Bahraini Emir Sheikh Hamad bin Issa al-Khalifa announced January 23 that a national referendum will be held February 14-15 on a National Charter, under which the lower house of a national assembly would be elected in 2004. Sheikh Hamad’s reformist moves are the latest example of a trend in the Gulf kingdoms toward the establishment of representative institutions. However, Bahrain’s proposed reforms are unlikely to be sufficiently far-reaching to address the political and economic discontent among Bahrain’s Shia majority.

Background
Bahrain is the smallest and poorest Gulf Cooperation Council (GCC) state, although its prestige is enhanced by its role as home to the U.S. Fifth Fleet and as the GCCs regional banking and commercial hub. Its Shia-majority population has chafed under the rule of the Sunni al-Khalifa family, which it blames for its political exclusion and second-class economic conditions, including an unemployment rate as high as 30 percent.

Bahrain has a long history of political unrest especially since 1975, when Sheikh Hamad’s father, Sheikh Issa, dissolved Bahrain’s elected assembly, accusing its members of refusing to cooperate with the government, and issued a much-resented security law. The Bahraini authorities response to opposition demands for restoration of the assembly, and to other socio-political unrest, has largely been repression and exile of the movement’s leaders, particularly during the stormy period from 1994 to 1998.

Like the rest of the new generation of Arab leaders, Sheikh Hamad has cloaked himself in the language of reform since assuming power after his father’s death in March 1999. The new emir sought to calm Bahrain’s internal situation, to revive its international image, and perhaps most importantly to establish his authority vis-a-vis his powerful uncle, the prime minister, an anti-reform hardliner who had favored his own son for the throne. During the past two years, Sheikh Hamad has released hundreds of political prisoners, and this week ended the house arrest of Shia opposition leader Sheikh Abdul Amir al-Jamri. In national speeches, the emir has often spoken of his intention to restart political life and to hold local elections, the first since British rule. In September 2000, he made history in the Gulf by appointing four women, a Christian, and a Jew to the advisory Shura council created by his father in 1992. These gestures have somewhat lessened public tension. Another spur to reform has no doubt been the intense and centuries-old rivalry with Qatar, whose emir scored a major public relations coup with the West when he decreed a local council election, held in March 1999, in which women could vote. The International Court of Justice (ICJ) is due to rule soon on the disputed Hawar Islands, claimed by both countries but currently part of Bahraini territory. The emir probably hopes to boost Bahrain’s image and score domestic political points in the likely event that the ruling goes against his country.

Proposed Reforms
Prepared by a select committee of notables in December 2000, the National Charter offers four key reforms amidst many vague generalities. Most important is that a bicameral assembly be formed from an upper house of appointed “experts and scholars” (presumably the current Shura council, plus the cabinet ministers as ex officio members) and a lower house of elected deputies. The charter also states that male and female citizens have full suffrage. The National Charter calls for an independent judiciary, an attorney general, and a “public accountability” council. Finally, it describes Bahrain as a “hereditary monarchy,” which suggests the emir will take the title of king something he is said to want badly.

The influential London-based opposition-in-exile has denounced the National Charter as window dressing. They complain that the National Assembly will be toothless, able only to review, not generate, legislation, and that actions of the lower house will be blocked by the upper house. They dislike the change of the emir’s title to king, which seems to codify the enduring nature of the al-Khalifa family as Bahrain’s ultimate authority. They also complain about the non-inclusive process of preparing the charter and its exclusion of their longstanding demands for release of all political prisoners; legalization of political parties and labor unions; acceptance of Bahraini Shia into sensitive government and security positions; and return of deported opposition leaders. Also important in the equation is the Bahrain-based Shia religious component of the opposition movement, the ascendant strain in the last decade. Its young Iranian-educated leaders call not only for constitutional democracy, but also for economic justice and the Islamicization of public life demands not addressed in the National Charter. The heat already generated by the charter suggests that the long-awaited reform process could end up exacerbating, rather than abating, tensions with the government, as high expectations fall short.

Despite these criticisms, opposition figures, if elected, are sure to make the most of the limited space afforded by the assembly to press for transparency in governance and better management of the country’s wealth. These are
extremely sensitive matters for the leadership especially for the prime minister, who is certain to be a target of such interrogations. This raises the prospect of major clashes between the opposition and the ruling family, reminiscent of the confrontations and gridlock that led to the dissolution of the previous assembly.

Economic Reform

So far, the proposed political reforms have not been coupled with meaningful economic reform. Unemployment, especially among Shia, is a serious problem. Bahrain’s oil-poor economy continues to depend on subsidies from Saudi Arabia, and to a lesser extent the United Arab Emirates (UAE) and Kuwait, whose combined aid is estimated to constitute one-fifth of Bahrain’s revenue. The Bahraini government has not adjusted its spending priorities to focus on what would benefit the lower and middle class the most, namely, the expansion of social services, job training, and private sector development. Instead, the focus is on construction projects, tourism, and banking, which for various reasons are not likely to be viable expansion areas for Shia workforce. Another serious problem is that foreign labor comprises 58 percent of the workforce, but many Bahraini Shia lack the relevant skills or are unwilling to accept competitive wages for these jobs.

Regional Factors

Bahrain is the GCC state most exposed to pressures or influence from nearby powerful states. Due to Bahrain’s large Shia population, Iran is a potential disruptive force of which Bahrain must always be wary. Bahrain blamed Iran for plotting overthrow of its government in both 1981 and 1997. With the less aggressive face of Iranian policy in the Gulf under Muhammad Khatami, Bahraini-Iranian relations have warmed slightly. But the long-term challenge of Iran’s influence over Shia in Bahrain will not disappear anytime soon, especially as Bahraini Shia are increasingly emboldened by Iran’s democratic election process.

Saudi Arabia provides critical financial support to Bahrain and maintains close relations with the al-Khalifa royal family, meaning that Bahrain has little latitude for independent action and that whatever reforms it proposes must presumably be carefully vetted with the Saudis.

Bahrain’s close security ties to the United States bolster its position somewhat. The Fifth Fleet headquarters is the most visible and well-known U.S. military presence in the region. So far, the Bahraini opposition has not made the U.S. presence a leading public issue, but this could change with the rise of anti-American sentiment in the region and with the space for dissent that the National Assembly will provide.

Conclusion

The al-Khalifa family has proven its ability to maintain power, but if reform is not handled well and substantive change does not occur soon, Bahrain could be in for rough times ahead. The United States should urge Bahrain’s leadership to continue down the path of economic development and political reform despite short-term problems that may arise. How Bahrain manages the challenges of political and economic reform while maintaining its hereditary dynastic character should be closely watched, since it may presage the future of other GCC kingdoms, emirates, and sultanates.

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