500
Total Production	329	903

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Source: [Http://www.Omanbusiness.com](http://www.Omanbusiness.com).

### **Oil Reserves**

At the beginning of 1998, the remaining oil reserves stood at 5.4 billion barrels. Additional reserves could be recovered but at a higher cost. It is the policy of the Ministry of Oil and Gas to restrict production to a level that does not exceed 6.5% of current remaining reserves per annum.

### **Crude Oil Exports**

Total exports for 1997 were 303.2 million barrels (41.2 million metric tonnes) compared to 296.2 million barrels in 1996. All Oman's crude oil is exported from the oil terminal at Mina al-Fahal. Most of it goes to the Far East with Japan, Thailand, China and Korea being the major importers during 1997.

"The average price of Omani crude oil in 1997 was US\$ 18.67 per barrel an increase on the previous year".<sup>15</sup> However the price of the Oman blend fell from US \$23 per barrel at the beginning of 1997 to as low as US\$ 10 per barrel in the first quarter of 1998 but has rallied since, and the cut in production is expected to result in the maintenance of a steady market at these improved prices.

### **Retail Market**

All refined products used to be imported into Oman, until 1982 when the Oman Refinery at Mina al-Fahal came on stream with a capacity of 50,000 barrels a day. This capacity was increased in 1987 to 80,000 barrels a day to meet the needs

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15 <http://www.Omanbusiness.com>.

of the local market. In August 1996, an agreement was signed with BP to provide technical services to the refinery, which will be upgraded, but no large expansion is planned in the Mina al Fahal industrial area. Plans for a second refinery in Salalah are still under consideration, but such a project is unlikely to be implemented before the year 2000, when unleaded petrol, which is currently unavailable in Oman, may be produced.<sup>16</sup> During 1997, 23 million barrels of crude oil were supplied to the refinery, which had to import 2.1 million barrels of refined product to meet demand. The refinery produces around 40,000 tonnes of LPG annually and the Yibal gas plant can produce an additional 25,000 tonnes, but demand is increasing and 19.5 thousand metric tonnes were imported from the UAE last year. A third source of LPG, the Saih Rawl plant in central Oman is under construction as part of the LNG (Liquified Natural Gas) project. When it comes on stream in 2000, Oman will be more than self-sufficient in domestic cooking gas.

Until recently all the products of the Oman Refinery Company were marketed through the Shell and BP retail networks. Shell has 115 service stations and BP 75, which are owned and run by Omani dealers. Neither company is allowed to establish any new sites so as to allow the Oman Refinery Company to distribute fuels through its own marketing company established in 1994 with the brand name al-Maha and the national colours for its delivery. By

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<sup>16</sup> [Http://www.arabnet.com](http://www.arabnet.com).

January this year, al-Maha had opened a total of 24 new service stations. In July 1997, "Shell Oman Marketing Company (SAOG) divested 51% of its capital in shares to local investors. 40% of the shares were floated on the Muscat Securities Market",<sup>17</sup> while the remaining (11%) was reserved for existing

### **Natural Gas**

Oman's LNG project forms an integral part of the Sultanate's strategic and economic vision of the future. It is one of the largest in the world and the fastest to come on stream - less than nine years from the major discovery of gas. The first customer export shipment is expected to be made in the year 2000.

"The company, Oman LNG llc, was set up by Royal Decree to handle the downstream operations of this gas export project, namely the liquefaction, transportation and sales of LNG. The shareholders are the Government 51%, Shell 30%, Total 5.54%. Partex 2%, Mitsubishi 2.77%, Mitsui 2.77%, Itochu 0.92% and a Korean investor, KOLNG 5%<sup>18</sup> The upstream part of the project is wholly owned by the Government, but is operated by Petroleum Development Oman, which has responsibility for field appraisal and development, gas processing and transport by pipeline to the liquefaction plant at Qalhat near Sur.

Government policy is to create a national economy based

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17 [Http://www.Omanet.con](http://www.Omanet.con).

18 MEED Special Report, 14 November 1997.

on private enterprise in a competitive environment devoid of monopolistic practices. A stage has now been reached where the basic physical infrastructure of the country is in place and in order to further the socio-economic development of Oman. It is essential to build up a strong, efficient and competitive private sector with the help of government incentives and some financial assistance where necessary in order to stimulate rapid growth, particularly in areas of manufacturing and commerce hitherto unknown in Oman. The private sector is receiving special emphasis 1998, having been designated the Year of Private Sector by Sultan Qaboos.

Industrial Estates were commended last year for exceeding the Omanisation target. They were Omani Saudi Canning Factory (86%), Technical Engineering Services (71%) National Tea (65%), Muscat Industries (61%) and the Reem Batteries & Power Appliances Company with 48%."<sup>19</sup>

Manufacturing is one of the main sectors of the economy for diversification. "It is envisaged that this sector, which contributed about 4.2% to GDP in 1996 will be strengthened and expanded to increase its share of GDP to 6.7% by the year 2000. Manufacturing growth rates in the Fifth Five-Year Plan have been revised to 12.2% in order to make this a reality. Since the domestic market is small, the growth in manufacturing will be exported and the following kinds of industry will be encouraged:

-- Industries using local raw materials.

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19 <http://www.Oman.business.Con>.

- Export-oriented industries.
- Industries using gas as the main source of energy or feed-stock.
- Capital, technology and knowledge-intensive projects.
- Projects that employ Omanis on as wide scale as possible.
- Downstream petrochemicals.
- Industries that process raw materials or prepare semi processed goods for re-export.
- Precision engineering industries, machine tools and machinery.
- Production centres for multinationals."<sup>20</sup>

According to the industrial survey undertaken in September 1996, there were 1,355 industrial establishments in Oman employing a labour force of over 26,000. Since then another 200 industrial units have been established, bringing the number of employees to over 29,000 in this sector of the economy. Over half the units produced cement, Cement products and metals. Two-thirds of the total investment was in these products as well as in foodstuffs and drinks, but the ready-made garments industry was the most labour intensive which, with the cement and cement products, employed almost half the industrial work force. Most of industry is still concentrated in or near the Capital area, but the Government is implementing plans which are bringing manufacturing as well as commercial opportunities to other parts of the country.

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20 Webmaaster: Mr. Unnikvishman R.K. rkunni@gto.net.com

## MAJOR PROJECTS

Plans for three major projects will require a total capital investment of well over RO1,000 million are well advanced.

### Sur

In addition to the Oman LNG project, a fertiliser plant is to be build at Qalhat near Sur with a capacity to produce 1.4 million tonnes of urea and 330,000 tonnes of excess ammonia per annum from natural gas for export. During the State visit of His Majesty the Sultan to India in April 1997, an agreement was signed between the Oman Oil Company and Rashtriya Chemicals & Fertilisers (RCF) and Krishak Bharati Corporation (Kribhco) for the formation of a joint venture company with the name Oman-India Fertiliser Company (OMIFCO) to bring the project on stream in 2001.<sup>21</sup> The preliminary work on the project arrangements has been completed and the major activity is to secure the finance needed to supplement the equity capital of the three partners in the project. The Oman Oil Company will hold 50% with the other 50% of the equity shared equally between the other two partners. A total of about RO 420 million will be invested in the project. Gas required for the project is estimated at 0.95 trillion cubic feet of a 20-year period. The plant will employ some 450 staff of whom about half will

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21 Paper presented by a delegate from Sultan Qaboos University in JNU Seminar organised by Centre for West Asian and African Studies, School of International Studies.



be Omani.<sup>22</sup>

### **Sohar**

Two other projects which will be established at Sohar, are an aluminum smelter and a petrochemical chemical plant. The total cost of the two projects will be in the order of US \$4.37 billion. The feasibility study for the smelter has been completed and the detailed design and business plan are now being finalised for construction to begin early next year. The project, which is set to have an annual capacity of 480,000 tonnes and to be on stream by the year 2000, will be allocated two trillion cubic feet of gas over a 25 year period. The company will be known as the Sohar Aluminum Smelter Company (SASCO) and 60% will be owned by the founders, a consortium of Omani and foreign investors led by Charus Enterprises of New York and the China National Non-ferrous Industries Corporation (CNNC) of Hong Kong which will have a buy-back agreement to lift all the aluminum produced. The remaining 40% of the equity will be offered for the public subscription. The smelter will have its own station with an initial capacity of 1200 MW, increasing to 1800 MW and a desalination plant producing 12 million gallon a day, which will increase to 30 million gallons a day.

The Government has selected British Petroleum (BP) Chemicals as the foreign partner in the petrochemical plant project, which is expected to have a 450,000 tonnes per annum ethylene cracker and a similar-sized polyethylene

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22 Ibid.

plant. BP will have a 49% stake with the Oman Oil Company holding 11% and remaining 40% being offered to the public in due course. One trillion cubic feet of gas over a period of 25 years has been allocated for the project. Plans are also being made for an airport and port at Sohar.

### **Salalah**

The most important development is the modernisation and expansion of the port Mina Raysut, which will provide many opportunities for the private sector to set commercial and manufacturing ventures. Studies are underway for an industrial export-free zone to be established close to the new container terminal. The terminal, one of the largest in the world, will be capable of taking the biggest container ships and will be an important facility before Singapore and Colombo, hitherto the two nearest ports for such ships after Europe. The infrastructure is being developed to provide facilities, such as accommodation, warehousing, electricity and water to be ready for a new wave of investment and construction. Proposals are being considered for a special chemical zone to be established and for a natural gas to be supplied by pipeline for power generation.<sup>23</sup>

### **Heavy Industry**

The cement industry is one of the most successful existing industries in Oman. The Oman Cement Company (SAOG) has doubled its clinker production to 1,200,000 tonnes from 600,000 tonnes of clinker per annum by introducing new

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<sup>23</sup> Oman 1998, Ministry of Information, Oman.

production line and advanced automation. With the construction of a new power station, generation 30 MW, annual production of clinker and cement is set to double. "The cement produced by OCC is presently sold in the local market where demand is increasing. With the expansion which is nearly completed, OCC will not only completely meet the demand in Northern Oman but will also have surplus to enter export markets. The Government owns 63% of the company, with the remaining 37% of the shares issued to the public.

The Raysut Cement Company has also increased production capacity from 250,000 tonnes per year, of which 60-70,000 tonnes is exported, to 750,000 tonnes per year. This means that the export capacity now stands at between 300,000 and 400,000 tonnes per annum after local demand in Dhofar met."<sup>24</sup>

#### **Industrial Bank of Oman (IBO)**

The IBO is set to become the first private sector industrial bank to be established in the Middle East when it becomes operational later this year. Besides advancing loans for medium and large size projects, the new bank will offer advisory services and many consider equity participation in industrial projects.

#### **Industrial Estates**

Oman's first industrial estate was established at Rusayl in 1983 and accounts for 100 of the 135 factories on all the

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<sup>24</sup> MEED, Oman special report, 20 November 1998 pp.23-36.

industrial estates. It is situated about 45 kms from the Capital area and the port, Mina Sultan Qaboos. It is conveniently placed close to Seeb International Airport and has its own gas-fuelled power station and water supply. Among the many other services provided, an important feature is the nearby housing complex for the workforce complete with shops, supermarket, cinema and mosque. At Rusayl in January this year, the Omani-Saudi Foodstuff Canning Company opened a tuna canning factory with a 70 strong workforce, 62 of whom were Omanis. At the end of last year, the National Rice Mills factory was officially opened. The factory will convert brown rice into white rice for local consumption at first, followed by exports at a later date. The Muscat Thread Mill went into production and two factories were also opened for the manufacture of oil and gas equipment (Maritime Industrial Services & Partners and Cameron Inchcape Middle East LLC).

"In 1987 studies were begun to plan and design two more industrial estates, one at Sohar in the north and the other at Raysut in south. In 1993 studies were made to build an industrial estate at Nizwa and plans are being laid for other estates at Sur, Khasab and al-Bhuraimi."<sup>25</sup> The al-Bhuraimi Industrial estate covers 35 hectares. With provision for 1596 plots. Construction will be completed by the end of this year and the existing light industries in

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25 Oman '96 Published by Ministry of Information, Oman 1996, p. 88.

the centre of town will move there in the new year. A tender will shortly be let for constancy services to establish the Sur industrial estate.

On the Sohar industrial estate, which was established in 1992, this year was the Gulf Polypropylene Products Company, which will eventually obtain its raw material from nearby petrochemical plant about to be constructed. Development of Sohar Phase 2 infrastructure began in 1996 and was completed last year.

In addition to light and medium industries, Sohar has been earmarked for heavy industry based on the use of natural gas. This industrial expansion requires the construction of a second gas pipeline, power stations and new harbour.

"Industrial investment in 1997 was 27% higher than the previous year and no less than 21 new factories went into production, while 26 projects are currently being implemented."<sup>26</sup>

#### **Training & Omanisation**

The Ministry has issued a decision regulating tourist guides, who in future will be required to have a license. This Ministerial decision aims at encouraging professionalism in the industry as well as providing career opportunities for Omanis who will be encouraged to learn foreign languages so as to replace foreign tour guides. "In January 1996, a major step forward in the training of Omanis

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26 Ibid.

in the hotel industry came with the opening of National Hospitality Institute. The Institute is a public company quoted on the Omani Stock Exchange in February last year the first batch of 55 male and female trainees, sponsored by hotels and caterers have completed their National Vocational Qualification (NVQ) training programme. Omanis now make up to 32% of the employees in the hotel business, which exceeds the Omanisation target for the tourism sector of 30%."27

### **AGRICULTURE**

In spite of many employment opportunities are being generated with the diversification and development in other sectors of the economy, well over half the population in Oman is still employed in the agriculture and fisheries sectors of the economy.

According to the most recent survey, about 105,700 people hold bulk of the cultivable land (101,000 hectors) with their dependents numbering to about 804,000. The total number of permanent agricultural workers is put at 140,000, of whom about 47,000 are paid workers and the remainder are family members working without pay. A large percentage of the population live in rural areas and many others own land and property in the countryside even though they live and work in the towns. The Government is faced with a major collapse of preventing a rural exodus by setting up programmes of rural education. It also ensure that

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27 Oman '97, Published by Ministry of Information, 1997.

**TABLE 2.4**  
**AGRICULTURE**

**Principal Crops ( '000 Metric Tons)**

<b>Crops</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>
<b>Cereals</b>	5	5	5	5	5	5
<b>Potatoes</b>	4	5	5	6	6	6
<b>Tomatoes</b>	28	29	30	33	33	33
<b>Onions (Dry)</b>	8	8	9	9	9	9
<b>Other Vegetables</b>	91	92	93	84	84	84
<b>Watermelons</b>	25	26	27	30	30	30
<b>Dates</b>	121	120	125	133	133	133
<b>Lemons and Limes</b>	26	26	27	29	29	29
<b>Mangoes</b>	9	9	9	11	11	11
<b>Bananas</b>	23	24	24	26	26	26
<b>Tobacco (Leaves)</b>	1	2	2	2	2	2

Source : FAO, Production Yearbook, 1996.

communities make the best use of limited water resources for maximum productivity. The protection of agricultural land is a major concern of the Ministry. In 1995, "a single flood protection barrier in the Wilayat of Ibri cost RO 646,000. This kind of barrier, which is 1.6 kilometers in length and three and a half metres high, is essential to prevent erosion and loss of valuable agricultural land."<sup>28</sup>

### **Self-sufficiency in food production**

The first and foremost priority for the Ministry is to achieve complete self-sufficiency in food production and so far the results have been encouraging. The population that is increasing annually at a rate of about 3%, the Ministry is not complacent about food production and new ways are being explored to increase self sufficiency. The date yield has been increased by a third, while the production of tomatoes, potatoes and alfalfa has doubled in recent years.

"The latest figures indicate that the Sultanate is 93% self-sufficient in fruit, 75% in animal fodder, 64% in vegetables, 35% intuber corps, 53% in dairy products, 46% in beef, 45% in eggs 23% in mutton and 13% in poultry.

Agriculture and fisheries are Oman's main non-oil exports. This sector accounts for nearly 30% of Oman's non-oil exports. In 1996, the contribution of the agriculture and fisheries sector to the total GDP was recorded as RO 147.2 million."<sup>29</sup>

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28 Oman '96 Published by Ministry of Information, Oman 1996.

29 MEED 14 November 1996.



During the Fourth Five-Year plan, it has witnessed considerable progress in this sector with improvements to agricultural produce and livestock. New research stations were established and existing ones renovated. Modern farming and irrigation methods were also introduced.

### **Livestock**

Oman is a leading livestock producer in the Arabian peninsula with around 240,260 sheep, 854,060 goats, 213,120 cattle and 98,550 camels. Most of this livestock is reared in Dhofar where nearly two thirds of the population depend on animal husbandry for their livelihood. Immunisation and welfare of livestock are an important element of the Ministry's livestock programme. A nationwide campaign costing over RO 4 million was begun in 1992, the aim of which is to immunise all livestock against common animal diseases. In March 1996, "the Government stated that there had been no cases of BSE in Oman. In conjunction with the Ministry of Regional Municipalities and the Environment strict adherence to the regulations imposed by CITES (Convention for International Trade on Endangered Species) is implemented by the Ministry on the import of certain animals and birds."<sup>30</sup>

"In 1997 a fully integrated poultry project was launched in Dhofar at a cost of RO 12.8 million. It is hoped that it will be completed by the end of next year. One of the largest projects of its kind in the Gulf land the

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30 <http://www.weboman.com>, 1998.

first to be established in Oman' it will have capacity for 94,000 hens and produce 15 million eggs annually. The plant will include storage for 11,000 tonnes of frozen poultry. About half the production from this project will be for export."<sup>31</sup>

### **Water resources**

As Oman lie in an arid part of the world, its water resources assume significance to the future of agricultural development in Oman which lies in an arid part of the world. Although much of the country is desert or semi-desert, the mountains attract rainfall which is retained in the limestone formations in the north; while in the south the Dhofar range and coastal plain catch the regular light monsoon rains from June to September. The Ministry works closely with the Ministry of Water Resources to ensure that the best use is made of available water resources.

The modern methods of irrigation in order to save water are encouraged by the Ministry. It has introduced latest irrigation systems to 105 farms served by the ground water wells. At Nizwa a pilot project was established to show farmers how to make better use of the traditional falaj system of irrigation. The fruit and vegetables to be planted are chosen carefully for their qualities and amount of water needed. The Ministry gives advice and provides seeds, insecticides, fertilisers and other agricultural

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31 Oman'98, Published by Ministry of Information Oman, 1998.

assistance in order to raise productivity. The Ministry encourages the use of drought resistant fodder crops and the local production of animal fodder concentrate from fish and plant waste.

#### **Government Subsidies**

These subsidies are meant to provide technology to the farmer and train him in modern methods as well as to give him guidance and advice. The amount of subsidy "allocated during the Fourth Five-Year plan was RO 6.4 million for agricultural machinery in addition to seeds, fertiliser and other necessities. Subsidies for livestock amounted to RO 4.3 million and included assistance to small goat and poultry farms. Subsidies were also approved for modern irrigation projects making the total spent on agriculture during the plan RO 17.7 million."<sup>32</sup> The Ministry is altering its policy on subsidies in the current five year Plan to finance larger and more technologically oriented projects. The basic subsidies given to farmers over the last twenty years are being removed since they now have the experience to manage their farms without Government assistance and can take out loans where necessary.

Wheat, which was a traditional Omani crop in parts of the Sultanate is grown less these days and does not take up more than 315 hectares of cultivable land. The annual production of grain is 1,000 tonnes. Prices of imported wheat are a great deal less than the locally grown produce.

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32 Oman'96, Ministry of Information, 1996

The emphasis is on cultivating crops that give a good return. However, because wheat is a strategically important crop, the Ministry conducts a research programme so that it could be grown in future if the need arises.

#### **Research**

Many research projects are being carried out by the Ministry. These include way of bringing about environmental improvement by planting suitable trees which provide shade from the sun and shelter from wind and sand. In early 1996, "the Agricultural Research Station at Nizwa planted 1000 trees over an area of 95 acres. Laboratory tests showed that the trees planted are drought-resistant and can rely on seasonal rainfall to survive. The Ministry has earmarked other areas for similar afforestation in order to improve air quality and increase planted areas of Oman. As a result of successful research, fodder beet is being introduced at field level for the first time in Oman."<sup>33</sup> New varieties of mango, grapes and other fruits shown to produce higher yields are being introduced, as well as new strains of common vegetables.

### **SERVICE SECTOR**

#### **Banking in Sultanate**

The Banking system in Oman consists of the Central Bank of Oman and 17 commercial banks of which seven are locally incorporated. There are also three specialist banks: The

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33 <http://www.Omanbusiness.com>.

Oman Housing Bank, The Oman Development Bank, which has merged with the Oman Agriculture and Fisheries Bank, and the Alliance Housing Bank which commence business of 6th January this year. At the end of 1997, there were 304 domestic bank branches in a network covering the entire country and 24 specialist bank branches. In addition there are 11 money exchange institutions licensed by the Central Bank to issue drafts and deal in foreign exchange, as well as 55 money changers for personal and individual transactions only.<sup>34</sup>

In order to meet the training and Omanisation requirements of the banking sector, the Omani Banking Institute has been established and has played a leading role in increasing the number of Omanis working in the sector. The Central Bank monitors the progress made by the commercial banks with Omanisation and in July 1996 issued a circular stipulating that by the year 2001, "at least 75% of senior and middle management positions should be held by Omanis. In clerical grades 95% of staff should be Omanised and 100% in all other grades. At the end of 1997, 88% of all positions were held by Omanis which is considerable achievement for banking sector in general".<sup>35</sup> During the year number of Omanis employed increased from 4,289 to 4,397 men and women.

#### **Oman Development Bank SAOG**

In 1997, "the Oman Agriculture & Fisheries Bank was absorbed

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35 [Http: // www.gto-Omaan.net](http://www.gto-Omaan.net).

by Royal Decree into the new Oman Development Bank SAOG, which is described in the Banking section of the chapter on the National Economy. Since its formation in 1981 with capital of RO 19 million, the Oman Agriculture & Fisheries Bank had played an effective role in advancing 14,938 loans to farmers and fishermen, which upto 1996 totaled over RO 55 million".<sup>36</sup> Loans were granted for a wide variety of purposes in both sectors, including food and livestock production, irrigation schemes and agricultural mechanisation. In the fishing industry, which provides employment for a significant proportion of the Omani workforce, loans were granted for modern fishing craft, marine engines and equipment, as well as for fish processing, storage, transport and marketing projects. Since the new bank started its activities in July 1997, 14% of all new development loans were granted to the Agriculture & Fisheries sector.

#### **PAMAP**

The Public Authority for Marketing Agricultural Produce (PAMAP) was established in 1981 with the aim it to encourage in farmers to increase the production of fruit and vegetables by creating a body to market their produce and to ensure its availability in local markets at reasonable prices, acceptable to both producer and consumer, and by raising the standard of produce in terms of quality and quantity. PAMAP's trade name for Omani produce is 'Green

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36 Oman'98, Published by Ministry of information 1998.

Oman'.

PAMAP set up a marketing network consisting of six distribution centres and 14 collection centres with its head office at Ghala in the Capital Area. At the end of 1985, "PAMAP began commercial operations and was subsequently able to open additional outlets to sell produce to consumers throughout Oman. The volume of produce purchased from farmers has risen from 7,390 tonnes with a market value of RO989.929 in 1986 to 19,638 tonnes worth over RO 3.3 million in 1996".<sup>37</sup> In 1986 sales amounted to just over RO 1 million compared to RO3.9 million in 1996. In 1997 the sales figure touched RO2.1 million which is slightly less than for the previous year Bananas are the main export for Oman, but heavy rains last year in the Southern region, which is the main banana production area, destroyed a substantial portion of the crop. This had a detrimental effect on production and prices tend to fluctuate in the markets.

#### FISHERIES

"Oman has a coastline extending 1,700 kms from the Musaudau peninsula in the north to the border with the Yemen in the south."<sup>38</sup> For centuries there have been small and often isolated fishing communities along the length of this

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37 Middle East and North Africa year book, 1997 (Economy of Oman).

38 Oman'96 Published by Ministry of Information, Oman, p. 114.

coastline". Since few years previous governments have tried and achieved some amount of Target and also done to modernise this traditional industry. Communication revolution and the introduction of Ice factory (so that fresh fish can be used) Supported in carrying dried fish to the interior of the country.

In Omani waters, ranging from Sardines to tuna around 150 species of fish and crustaceans have been identified. The total catch landed rose rapidly during the 1980s, reaching a peak in 1988 after which there was a decline. "Research carried out by the Marine and Science Fisheries centre set up in 1986 at Sidab with the help of FAO and UNESCO, has indicated that over-fishing has played a part in this decline. It is also suspected that Marine pollution has been partly responsible".<sup>39</sup>

Many steps have been taken by the concerned Ministry to conserve fish stocks, These include "restricting the fish for lobsters and abalone to two months in the year, regulating the size of nets and equipment used for fishing, as well as defining the areas, depths, quantities and kinds of fish that may be caught commercially". Commercial fishing is limited to 15% of the total catch and within Oman territorial waters foreign vessels may not fish without a licence to do so.

Fishing is a traditional industry in Oman, and during the 1970s it employed about 10% of the working population.

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39 MEED Special Report 19 (Oman'98, Published from Ministry of Information).



In 1980 the Oman National Fisheries Company (ONFC) was formed to organise conclusion agreements, government trawlers and land facilities.<sup>40</sup> By 1985 the ONFC was operating seven deep-sea trawlers and a processing and freezing plant at Mutrah. The Government's Fisherman's Fund grants substantial subsidies to fishermen, while the Bank for Agriculture and Fisheries encourages small-scale fishermen, and had helped to provide about 500 boats and 2,000 outboats motors by early 1984. During the Late 1970s the annual catch was about 60,000 metric tones. Exports from the fishing industry in 1983 earned RO 4.4 m. The value fish export rose to RO 6.3 m in 1984, and to RO 8.7 M. in 1985. The total catch in 1985 was 101,180 tons; in 1986 it declined to 96,354 tons.

Table 2.5  
Annual Catch  
(In metric ton)

1970s	60,000
1985	101,180
1986	96,354
1987	136,149
1988	165,576
1990	120,239
1995	139,900

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40 Middle East and North Africa Year Book 1987 p. 719.

### Export From Fishing Industry

1983	RO 4.4 m
1984	RO 6.3 m
1985	RO 8.7 m
1989	RO 15 m
1995	--

Source: FAO, Year Book.

In 1987 it rose again, to 136,149 tons, and in 1988 it reversed by 22%, to 165,576 tons. In 1989 fish exports were valued at RO 15 m., although the catch declined to 117,703 tons. The total catch in 1990 was 120,239 tons.

During the "fourth five-year plan the Fishermen's incentives Fund approved 2,583 applications for boats, depth finders, Fish detection systems, communication and miscellaneous equipment. 6,700 lobster pots were distributed free of charge and the Ministry's Marine workshops along the coast provide technical support, such as maintenance of fishing gear and serving outboard engines".<sup>41</sup> The Government also held a discussions with US Agency for International Development (USAID) Concerning the provision of finance for a project to develop and manage the local fishing agency. "In the last few years a total of RO 200 millions has been allocated to the fishing industry of which RO 84.1 million was set aside for investment in industrial vessels, small boats, shore facilities and transport. RO 25

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41 Oman'96 Ministry of Information Oman, pp. 118-119.

million was spent on harbours and RO 13.9 m on fish processing firms.<sup>42</sup> Towards the end of last year several new fishing harbour agreements were signed and foundation stones were laid at Quriyat, Shinas and al-Lakhbi, in the Wilayat of al-Jazer, for the construction of Jelhs, storage buildings and all the facilities necessary for a modern integrated fishing industry.

A new fishing harbour has been opened in this year at Bencha with the capacity for 200 small boats. This project has taken about 14 months to complete at a cost of RO 2.5 million.<sup>43</sup>

#### **Economic policies designed with an eye to the future**

In June 1995, the Vision Conference: Oman 2020 was held in Muscat with the motive of moving the economy into a new phase of development leading to higher growth and prosperity. The main aims are:

- (a) Economic and financial stability.
- (b) Reshaping the role of Government in the economy and broader private sector participation.
- (c) Diversification of the economic base and source of national income.
- (d) Globalisation of the Omani economy.
- (e) Human resource development and upgrading the skills of the Omani workforce.

In the year 2020, it is expected that economy will no longer rely on oil, but will be diversified, with higher

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42 Ibid.

43 Oman 1996, Ministry of Information, Oman.

levels of savings and investment, and other sources of national income from non-oil sector will assume the primary role:

"The Crude oil sector's share of GDP is estimated to drop to around 9% in 2020, compared with about 41% in 1996. The industrial sector where the major change is envisaged with the non-oil sector's contribution rising from 7.5% in 1996 to 29% in 2020."<sup>44</sup>

### **Conclusion**

So far the Omani economy has relied heavily on oil. This over reliance on oil, coupled with a competitive and often hostile international financial environment has led to a realisation on the part of the government that the economy has to be made more competitive and has to shed its over dependence on oil. It is for this that the government has decided to take steps to reduce the importance of oil in the Omani economy by the year 2020 by branching out and diversifying into varied areas of economic activities. Keeping in mind the international environment steps are also being taken to globalise the economy and make it more financially competitive. In tune with such a policy of globalisation and restructuring efforts are being made to equip the Omani population with the requisite technical skills and capabilities that would enable them to effectively participate as global workers in the global economy.

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## *Chapter-3*

# *Political Development*

## CHAPTER - 3

### POLITICAL DEVELOPMENT

The expulsion of Salim bin. Suwainin from Muscat by Ibadi tribes who desired a theocratic imamate initiated a new era in Omani history: For the next century the Al Bu Said dynasty of Muscat involved in a struggle for survival not just in Oman but also in Muscat. Oman and Muscat was divided politically in 1785. The tribes of the interior started electing Imams to rule their affairs whereas the Sultans of Muscat, were dominated by the colonisers, captured and controlled the coast. This political situation was formalised in 1920 with the treaty of Sib and did not end until 1954 when Oman was reunited by Sultan Said bin. Taimur"<sup>1</sup>.

Taimur was forced to abdicate the Sultanate and pass it to his noble son Said in 1931, but formally he was not recognised until 1932. Said Bin. Taimur had started to play an active role in the administrative system of Sultanate from 1929, as a President of the Council of Ministers. A well educated, ambitious ruler who was keenly aware of outside world. His main concerns were to maintain a balanced budget, find new sources of

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1 Calvin H Allen, Jr., Oman : The Modernisation of Sultanate, Westview Press, Colarado, 1987, p. 53

income, avoid Britishers as much as possible.<sup>2</sup> Oman in the late 1930s, when income from oil began to come in the form of oil exploration payments maximum amount of it went to Shiekhs from interior tribes as Said sought to enhance his position in the Imams territories. "Said could not, however, deliver access to potential oil fields in the interior to the oil company".<sup>3</sup>

Political situation in the interior was flux, because of external conflicts, Petroleum Development Council (PDO), which held the oil concession for Oman, took drastic action. "In September 1954 MOFF (Muscat and Oman Field Force) accompanied a PDO surveying team to Fahud and then, despite an explicit order to the contrary from the Sultan, seized the town of Ibri from the Imamate. The Imam's army attacked Ibri. "The Sultan seeing an opportunity to assert his control over the interior, now approved offensive action against Oman and defeated Imam in 1955. Then in December 1955 MOFF occupied Nizwa virtually without opposition".<sup>4</sup>

Although Oman reunified officially in 1955 with the abdication of the Imam and Said's conquest of interior, the country's difficulties persisted. The

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2 Ibid, p. 64.

3 Ibid, p. 64.

4 John Townsen, Oman : The Making of a Modern State, Croom Helm, London, 1977.

first challenge, "in May 1957 when the supporters of the Imamate staged an uprising in Oman to restore Imam Ghalib, was successfully quelled by Said, with British support. No sooner had the restoration movement been suppressed than a second challenge arose in Dhofan where local grievances against Said's tyranny were overlaid with Arab Nationalist and Marxist influence, resulting in a revolt beginning in 1961".<sup>5</sup> Gradually things became very clear before British that the main problem in Oman was the Sultan himself. The outbreak of insurgency action in northern Oman and the growing success of PFLOAG (Popular Front for the Liberation of Oman and the Arab Gulf) in Dhofan served to galvanise pro-regime opposition to Said bin. Taimur. The focus of Said's opponents inside Oman, and that of Omani's British allies, was the Sultan's son Qaboos. A palace coup in July 1970 brought Said's son, Qaboos, to power, and the young, modernising and popular new Sultan completed the unification of the country by 1976. After the coup 1970 the government expanded significantly, and Omani's began to play an increasing role in administration, although the basic principles of the political system remained essentially unchanged. After assuming power in 1970, Qabus ibn

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5 Calvin H Allen Jr., Oman : The Modernisation of Sultanate, Westview Press, 1987.



Said concentrated on restoring control over southern Dhofar region, which had been in rebellion against his father's oppressive rule. He used economic and military means, believing that poor economic conditions had helped motivate the Dhofari rebellion. By 1975 he succeeded in suppressing militarily the Marxist-inspired rebellion, and the sultan could turn to development issues and the establishment of modern governmental and administrative institutions. By the mid 1980s, virtually all regions of the country were linked by a network. Ministerial government transportation system and a telecommunications and the civil service were expanded, and limited participation in the political process was created in 1981 with the establishment of the State Consultative Council and in 1991, with the formation of the Consultative Council, an advisory body that superseded the State Consultative Council.

#### **THE DHOFAR REBELLION**

The Dhofar rebellion combined economic grievances with political ideology. Placed in a regional context, Arab nationalism, the principal ideology of the 1950s and 1960s, indicted the conservative monarchs of the gulf and demanded their overthrow. Oman was susceptible to these

populist stirrings, and, given Dhofar's economic backwardness, it was a tinderbox. Dhofaris resonated with the Marxist ideology of the People's Democratic Republic of Yemen (PDRY, also seen as South Yemen) during the late 1960s. The primary objective of the Omani liberation movement named the Popular Front for the Liberation of the Occupied Arabian Gulf (in 1972 renamed the Popular Front for the Liberation of Oman and the Arab Gulf and in 1974 further renamed the People's Front for the Liberation of Oman) was the removal of Sultan Said ibn Taimur. The government's policies and strategy after Sultan Qabus ibn Said's ascent to power diffused much of this opposition. Pacification occurred through the dual strategy of carrot and stick--military pressure and economic rewards.

Qabus ibn Said engaged neighboring states, apprehensive of the growth of left-wing movements in the region, in dispatching economic and military assistance. In 1973 the shah of Iran, fulfilling his self-perceived role as guardian of the Persian Gulf following the departure of the British, dispatched ground forces (eventually numbering more than 3,000) and air units to Dhofar to assist the sultan. Oman received annual financial aid of about US\$200 million from Abu Dhabi to

assist military and civil development projects and about US\$2.5 billion from Saudi Arabia, with which relations had improved. Britain, Jordan, Saudi Arabia, Egypt, and Pakistan provided training in military schools for armed forces personnel. The UAE and Jordan occasionally provided troop units for guard duty in the north, thereby releasing Omani units for service in Dhofar<sup>6</sup>.

To erode the Dhofaris' political will, Qabus ibn Said directed a disproportionate percentage of government revenues to the southern region. The shift was designed in part to augment military capabilities in the event of a resumption of hostilities and in part as economic appeasement. The construction of schools, hospitals, roads, and other infrastructure ameliorated the underprivileged status of the south.

Almost 25 percent of the approximately R0600 million (US\$1.8 billion) allocated for development between 1971 and 1975 went to Dhofar to improve transportation, education, rural health, and religious facilities. This amount was spent on projects in Dhofar, although the population only numbered about 50,000, in comparison with

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6 Ibid, pp-64

the population of the rest of Oman of 400,000 in the mid-1970s<sup>7</sup>.

The government also benefited from factionalization within the insurrectionary movement. The movement in the region had originally been organized in 1963 under the Dhofar Liberation Front, led largely by Arab nationalists and religious conservatives who could enlist support of tribal *shaykhs* in a common struggle against Sultan Said ibn Taimur. In 1968 the Marxists took over leadership, having the support of the PDRY, the Soviet Union, and China. Conservative Dhofaris broke with the movement, and when Qabus ibn Said seized power in 1970, many agreed to support him against the insurgency. By the mid-1970s, as many as 2,000 rebels had surrendered, been retrained, and incorporated into the Sultan's Armed Forces (SAF) as pledged under the terms of the amnesty declared shortly after the 1970 coup.

The government based its new administration and distribution networks on preexisting tribal structures. The government established centers headed by local representatives, usually minor tribal leaders elected by the population of their respective districts but who had

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7 <http://www.omannet.com>

8 John ,Townsen,Oman:The making of modern state,Croom Helm,London,1977

to be endorsed by the governor of Dhofar before assuming office. In the larger coastal settlements, local deputy governors managed the district administration independent of the governor of Dhofar. Most of these were major tribal *shaykhs*, who received a monthly stipend from the government and additional allowances, usually on state or religious holidays. The government's financial allowances to the *shaykhs*, irrespective of whether or not the *shaykh* held an administrative position, served to ensure allegiance to authorities in Muscat. Two state institutions distributed these allowances: the finance section of the wali (governor) and the palace administration, popularly known as *Diwan* Affairs.

#### **STATE FORMATION AND POLITICALLY INFLUENTIAL GROUPS**

The process of state formation facilitated by Oman's commercial production and export of hydrocarbon resources transformed the relationship between the ruler and the traditional political elite comprising the ruling family, established merchant families, and tribal *shaykhs*. While reinforcing some linkages, such as the central role of the Al Said and the political influence of the merchant families, other linkages, particularly the tribes, have diminished in importance. Society outside the capital and

urban centers remains tribal, with tribal leaders exercising political authority locally. But the power of tribes as regional pressure groups declined steadily as a result of the incorporation of rural areas into the government-administered sector. Oil revenues facilitated the transfer of some of the income from the state to society, creating a broader base. Pre-oil stratification of Omani society, wherein the ruler depended on the tribal *shaykhs* to ensure popular support, has partially been superseded by the establishment of a social welfare state through which the government fosters a direct relationship between the state and the individual. Government clinics, agricultural and industrial projects, schools, and employment in the public sector reinforce this new linkage.<sup>9</sup>

#### **Established Merchant Families**

Among the most important groups, in terms of political influence, are a number of merchant families whose economic wealth is predicated on the old, established links with the ruling family. These are members of families who settled in Muscat and the coastal region and include both Hindus and Muslims from the

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<sup>9</sup> Shahid Jamal Ansari; Political Modernisation in the Gulf, Northern Book Centre, New Delhi, 1998

Indian subcontinent and Shia from Iran. These families consolidated their power during the reign of Sultan Said ibn Taimur and continued to amass fortunes after 1970, largely through monopolistic or quasi-monopolistic franchises. None is directly involved in the oil business, but together they are the principal suppliers of goods to the government, local contractors, foreign firms, local consumers, and the oil industry. Valuable distributorships for consumer and capital services are under their aegis.

Close cooperation between the merchants and Sultan Said ibn Taimur evolved into a mutually protective relationship with civil servants in the Qabus ibn Said government. Included in this group are the Zawawis, whose roots are in Saudi Arabia. Qais ibn Abd al Munim az Zawawi, for example, as of 1991 served as deputy prime minister for economic and financial affairs. Apart from his ministerial position, Qais ibn Abd al Munim is a prominent Muscat businessman<sup>10</sup>. He was educated in India, has no hereditary relationship with the ruling family, and is well connected in the Arab world. His brother, Omar ibn Abd al Munim az Zawawi, a Harvard-educated physician, is considered the second wealthiest man in

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10 B.R.Pridham; Oman: Economic Social & Strategic Development, Croom Helm, London, 1987

Oman next to the sultan. Apart from being president of Omar Zawawi Establishment (the Omzest Group), which comprises about seventy companies and joint ventures, he is special adviser for external liaison to the sultan. The Omzest Group represents multinational companies, such as Daimler-Benz and Mitsui Engineering and Shipping Company, which is contracted to build the oil refinery near Muscat.

Another example of a merchant family drawn into the ministerial level is Said Ahmad ash Shanfari, the minister of petroleum and minerals, whose family origins are Dhofari and who has held the portfolio since 1974. The Shanfari family is related to Qabus ibn Said's mother and controls Shanfari and Partners, a contracting company involved in building infrastructure. Its bid was selected from among six contractors to build the new industrial estate at Raysut.

Khimji Ramdas, who heads the Khimji Ramdas Group, which holds international franchises ranging from consumer products and soft drinks to insurance and construction, is also in this circle. Yahya Muhammad Nasib, chairman of Yahya Enterprises, provides defense and communications equipment to the Ministry of Defense and other ministries. Other influential families include



those of Muhsin Haidar Darwish and Suhail Bahwan, chairman of the Bahwan Group, Muscat.

### **POLITICAL SYSTEM**

Government institutions on the national level include the Council of Ministers and two other bodies: the National Defense Council and the National Development Council. In 1992 the Council of Ministers had twenty-seven members, including the prime minister and three deputy prime ministers--for security and defense, legal affairs, and financial and economic affairs. The sultan occupied the sensitive posts of prime minister, minister of defense, minister of foreign affairs, and minister of finance. Sultan Qabus ibn Said controls all ministerial appointments and cabinet reshuffles. Policy formulation remains largely the product of person-to-person negotiations between the sultan and individual ministers.

The National Defense Council, working in conjunction with the Ministry of Defense and the Ministry of Interior, coordinates the activities of the Royal Armed Forces (formerly called the Sultan's Armed Forces) and the Royal Oman Police. The National Development Council manages national development planning, and all

projects involving more than a certain minimum expenditure require its review.<sup>11</sup>

### **Consultative Council**

In 1991 Qabus established the Consultative Council (*Majlis ash Shura*), a sixty-member body. The Consultative Council superseded the fifty-five-member State Consultative Council (SCC; *Majlis al Istishari lil Dawlah*) created in 1981 with significant regional and popular as well as official representation<sup>12</sup>.

Whereas the concept of consultation is an integral part of *Ibadi* Islam and the *imamate*, it was not a tradition incorporated into Oman's contemporary sultanate until Qabus ibn Said established the SCC by royal decree on October 18, 1981. Initially, the SCC consisted of forty-three members but was expanded to fifty-five in 1983 with representation of the seven geographic regions weighted according to population size and development needs. Nineteen members were government officials, and of the nineteen, eleven--undersecretaries of social service ministries--were the only permanent members of the SCC. The remaining seven government

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11 Shahid Jamal Ansari.op.cit.p-120

12 Ibid.p-121.

officials could serve a maximum of two terms (four years), as could other SCC members<sup>13</sup>.

Like the SCC, the Consultative Council lacks legislative powers but plays a consultative role. Its representatives come from Oman's fifty-nine wilayat (*governorates; sing., wilayah*). Candidates are selected by the wali (Muscat-appointed governor) and can be nominated by friends or themselves. After the nomination process, names of three candidates are submitted to the deputy prime minister for legal affairs in Muscat, who selects the final candidates, who must then be endorsed by the sultan.

Unlike the SCC, members of the Consultative Council cannot include government officials or civil servants. Although this condition automatically excludes a pool of politically experienced individuals, it is intended to circumvent potential allegations of conflict of interest. The inclusion of eleven undersecretaries in the SCC tended to strengthen it as a body codifying the status quo rather than offering legitimate criticism and alternative policies. The SCC's recommendations did not include defense, foreign affairs, or the petroleum sector. It convened three times annually, with each

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13 Ibid.P-121

session lasting three days to a week. The restricted format, infrequent meetings, and lack of veto power or legislative role combined to tie the SCC's hands. Despite these shortcomings, the news reports and televised broadcasts of the SCC exposed the public to a limited part of the government structure. It also modestly introduced the concept of accountability, although the ultimate authority of the sultan remained unquestioned.

The role of the new Consultative Council can perhaps best be understood in the framework of Oman's graduated development process. In 1970 Qabus ibn Said rejected a constitutional monarchy and parliamentary system in favor of preservation of the status quo. Subsequently, the SCC evolved from an earlier advisory body, the Council on Agriculture, Fisheries, and Industries, established in April 1979. The council was largely successful in serving as an "outside" body offering policy recommendations to the sultan and the ministers, although the scope of its consultation was relatively narrow. It was abolished in October 1981, and seven of its twelve members were incorporated into the SCC. The Consultative Council has modestly opened the Council.

## **Judicial System**

Oman's legal system is based on the Ibadi interpretation of the sharia (Islamic law), which is similar to that of the four orthodox schools of Sunni Islam (see Sunni Islam , ch. 1). Jurisprudence is administered regionally by the wali, in conjunction with the qadi, a judge who has attained that position either by graduating from an Islamic law college or by taking advanced study with local religious experts. Although primarily guided by the sharia, the system aims at arriving at a fair decision or compromise acceptable to all parties. Invariably, tribal law has become mixed with religious law. Modern commercial law, borrowed from other parts of the Middle East and Europe, also operates in the business sphere.

Although originally political in nature, the differences between Sunni and Shia interpretations rapidly took on theological overtones. In principle, a Sunni approaches God directly: there is no clerical hierarchy.<sup>14</sup> Some duly appointed religious figures, such as imams, however, exert considerable social and political power. Imams usually are men of importance in their communities, but they need not have any formal

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training. Committees of socially prominent worshipers usually are responsible for managing major mosque-owned lands. In most Arab countries, the administration of *waqfs* (religious endowments) has come under the influence of the state. *Qadis* (judges) and imams are appointed by the government.

The Muslim year has two religious festivals: *Id al Adha*, a sacrificial festival held on the tenth day of *Dhu al Hijjah*, the twelfth, or pilgrimage, month; and *Id al Fitr*, the festival of breaking the fast, which celebrates the end of *Ramadan* on the first day of *Shawwal*, the tenth month. To Sunnis these are the most important festivals of the year. Each lasts three or four days, during which time people put on their best clothes and visit, congratulate, and bestow gifts on each other. In addition, cemeteries are visited. *Id al Fitr* is celebrated more festively because it marks the end of *Ramadan*. Celebrations also take place, although less extensively, on the Prophet's birthday, which falls on the twelfth day of *Rabi al Awwal*, the third month.<sup>15</sup>

With regard to legal matters, Sunni Islam has four orthodox schools that give different weight in legal opinions to prescriptions in the *Quran*, to the *hadith*, to

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15 <http://www.arabnet.com>

the consensus of legal scholars, to analogy (to similar situations at the time of the Prophet), and to reason or opinion. Named for their founders, the earliest Muslim legal schools were those of Abd Allah Malik ibn Anas (ca. 715-95) and An Numan ibn Thabit Abu Hanifa (ca. 700-67). The Maliki school was centered in Medina, and the lawbook of Malik ibn Anas is the earliest surviving Muslim legal text, containing a systematic consensus of Medina legal opinions. The Hanafi school in Iraq stressed individual opinion in making legal decisions. Muhammad ibn Idris ash Shafii (767-820), a member of the tribe of Quraysh and a distant relative of the Prophet, studied under Malik ibn Anas in Medina. He followed a somewhat eclectic legal path, laying down the rules for analogy that were later adopted by other legal schools. The last of the four major Sunni legal schools, that of Ahmad ibn Muhammad ibn Hanbal (780-855), was centered in Baghdad. The Hanbali school, which became prominent in Arabia as a result of Wahhabi influence, gave great emphasis to the hadith as a source of Muslim law but rejected innovations and rationalistic explanations of the Qurañ and the traditions.

## **POLITICAL CHANGE :**

The creation of the Omani Consultative Council, in 1991 was an attempt to link together the broader concept in Islam of *al-Shura* with local Omani traditions of participation rooted in 'Ibadhism', and with global political participation concepts which have found a foothold in the Arab Gulf states since the 1960s.<sup>16</sup> Small in size, homogenous population and significant wealth are the reasons for this. Oman has been too easy to govern than other large, more populated and diverse Arab countries. Since 1970, Sultan Qaboos and his ruling elite have been controlling all institutions of state, leaving no other social group to counter for state power. However, due to the changes in the political climate in the region after the 1991 Gulf War, the collapse of Communism in the erstwhile Soviet Union and Eastern Europe and the rise of Islamist opposition movement through out the Middle East. Qaboos decided to liberalise Oman's political system gradually and without antagonising his traditional power base.

### **The State Consultative Council (SCC) :**

The formation of OCC (Omani Consultative Council) which was based on SCC established in 1981 by

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<sup>16</sup> Abdullah Juma., Al-Haj : The Politics of Participation in the GCC, Middle East Journal, 1994, p. 560.



Sultan Qaboos. In his inaugural speech elaborated the need of this Council and aimed at to prepare the Omanis to voice their opinions regarding the government to implement the state policies, and to encourage the government to follow, in 1990, again Qaboos announced that a *Majlis al-Shura* was to replace the SCC.<sup>17</sup>

Initially it was comprised of 45 members including the chairman. SCC's membership included of members representing the government, 17 representing the Omani *Wilayat*, and eleven from private business sector.<sup>18</sup> The formation of this council was only to advice on policies concerning economic and social development related issues in Oman. These opinions have to be submitted to Sultan.

It is true that the SCC was not absolute or even decision making body, but its creation was a definite transformational step away from absolute authoritarian tribal rule. There had never been any such type of advisory council before, nor built a modern state institution.

Two year later, in 1983, Sultan Qaboos increased the number of SCC members from 45 to 55. The *Wilayat* got more representation which was increased to 25

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17 Sultanate of Oman, Ministry of Information, Oman 1994, p. 34.

18 Shahid, Jamal Ansari : Political Modernisation in the Gulf, Northern Book Centre, New Delhi, 1998.

from 17 in 1981. Nomination of 11 government representatives was formulated to act as under secretaries of various ministries, such as education, health, social affairs, economy, industry and housing, and the functions of which related to the work of the SCC.<sup>19</sup>

**Organisation and Functions of OCC :**

The SCC could not fulfill the aspirations of some members of the ruling elite and started questioning Sultan Qaboos on whether this traditional system of rule was in the long-term interest of Oman, which compelled Qaboos to come up with new policy in which the SCC, will be given more power and authority, involve it in a wider range of activities, and include ordinary citizen in order to enable it to play more significant role in the political, economic and social development of the country.<sup>20</sup>

In 1990, Sultan Qaboos announced that a new council, the Omani Consultative Council, was to be set up within a year. By November 1991, the new council was set up and its authority and framework had been defined by

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19 Abdullah Juma, Al-Haj : The Politics of Participation in the GCC, Middle East Journal, 1994, p.

20 Abdullah Juma, Al-Haj : The Politics of Participation in the GCC, Middle East Journal, 1998, p. 561.

"Sultanistic" decree. This decree became effective on 1<sup>st</sup> December 1991.

The OCC comprised of the representatives of 59 wilayat of Oman and had 59 members and a chairman. Even though the decree also stated that the members of the OCC were to be elected the reality turned to be somewhat different. Each member was chosen by Deputy Prime Minister for Legal Affairs from a list of three candidates indirectly selected in caucuses held in the wilayat in which hundreds of leading citizens participated.<sup>21</sup> Gradually, an attempt to introduce more reforms were demanded by the citizens as well as members of ruling elite made the situation for Sultan Qaboos to give one more thought on OCC. In 1994, he decided to increase the number of members from 59 to 79 and a chairman, his new regulation, in which each wilayat with a population of less than 30,000 had to elect two representatives, one of whom was then nominated to the membership of the OCC, the new OCC doubled the number of representative for all the wilayat with more than 30,000 citizens.

The functions of the OCC include reviewing and offering consultative opinions on legislation related to

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21 Ibid, p. 562

social and economic affairs, giving opinions on general policies presented by the council of ministers, making proposals on new social and economic legislation, participating in the preparation and implementation of government plans. Article 10 of the same decree indicates that the council of ministers is required to meet with the OCC twice a year. Article 11 gives the OCC the right to pose questions to the Ministers, individually.<sup>22</sup>

#### **THE ISLAMIST CHALLENGE AND OPPOSITION :**

In an unusual press release, in 1994, the government announced that the security services had unveiled a secret organisation that was using to cause civil unrest and national disunity in the country. The organisation was said to have more than 200 members, all of whom had been arrested by the authorities for questioning in May 1994.<sup>23</sup> *Al-Oamani* the official news agency of Oman, emphasised that the organisation had external connections both financial and organisational,<sup>24</sup> and the government sources mentioned that he detainees

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22 Ibid, p. 565

23 Oman, 29 August, 1995

24 Al-Omani News Agency (Muscat), 28 August, 1994.

were political activist belonging to the *Muslim Brotherhood*.

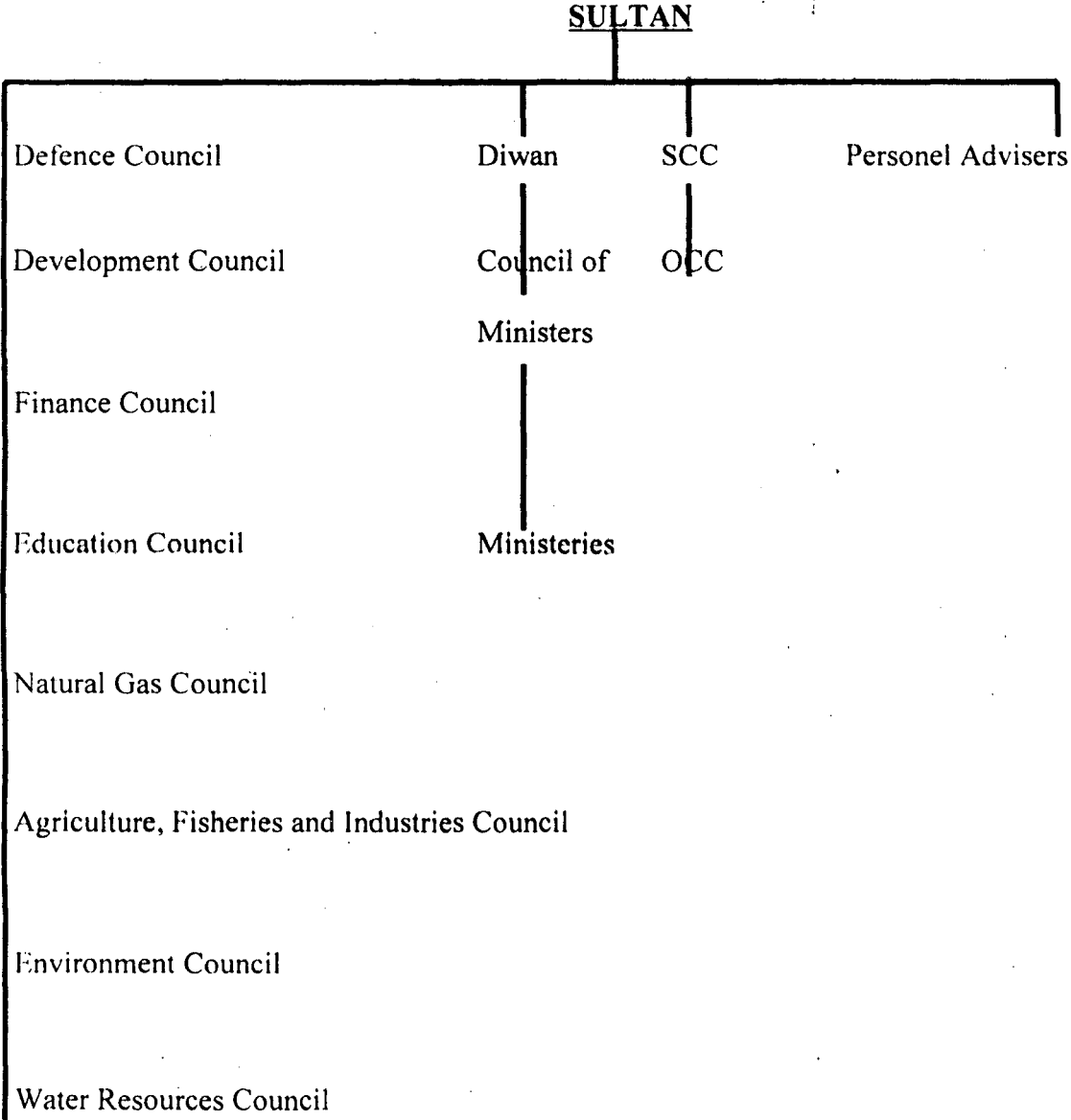
It was the largest single operation against a particular group since the crackdown on the popular front for the liberation of Oman (PFLO) in the Mid-1970s.

The most important and long lasting challenge to Sultan Qaboos regime, however, comes from modernisation and its values which conflict with traditional Imani culture. Modernising political and economic institutions implies some from westernisation, and whenever the process of modernisation had an impact in the Gulf region, it has contributed, to some extent to secularisation. To the Islamist this is unacceptable.<sup>25</sup> In all GCC countries, religion and traditional values are still important in all political, economic and social processes. And yet, in all GCC states the emerging political opposition movements have had a religious basis.

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<sup>25</sup> Abdullah Juma, *Al-Haj : Politics of Participation in the GCC*, Middle East Journal, 1994.

**FORMAL GOVERNMENT STRUCTURE**



### **The Role of Women in the OCC**

The OCC is the most recent such organisation within the GCC. All the GCC states except for Saudi Arabia introduced similar council along before Oman. In fact some GCC states created even more advanced institutions in the form of assemblies, such as Kuwaiti Majlis al-Umma in 1963, and the Bahrain National Assembly established in 1975.<sup>26</sup> The only significant difference between OCC and those of other GCC states is that for the first time, two women, Shukur Bint-Muhammud al-Ghamari and Tayba bint-Muhammad al-Mawli were nominated as the members of the OCC.<sup>27</sup> Women's participation in the OCC gives them certain right that are still denied to women in other GCC states.

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26 Abdullah Juma, Al-Haj : Political Participation in the GCC, Middle East Journal, 1998.

27 Ibid, p. 566.

**STATISTICAL BREAKDOWN OF AREAS, WILAYAT, AND  
REPRESENTATIVES OF THE OCC**

Area	No. of Wilayat	No. of Representative	Men	Women
Muscat	6	11	9	2
Batina	12	20	20	0
Sharqiya	11	14	14	0
Dhahira	5	6	6	0
Wusta	4	4	4	0
Dhufar	10	10	10	0
Musandam	4	4	4	0
Others	7	10	10	0
<b>Total</b>	<b>59</b>	<b>79</b>	<b>77</b>	<b>2</b>

(Source : Al-Khalij, 21 November, 1994)



### **Conclusion :**

Thus political change in Oman has occurred in several stages. With the discovery of oil and the accumulation of oil wealth came an aggregation of power by the ruler and ruling families. Oil income has been seen as a fief for the benefit of the ruling family, either directly through the provision of generous allowances or indirectly through manipulation of nascent government agencies letting development contracts. Only gradually was the ruler and there by the state, able to reassert control of the purse and of government organs.<sup>28</sup>

A constitutionalisation process has been initiated which generally involved the acceptance of written constitution at independence, with some measures at transference of right to rule from simply tradition, within a tribal and Islamic context, to the exercise of authority in the name of the people. Political change has been the "process of institutionalisation, which has embraced a number of aspects, writing of formal constitutions and in the creation of a broader constitutional framework, which defines the nature of organisation of state and determines the scope and extent of activities of the regime. Second, the government

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28 Shahid Jamal,, Ansari : Political Modernisation in the Gulf, Northern Book Centre, New Delhi, 1998.

structure has expanded tremendously as a result of a change in expectations. Third, the rough and ready justice, based on Islamic and customary precepts dispensed by the rulers in the past, has given a way to a complex legal structure, partly Islamic, partly western, and embracing commercial, banking, labour, administration and criminal regulations.

*Chapter-4*

*Social Development*

## CHAPTER - 4

### SOCIAL DEVELOPMENT

The idea of social development has had a long and chegerred history. For a very long time, it remained circumscribed with in the idea of economic development. The idea was that economic development would in itself lead to social development. However, the realistic forced the perception of the leading intellectual of the 'boom' time to rethink their positions. Even then, social development was basically treated as an accompaniment of economic development. This meant/translated into the fact that social development should enhance economic development. This situation had continued fairly recently until it was challenged by economic and social philosophers of the 'social choice' theory such as Amratya Sen and others.

Today, social development is valued for its intrinsic worth; for itself. The very fact that the literacy promotes a comprehensive world view and enables and empowers a person to make intelligent social choices is reason for the massive drive for primary education. In a world where meanings are being inevensingly conveyed through words, illiteracy can be a handicap to interact with today's world. Literacy and education therefore mean overcoming that handicapping, it also means empowering people. However, the handicaps are just too many in a Third World country. Health therefore

becomes a major issue of social development and through that the question of women's right comes into the picture.

Social development therefore, as a concept has too many interwoven strands; the complexity of which needs to be grasped fully. Social development also stands for participation of the amasses in the affairs of the country.

On understanding the social development of Oman we have to keep above points in mind. Oman after the 70s has made satisfactory progress in terms of basic education and incalculating the spirit of popular participation in the country's affairs. The health facility has improved a lot. Yet a lot remains to be desired. Let us therefore, look at these aspects at greater detail.

#### **Social Geography and ethnic groups**

The Sultanate of Oman occupies most of the South-eastern part of the Arabian peninsula. It has coastline of some 1,800 km facing the Gulf of Oman and the Arabian Sea. Its neighbours are the UAE to the north and west, Saudi Arabia to the west and the PDRY to the South West.<sup>1</sup> A detached area of Oman, separated from rest of the country by UAE territory, lies at the tip of the Musandam peninsula, on the southern shore of the strait of Harmuz. The total area of the country is about 300,000 sq. km. Oman's frontiers have not been precisely defined or agreed by international treaty.

No census has ever been held in Oman before 1993 and

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1 John Townsend, Oman: The Maning of a Modern State Croom Helm, London, 1977, p. 15.

**Table 4.1**

**BIRTH RATE, DEATH RATE AND POPULATION OF OMAN**

<b>YEAR</b>	<b>TOTAL POPULATION (‘000)</b>	<b>BIRTH RATE (Per Thousand)</b>	<b>DEATH RATE (Per Thousand)</b>
1975	766	48.9	17.0
1980	984	47.7	13.0
1985	1,242	45.9	7.0
1990	1,502	N.A.	N.A.
1994	2,116	39.0	7.2
1995	2,139	34.0	6.1
1996	2,215	30.0	4.4

**Source :** World Development Report, 1998.

**Note :** N.A. denotes to Non-Availability of data.

estimates of the country's population vary widely between the nation's own figures with independent international organization. The UN, population division, basing its assessment on a mid 1975 figure of 766,000 and 1,242,000 for mid 1985 and at 2,288,000 in 1998. It was also estimated that the population of the sultanate increasing by 3.6% annually.<sup>2</sup> According to the Surveys conducted for the 1981-85 Development an increasing number of expatriate workers were entering the country, and Omanis were expected to constitute only 45% of the total Labour force by 1985. The numbers of expatriate workers in Oman was estimated at 3,50,000 in 1992. The majority of the population are Ibadi Muslims, and about one-quarter are Hindus.

"Oman exhibits an incredible ethnic diversity. Although Arabs dominate numerically and culturally, minority groups have flourished, from the Shihun in Ru'us al-Jibal, to Indians and Baluchis in Muscat, to Jibalis in Dhofar. Furthermore, the Arab population itself is not homogenous but is divided religious and tribal distinctions.<sup>3</sup> Oman is a part of Arab State, which is being served by traditional tribal organisation as the unit of society. Oman's population is divided into many tribes of varying size and cohesiveness with such factors as geological origins, traditional alliances, religion and economic patterns, all

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2 Middle East and North Africa Year Book, 1997.

3 John Townsend, Oman: The making of Modern State, Croom Helm, London, 1977, p.

contributing to the inter-ethnic solidarity.

A tribe is simply a class or group of class which is a pragmatic institution that can lead to either divisiveness, with tribes claiming only a few members, or unity with other country several followers. Tribes may join or fragment into many more to form a single tribe or there is a loss of consensus about an ancestor as happened in Oman.

Tribes in Oman have had a great deal of local autonomy. Sheikh would be supreme in all formal structure. Whose chief duties are to mediate disputes within the group and to lead it when conflict arises with outsiders. The office is not hereditary, but Sheikhs are normally selected from ruling elite. Consensus rather than formal election is the rule legitimacy is conferred through continued satisfaction with the manner in which duties are performed.<sup>4</sup> Tribes with many classes or tribes have a paramount sheikh, known as Tamimah. In practice the position of Tamkimah is hereditary. Tamimah has always tended to be involved with "national" affairs not purely tribal ones, leaving those to the Sheikhs of the individual class. Five Tamimahs namely, The Hirth, Bani Riyam, the Bani Ruwaha, the Hinawi, and the Al Bu Said, are most important which dominated Omani politics for the past two hundred years.<sup>5</sup>

Omani population is divided between two major tribal confederations -- the Hinawi and the Ghafin, but

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4 Calvin, Allen H. Jr., Oman: The Modernisation of Sultanate, Croom Helm, London, 1987, p. 9.

5 Ibid., p. 11.



historically Ibadis have been serving as the focus of Omani nationalism. The above mentioned confederations originated, according to their customs, although dichotomy probably derives from the Arab settlement of Oman with one faction representing the earlier wave of immigrants and the other the later wave. Civil war in the eighteenth century the Yamani tribes followed the lead of the Hina tribe and the Nizav tribes followed the Bani Gafiv. Over the centuries, the confederations have assumed religious attributes as well with the Ghafin often described as Sunni and the Hinani as Ibadi.

Although Arabs domination of Oman and their social organisation and culture set the standard for the entire country, other ethnic groups have flourished in the Sultanate. The largest component of the Shihuh, divided between the Bani Hadiya and Bani Shatair tribes, claims descent from the original Arab settlers. A second component is the Dhahinin, who also claim to be Arab and deny that they are Shihuh. Finally the Kukmazarah, most prominent on the east side of Ru'us al-Jibal and allied with Shateriv, speak a Persian dialect and may be of Baluchi origin. In religion Shihuh are Sunni. About 30,000 Baluchis principally from the Huti and Zidgali tribes, have settled in Oman from the Makran coast of Pakistan.<sup>6</sup>

Migration of Indian communities also can be traced in

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6 Calvin, H. Allen Jr., Oman: The Modernization of Sultanate, Croom Helm, London, 1987, p., 13.

Oman, primarily in the capital Muscat, Matvah and the towns of Batinuh. Until 1970 Hindu Barians from the Bhattia caste of Kuch dominated the Omani commerce. The community was granted religious freedom in Muscat, where it built several temples and other religious buildings. A second group of residents from India is the Liwatiyah. The group has obscure origins perhaps in Sind. During the 19th century the Liwatiyah Indians were Israeli Shia's, but the community broke with Agha Khan during the 1860s and the majority converted to Ishna ashari Shiaism. The community also has its own court system and schools.<sup>7</sup> Since 1970, the Liwatiyah have made active efforts to become assimilated into Omani society. Most of whom adopted Arabic language and dress.

A large number of minority groups can be found in Oman. The original inhabitants of Oman are from Bayasiva, a widely spreaded. Although organised into tribes, the members have never been accepted by the Arab tribal structure and remain second class clients. A similar group is Zatulies, who are considered non-Arabs, but of unknown origin. According one opinion, they are northern Arabian gypsies, where as, another suggest that they have Indian origins. In the larger towns Zatulies are active in carpentry and metal work trades. In Muscat and Mutrah a small Shiit community known as Baharuh lives there. In Dhofar the most significant group is the Jibalis considered Arabs, the Jibalis speak

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7 B.R. Paridham, (ed.), Oman: Economic, Social and Strategic Development, Croom Helm, London, 1987.

dialects of Arabic very closely a kin to ancient South Arabic, which are intelligible to the Omani cam-patriotes. This group is divided among the Igava, who also oline on the Salah plane, and their clients the Shahava, who may be the original inhabitants of Dhofar, and small group of Mahona concentrated in the Jaba-al Samhan.

### MODERNISATION

The real challenge before the Arabs in general and Oman in particular today is how to revive the consciousness of the Omanis of their self-identity and find out indigenous model of development. To that end, Islam, which is inherent in Oman culture, occupies an important position.<sup>8</sup>

However, the trend of religious assertion feel short of conceiving Islam as an ideology. In other words, while the adherents of this trends are aware of the ideas and principles of Islam which could guide the change<sup>9</sup> in the area, they failed to organise those ideas and principles into one set of thought that could meet coherently the requirements of the various demands of progress.

Modernisation in Islam, as can be deduced from Quvan, has its specific meaning. "Modernisation is the mandale of God to oman". It is the process of societal progress where the economic and technological advancement of man is

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8 Shahid Jamal Ansari, Political Modernisation in the Gulf, Northern Book Centre, New Delhi, 1998, p.20.

9 Ibid., p. 20.

accompanied simultaneously by his endeavours to identify himself with society and nature in terms of God's commands.

While the secular concept of Modernisation rests on the faith and effort of man's increasing control over his natural and social environment, it excludes God from that process. However, for Islam there is no conflict between its thought and Modernisation since the case of thought is man's progress.<sup>10</sup> To that effect, it would be suggested that Modernisation in terms of the Qurān could be identified as follows: Modernisation is the mandate of God to man. It is the process of human progress wherein the technological advancement of man is accompanied simultaneously by his endeavours to identify himself with society and nature in terms of Gods commands.<sup>11</sup>

In this way modernisation in Oman basically, started with the change of leadership in 1970 on the action of Sultan Qaboos, when a new commitment to economic and social development based on the discovery of oil in 1964, and its export after 1967, was made. However, modernisation in Oman is not an abrupt break from its traditional past, the dominate group, Ibadis which had considerable clout in the pre-1970 period, also continued after the coup. However, in order to make the particular interest of this group, as the general interest of the entire country a anew slogan by the name of Omanisation was paddled by the state. This was done

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10 Ibid., p. 21.

11 Ibid., p. 21.

mainly, to cloak the interest of the hitherto dominate groups, but also because the coup of 1970, in a very fundamental sense have raised the people's expectations in general. Thus Omanisation served a dual purpose, on the one hand, the interest of the ruling elite went on unchallenged. While on the other hand on the popular level there was sense of participation in the affairs of government. And in order to ensure popular support Omanisation meant the extension of social services such as health and most importantly education. But modernisation in Oman or Omanisation also brought in its wake large private capital particularly from the west. The combined effect of these two social processes has meant, the creation of professions and occupations whose interest is contingent upon the extension of large scale private capital. Thus the contradiction within Omanisation will sharpen, as the Omani ruling elite will try to safeguard its own interests as against the expansion of large scale private capital, particularly western. Combined with this Oman will see the import of cultural items, particularly in the sphere of education, which might rise to challenge the ruling clique. However, for this to happen Thirty years is a very short time for the formation of a class which would challenge the ruling clique in defence of its own interests. In a purely Muslim society it will be highly speculative say what shape this contradiction will take. But going by the example of other Muslim society it can be said that religion will provide the catalyst for sharpening the contradictions within Oman. Within Islam

there has always existed a tension between the city bread traders and merchants in the majority of tribal population. Most of the time it has so happened that the city bread minority has ruled either with force or consent in the name of Islam or the country. Whether the similar thing gets repeated in Oman or the marginal tribal population in alliance with other ethnic groups change this course of history will largely depend on the ways in which modernisation is received and perceived by the majority population.

#### EDUCATION

Progress in education in the sultanate over the past fifteen years has been impressive. Financial investments have been growing rapidly, even by Gulf standards, and represent the major commitment of the Omani government to the development of indigenous human resources in order to further social and economic progress.<sup>12</sup>

Educational advance in Oman, in its rapidity and recency, and its capacity to develop society, mirrors economic development as a whole in the sultanate. For modern economic development began in Oman in 1970, rather later than in the other GCC states, with the accession of Sultan Qaboos.<sup>13</sup> The investment of revenues from oil has

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12 B.R. Pridham, Oman: Economic, Social and Strategic Development, Croom Helm, London, 1987, p. 145.

13 Ibid., p. 146.

**TABLE 4.2**  
**OVERALL EDUCATIONAL STATUS IN OMAN**

<b>Details</b>	<b>1987/88</b>	<b>1988/89</b>	<b>1989/90</b>	<b>1994/95</b>
<b>Primary</b>	367	370	388	425
<b>Preparatory</b>	249	267	283	438
<b>Secondary</b>	62	66	70	140
<b>Higher</b>	N.A.	N.A.	N.A.	N.A.
<b>University</b>	N.A.	N.A.	N.A.	1
<b>Boys</b>	148,509	160,561	174,707	254,367
<b>Girls</b>	120,213	134,373	148,761	233,773
<b>Teachers</b>	11,990	12,860	13,695	22,278

Source : UNESCO, Statistical Yearbook, 1996.

accelerated the rate of economic growth, and great strides have been made in the provision of physical infrastructure as well in education. Overall, modern economic progress is transforming the urban and village landscape of the Sultanate.

In 1970, there were only three schools within a total of 909 pupils and 30 teachers. By 1983/84, the numbers of the boys and girls enrolled in primary, secondary intermediate education in Oman had reached 164,316. In addition, about 2,040 students were enrolled in Universities abroad in 1983-84, and over 2,500 in Agriculture, commercial and special schools.<sup>14</sup>

Primary education is begins at six years of age and last for six years. Secondary education is also lasts for six years, divided into two equal stages: preparatory and secondary. In 1970 Oman had only 16 primary schools, with 6,941 pupils, and no secondary schools. As a proportion of the appropriate age-group, enrollment in primary schools was about 3%. Although education is still not compulsory, has greatly increased. In 1986 the total attendance at primary and secondary schools was equivalent to 69% of all school-age children (boys 77%; girls 61%). Primary enrollment in that year included 80% of children in the relevant age-group. In 1986-87 enrollment in general and technical institutes rose to a total of 247,546 students, of whom 56% were boys. By 1987-88 there were 367 primary schools, 249

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14 Ibid., p. 146.



preparatory schools and 62 secondary schools in Oman, and attendance figures had risen to 268,722, of whom 58% were boys. In that year there were 11,990 teachers. In 1989-90 there were 388 primary schools, 283 preparatory schools and 70 secondary schools. The total number of students was 323,468, of whom, 54% were males. The number of teachers rose by 6% in 1989-90 to 13,695, while in the same period, the number of pupils increased to 323,468 and total of schools to 741. In 1994-95 there were 1033, schools the total number of pupils increased to 494,144 and teachers rose to 22,594.<sup>15</sup>

A Teacher Training Institute was opened in 1978, but, following changes in the education system in 1984, it became known as intermediate Teachers Training College, consisting of five colleges by mid-1988. Special institutes have also been established to skill students in technology and agriculture. In 1970 an estimated 80% of adult population were illiterate. In 1987-88 10,625 adults attended 248 literacy centres, and 209 adult education centres served an additional.<sup>16</sup>

The first national University, named after Sultan Qaboos, was opened in September 1986. The University campuses five colleges: Education and Islamic Sciences, Agriculture, Engineering, Science and Medicine. The University has the capacity to enrol 3,000 students;

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15 Middle East and North Africa year book, 1997.

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however, there are now more than 3,600 of whom 65% are female. The total intake for the seven faculties in the 1995-96 academic year was 1,300 students. Separate residential accommodation for young men and women is provided at the University following the collegiate system.<sup>17</sup> The first graduates of Sultan Qaboos University matriculated in 1990. Government expenditure on education increased from 3.7% of budget spending in 1972 to 11.3% in 1987. Government spending on education in 1991 was RO 180.1m., representing 11.4% of total expenditure.

In practice, difficulties of selecting priorities within the economy and society make the development of an education and training system that is to serve various aims a particular difficult task. It is a task fought with difficulties of prediction, planning and implementation. In the case of Oman, a strong and imaginative start has been made with planning and effective Human Resource Development.<sup>18</sup> The Education and Training Council is being successful in strategy and policy definition, and the various executive ministries are keen to expand further to fulfill their particular responsibilities in human resource development. Some early results should give encouragement for further efforts.

### **Higher Education**

In January 1994 the Ministry of Higher education was

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17 Oman'1996, Ministry of Information, Oman.

18 B.R. Pridham, op. cit., p. 166.

established by Royal decree with the Minister having special responsibility for Sultan Qaboos University. The Ministry also supervises other higher education institutions and centres of scientific research and is responsible for formulating higher education policies and administering the law on grants and scholarship.<sup>19</sup>

As a part of the fifth five-year plan, two new colleges of higher education are being established. The faculty of Shariah and law in Muscat, which opened in September 1997, will prepare Omanis to become judges and legal experts on a four year course that will lead to a Bachelor's degree in both Islamic Jurisprudence and law. In the current academic year there are 120 students, 30 of whom are women. All the Students admitted achieved over 80% in their secondary school examinations last year. The academic year at the new college divided into two terms, each of 16 weeks.<sup>20</sup> The first year is a general foundation course to prepare students to either specialise in law or the Sharia in accordance with their wishes and performance in their first two terms. The former Islamic Institute at al-Wattayah was modernised to accommodate the new college, which was proposed by Sultan Qaboos.

For it is with investments in education and training that Oman is ensuring a balanced by dynamic economy and society of the future.

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19 Oman, 1997, op. cit., p. 152.

20 Ibid., p. 152.

## HEALTH

Oman has a free National Health. At the time of the 1970 coup the average life expectancy was 47 years; today it is 73. Health care has similar progress as education. In 1970 Oman had one hospital with twelve beds, operated by U.S. missionaries, and nine government health centres, whereas now there are around 54 hospitals, 116 health centres and 5 polyclinics through out the length and breadth of the Sultanate. By the end of this year the new ultra-modern 482 bed hospital at sohar will be operational and the Ministry is in the process of expanding and improving the facilities of existing hospitals.<sup>21</sup> As a result of this extensive hospital and health network, access to treatment has become much easier for the great majority of the population. The remote areas are still served by visiting medical teams but less than 5% of the population are more than one hour's travelling time from a health centre or hospital. There has been a significant decline in the infant mortality rate from more than 180 per 1000 live births in 1970 to about 15 per thousand at present.<sup>22</sup>

With the rapid development of the country the socio-economic changes in people's life styles, there is an increase in non-communicable disease. Such as diabeties and cardiovascular illness.

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21 MEANDNA year book, 1998.

22 Oman 1996, op. cit., p. 169.

Oman has fertility rate of 3.7 per cent which not only doubles the population every twenty years but also creates health problems for mother and child. Although birth rate in 1970-75 was 48.9 per thousand, and now it has been decreased to 30 per thousand, Simultaneously the death rate in 1970-75 was 17.0 per thousand, in 1980-85 it was 13.0 per thousand and now it is 4.3 per thousand. Ministry has also launched a campaign to put across the message that birth spacing is not against the customs of Oman, but it is essential for the well being of the whole family.

The Ministry lays great emphasis on all aspects of health education, believing that prevention is better than cure. Attention is paid to hygiene and sanitation in order to eliminate common communicable diseases like diarrhoea and acute respiratory infection to which children are particularly vulnerable.

#### **STATUS OF WOMEN**

Islam accords very nearly an equal status to women as compared to men. Both are equal in the eye's of God as regards performing the duty and obeying the orders of God. In fact in Islam women have a much greater maneuvering space which means that the potential to raise the status of women lies within the ambit of religion.

In Oman as in other countries the powerful groups in society are all dominated by men. Hence, women are removed from positions of power. Thus, they are highly under-

represented in sectors, such as economic and political participations. In Oman, the home remains the women's world. Her activities are limited to raising children, tending to domestic affairs such as cooking and visiting with other women. Few women are seen in public, especially in the Arab-dominated interior; these that do venture out are shrouded in black robes and usually veils. An exception to this pattern are Bluchi, and Indian women.<sup>23</sup>

Life is changing for an increasing number of Omani women. The government has sought to provide far greater opportunities for the country's women than have some of its Gulf neighbours. Although they follow the Muslim regulations on segregation of the sexes in schools and medical facilities, women do mix with men occasionally in the work place, and some holds administrative positions in government in which they supervise male employees. The women branch of the Royal Oman police, which perform various functions such as customs inspection at airport, is one of the most highly respected institutions in the country.<sup>24</sup>

Woman forms one of the most important responsibilities of the Ministry of Social Affairs, Labour and Vocational Training. Women who wish to work are encouraged to do so. In 1997, there were 12,350 working in the public sector and 5,483 women were recorded as working in the private

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23 Calvin H. Allen, Tr; Oman: The Modernisation of Sultanate, Croom Helm, London, 1987, p. 103.

24 Ibid., p. 103.

sector.<sup>25</sup>

The Ministry has established seven women's training centres in different parts of the Sultanate, while other centres have been set up with voluntary contributions. The centres train women in needlework, embroidery and home economics, as well as in traditional local crafts, which they are helped to sell through marketing facilities provided by the Ministry. Women are encouraged to open tailoring shops in rural areas after attending a training course. In 1997, a second group of 594 trainees, both men and women, began tailoring and embroidery courses in 14 rural areas. The first batch of trainees, who completed their course last year, have already opened 75 tailoring shops with the help of the Ministry, which facilities interest free loans from the banks for trained tailors.<sup>26</sup>

The voluntary centres also organise a variety of activities, including lectures and literacy classes. In conjunction with the Ministry of Health, Women are given courses in hygiene, birth spacing and other health matters. The centres have play-group corners where mothers can leave their children while they carry on with their activities.

There are now 36 day-nurseries established for small children in various parts of the Sultanate. These are run privately, but are carefully supervised by the Ministry

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25 Oman, 1997, Ministry<sup>8</sup> of Information, Oman.

26 Ibid., p. 130.

which lays down regulations for their activities.<sup>27</sup>

Women's Associations play an important role in the voluntary sector. In 1997, there were 21 Associations with a membership of 1,960 women who co-operate with Ministry staff in carrying out social work within the local community. There is an annual competition between the Associations for which prizes are awarded by the Ministry. In 1997, first prize went to the women of Nizwa, followed by Ibra, Salalah, Saham and al-Khabourah.

### **SOCIAL CHANGE**

Any society that witnesses a drastic restructuring of its economic and developmental sphere will definitely witness a subsequent ramification in the social sphere too. This is particularly true of Oman with reference to the transformation succeeding the oil boom. The capital accumulation that was enabled by the oil money gave the Omani state adequate opportunities to go in for marked changes in the social sphere. The general welfare of the Omani people have witnessed an upgradation by the introduction of educational and health improvement. Increased employment opportunities have given the Omani's material gains that would have been unimaginable a generation ago.<sup>28</sup>

The indigenous and ethnic social unit has also been influenced by these changes. The traditional modes of

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27 Ibid., p. 130.

28 Calvin H. Allen, Jr. Op. Cit., p.102.



living have been replaced by more modern amenities. However, the social relations have witnessed a lesser degree of change. Marriages within the familial structure still existing. The dowry system, though considerably discouraged by the state can still be viewed. A significant feature however, is the changing pattern wherein one finds an increasing participation of women in the public social sphere. Although no claims can be made to an equitable parity between man and woman, the workplace representation of women is on the rise. More administrative posts are allotted to them.

The diversification of the economy and the subsequent generation of wide variety of jobs in the market sector has eroded the traditional segregation of labour on tribe lines. It should also be observed that the move to permit women in the work place has weakened the traditional concept like the gender exclusivity wearing of the purdah. An interesting point to be noted is the still existing reluctance of the Omani to perform manual labour. This has resulted in labour shortage.<sup>29</sup>

Another visible influence of the economic development on the social structure is the change that is obvious in the patterns of community shifts within Oman. The welcoming of the market forces implies the creation of a middle class that is geographically and occupationally mobile. In the quest for upward social mobility, the emerging trends show a

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29 Ibid, p. 103.

very clear urban shift. Despite large scale government programmes to uplift the rural areas the core of the city remain strong. Also, the emerging middle class with its western education have started positing pressure for a greater role in the country's economic, social and political development.

**CONCLUSION :**

Social development in Oman which since its inception had been pregnant with the possibilities of unfolding the contradiction within the Omani society. On the one hand, the imperatives to modernise Oman has seen the extension of social services and security provided by the state. Consequently, the share of education in the GDP has gradually increased and now stands at 11.4 per cent, which is considerably high as compared to other third world countries. Education has meant the creation of a class whose interests is contingent upon the amount of power that it commands. Related with this is the fact that most of the educated elite have received their training in the west, particularly, in USA and Britain. Going by the liberal philosophy that underlines most western scholarship it can be argued that these liberal ideas will also have an impact within Oman especially in terms of political and social participation.

Therefore, the ways in which the contemporary ruling clique of Oman under the garb of Omanisation manages these contradiction will pave the future of social development in

Oman. Roughly, going by the example of other states it can be said that the very processes started by the Omani states in order to entrench and validate and legitimise its own position will in the long run undermine and delegitimise the very basis of the present Omani state. Because of the rising rising aspiration of the middle class. Social development, which has enabled people of Oman to make choices that they value will ultimately clash with the ruling value of the present Oman state. It can be said therefore, that the present socio-political system in Oman carries in its womb the seeds of self destruction.

## ***Chapter-5***

# ***Summary and Conclusion***

## CHAPTER 5

### SUMMARY AND CONCLUSION

While considering the changing nature of the political, social and economic aspects of Oman, one of the first problem that one faces is the fact that modern changes have started taking place only recently. The 70s is the decade when the real changes towards modernisation started taking place.

Another problem that is faced in any such analysis is that the various theoretical approaches that have been developed to understand third world societies in transition are found to be a great extent inadequate. The recency of the beginning of these changes coupled with the difficulty in identifying and isolating variables acts as a major impediment in this task.

The date of Oman becoming a modern state is of course 1971. This is the time when a semblance of modern political institution was grafted on to a society which was still characterised by pre-modern forms of tribal identity. The advent of modern state in Oman is thus one of the first and most important reference points that one must isolate.

Secondly, the other major development that has led to one of the greatest impetuses towards change in Omani

Society is the discovery of oil. With the discovery of oil, the state has come into the picture in a big way and has assumed a wide role as producer and distributor of oil. The revenue that the state has been able to collect in this manner has allowed it to spend on extensive projects of social development like health, education and what is termed as human resources in general. Huge oil wealth has without doubt contributed to a vast improvement in the economic condition of the people.

We have thus located the source of political change and development of Oman in the advent and consolidation a modern state structure. We have also seen that the major impetus for change in the economic sphere has come about through oil and it has been seen how the enlarged sphere of the state combined with greater flows of revenue from oil have been able to bring about significant changes in the social sphere.

Again, for any understanding of the Omani society, the background of Islam's influence on the region as a whole has to be kept in mind. This is obviously because Islam as a social and political system has been one of the variables that has influenced the society of the Gulf for a considerable period of time. However, Islam as a political system provides only a very vague guideline as

to the institutions that should be set up. Thus it provides only a broad inspiration to the political system and the many details that have, of necessity to be framed and continuously adjusted to suit the changing times.

One must realise that political participation is not just Oman, but most of the modern Gulf states has been extremely limited. The national councils that have been set up in all the Gulf states are not fully representative of the democratic aspirations of the people. They are more or less in the control of the elites and the royal family. However, it would be unwise to expect too much from those political structures as they represent the evolving structure of a society that is in a stage of transition from pre-modern traditional authority to modern authority.

In this respect it is important to take the Gulf War of 1991 as an important development for Oman in terms of new political experiences. This particular event has had important ramifications in so far as it has forced the royal family and the political elite of Oman to seek greater legitimacy from the people and to create more developed forms of political institutions that are able to more effectively articulate the democratic aspirations of the people. This internal restructuring of the

political system and the seeking of greater political space has its external dimensions as well in the sense that an important impetus for these internal developments was the fact that new forms of political alliances created in the wake of the Gulf War were forcing the elites to pay greater attention to democratic impulses.

A major impact that a modern political institutions have had on the traditional society is a significant dilution of tribal structures. This constitutes an important change in the social sphere and it would not be incorrect to say that a further democratisation, evolution and differentiation of political structures would serve to further weaken the more obnoxious elements of tribal society also it would go a long way in further lessening this stranglehold of the royal family which in turn derives a part of its legitimacy from the norms of traditional Islamic theocracy. It is ironic that this is the same power that is questioned by the opposing fundamentalist groups who feel threatened by the whole democratisation process.

The state while assuming the task of the equitable distribution of welfare benefits has created a situation in which there has been unequal development of certain regions and sections of the population. This is



especially true of the Dhofar region which has seen the massive inflow of development funds in much greater proportion than other highly populated and needy regions. The core issue at hand in this case is the overt anxiety of a state pre-occupied with the notion of having to satisfactorily please people who have the potential to cause a second rebellion.

The democratisation process in Oman is one that is being initiated from above by the state. It is quite obvious that it is not a process that is emanating from among the masses. Therefore, this process may not suit the needs and aspirations of the masses, rather it is one that is being used by the state to suit its own political ends. Very little is known about the common man's perception of democratisation, freedom and individual rights.

One of the main factors that has led to an increase in the state's activities was, as mentioned earlier, the discovery of oil and the oil revenues that were then, used by the state to develop human resource. Another reason why state administration has had to expand quite considerably was the virtual absence of a private sector. The state's expansion resulted in the creation of a completely new bureaucracy. This is a new institution

which has had little time to evolve a certain culture and ethos that would facilitate easy interface with the people and thus serve their purposes and the purpose of implementing state policy effectively.

More recently, economic formulations have led to greater emphasis on the rolling back of the state and promoting the expansion of the private sector. This represents a significant attempt to change a situation wherein the predominance of the state sector coupled with the virtual non-existence of the private sector has been a characteristic feature of the economy. This will obviously have significant implications on the economy. While the state sector has so far been unable to promote the diversification of the economy, emphasis has of late been placed on diversifications, keeping in view that the fact the oil is depletable resource. This means that all future diversification is envisioned as being promoted by the native private sector. The state obviously will still have an important role to play in creating a stable macro-economic framework and providing a conducive environment for the private sector to flourish.

The rolling back of the state and the greater emphasis being placed on market forces will definitely have far reaching consequences for Oman as a whole. So

far it has been seen that the initiative for social development has come from the state. The immense surplus generated by an oil based economy leaves the state with much greater scope for ambitious projects of social development. However, one of the reasons for the limited achievements of social development programmes has been the over emphasis on state initiative and the lack of actual public participation. Which has seriously undermined the reach of these programmes.

Greater democratisation and sensitivisation of Omani Society would perhaps be able to ensure a greater degree of success. As the renowned economist Amritya Sen, has opined, pubic participation and initiative is of utmost importance for the success of such projects. Development is thus not unidirectional imposition from above; rather it involves a continuous participation of the people and continues interface with the state and development agencies. Further Amartya Sen has noted that an economy with a large section of the population deprived of adequate levels of human development will be unable to effectively make use of the opportunities provided by the market. This would be especially true of Oman. Emphasising market forces necessarily implies a downgrading social development as a national priority.

Oman being a country where commendable levels of social development have not been achieved coupled with a greater emphasis on market forces may perhaps lead to a future situations which is bleak.

All these changes are a reflection of the international environment and steady pushing forward of the Washington Consensus that could be detrimental to third world interest. The naïve implementation such policies without sensible deliberation as to the implications shows on the one hand the elites total and wholesale acceptance of this consensus and on the other there blatant insensitivity to the real needs of the people. Greater democratisation and devolution of powers to the grass roots level will result in a more purposive debate as to the consequences of these policy and their desirability. The ensuing consensus will definitely create an effective, feasible and implementable framework that would lead Oman to a more sustainable and equitable development.

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