Kafala, from Modern Roots until Reform: A look at Bahrain's labour migration regime and the fundamental obstacles to change

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Abstract

This thesis traces the development of the *kafala* system in Bahrain from its modern origins in the British protectorate era until its reform in the first and second decade of the twenty-first century. It conducts a historical analysis based on archival evidence to elucidate the intricate interlocking of this trajectory with multiscalar, overlapping, and often competing social, economic, and political transformations. Material incentives, as well as domestic and regional political pressures, played a key role in this formulation. The history uncovered sheds important light on the critical shortcomings of recent reforms to Bahrain's labour migration regime and the fundamental obstructions to change. It demonstrates that the persistent vulnerability of migrant workers under contemporary structures of *kafala* is inextricably linked to the workings of the global economy under the capitalist mode of production. Privileging this interconnection as the vantage point from which to consider labour migration regimes in the Gulf is crucial if we are to understand and assess the challenges to and opportunities for change.

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List of Abbreviations

ACRONYM	DEFINITION
ALBA	Aluminium Bahrain
BAPCO	Bahrain Petroleum Company
BNA	British National Archives
EDB	Economic Development Board
GCC	Gulf Cooperation Council
ILO	International Labour Organization
IMF	International Monetary Fund
LMRA	Labour Market Regulation Authority
NOC	No Objection Certificate
OBU	Off-Shore Banking Unit
OPEC	Organization of the Petroleum Exporting Countries
PA	Political Agent
UN	United Nations
US	United States
WWII	World War Two

I. Introduction

The regulation of migrant workers in the Gulf Arab monarchies,[1] which has long been governed by a legal-bureaucratic complex of rules and regulations referred to as the *kafala*[2] system, has become one of the most widely discussed features of their economies in recent decades. *Kafala* refers to a set of bureaucratic procedures and legal requirements that share as common hallmark that they link the legal status of the migrant to a work permit and a sponsor, which can be a citizen or a local company. Sponsors are responsible for the visa status of the migrant and generally need to give their consent when a migrant wishes to obtain a new visa, an exit permit, or a change of job.[3] They also preserve the right to cancel work permits or file 'absconding' cases when a migrant leaves their work without permission.[4] The system is used to monitor the large number of migrant workers in this region, who comprise over 80 percent of the Gulf economies' private sector labour force.[5] There are virtually no institutional routes for the vast majority of migrants, or their children, to obtain citizenship rights. As residency and mobility rights are therefore tied to the permit, sponsors come to wield significant power over the migrant individuals. Consequently, the system has drawn academic critique and moral condemnation from a variety of international human rights organisations for its potential for exploitation and abuse.

[1] The Gulf Arab monarchies are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. The regulatory framework of *kafala* is also in place in Jordan and Lebanon.

[2] The transliteration of the Arabic term 'كفالة', according to the IJMES transliteration system for Arabic ('IJMES Transliteration System for Arabic, Persian, and Turkish' (International Journal of Middle East Studies, n.d.).), is kafāla. In this thesis, I have chosen not to transliterate the term and use *kafala* instead. This conforms to majority usage of the term in leading scholarship. The term as such has moreover become common in English language commentary on the topic.

[3] Such practices may vary, particularly in view of the reforms which some of these states have recently introduced to the system.

[4] 'Bahrain – Migrant Workers' Rights, June 2019', Advocating for Human Rights in the Gulf Region (Brussels: European Centre for Democracy and Human Rights, 2019).

[5] Crystal A Ennis and Nicolas Blarel, 'Mapping and Theorizing Migration Governance: Insights from the South-to-West Asian Migration Corridor', in *The South Asia to Gulf Migration Governance Complex*, ed. Crystal A Ennis and Nicolas Blarel (Bristol: Bristol University Press, 2022), 3.

Bahrain was the first country in the Gulf Cooperation Council (GCC) to repeal the *kafala* system in 2009. It enacted a 'mobility law' that allowed migrants to change employers without the consent of their sponsors, hereby eliminating one of the more restrictive practices of the system. Various further changes have been implemented since then. In 2017, a 'flexi-permit' was introduced for migrants with cancelled, expired, or unrenewed work permits, essentially allowing eligible workers to become their own sponsors.[6] The labour reforms were initially hailed by the international community as a significant step towards abolishment of the system and an improvement in the conditions and rights of the migrant workforce. In hindsight, while the measures have improved the legal and social status of migrant workers to some extent, some of the most critical vulnerabilities associated with the system remain in place, and the mobility and legal security of migrant workers continue to be heavily restricted. If the Bahraini government intended to abolish *kafala*, as they proclaimed,[7] why did the reforms initiated in 2009 fail to address the system's most critical legal and social shortcomings? And what has obstructed more meaningful change?

In this thesis, I explore how tracing the historical development of labour migration regulation in Bahrain can help us understand its contemporary expressions. To shed light on what led to the reforms of 2009, and to assess challenges to and opportunities for change, I answer the following research question: *"how have Bahrain's labour and migration patterns and policies developed over time starting from the British colonial era, and why have outcomes unfolded in particular ways?"* In doing so I rely upon archival records and institutional documents to trace the evolution of Bahrain's labour migration regime and explore how different, multiscalar social, economic and political transformations have impacted local decision-making processes and exerted pressure on the development of the state's regulatory

[6] 'Bahrain – Migrant Workers' Rights, June 2019'.
[7] Mazen Mahdi, 'Bahrain: Decree 79 Aims at Ending Sponsor System', *International Labour Organization*, 31 August 2009, https://www.ilo.org/global/topics/forced-labour/news/WCMS_143009/lang--en/index.htm.

framework for labour and migration in different ways at different times. I argue that elucidating the circumstances that shaped the development of the *kafala* system in Bahrain is crucial if we are to understand its contemporary form and, importantly, the aptitude of recent reforms to address structural injustice. I contend that Bahrain's labour migration regime is a product of a continuous balancing between economic incentive and political rationale, which has consistently been subject to and informed by social, political, and economic transformations on local, regional, and global scales. The development of the global economy and capitalist restructuring, I argue, played a particularly key role in this. This means that to understand the contemporary structure of *kafala* in Bahrain, it is crucial to go beyond the country's domestic context and the system's legal expressions. Instead, the link between labour migration regimes in Bahrain and the workings of the global economy under the capitalist mode of production should be privileged as a vantage point. By shedding light on how labour migration regulation in Bahrain has been embedded within these local, regional, and global transformations, I provide important historical context to existing scholarship on contemporary structures of *kafala* in the Gulf.

The structure of this thesis follows a chronological timeline. It begins in the British protectorate era of the early to mid-1900s and ends with the reforms of 2009 and 2017. This periodisation follows the assertions of prominent scholarship in the field, most notably the work of Hanieh and AlShehabi. According to AlShehabi, the *kafala* system has its roots in the British colonial era.[8] Hanieh, for his part, argues that the end of the Second World War sparked a fundamental change in the global structure of political power and capitalist production, which had significant implications for economic development and the evolution of labour migration

[8] Omar Hesham AlShehabi, 'Policing Labour in Empire: The Modern Origins of the Kafala Sponsorship System in the Gulf Arab States', *British Journal of Middle Eastern Studies* 48, no. 2 (15 March 2021): 291–310, https://doi.org/10.1080/13530194.2019.1580183.

regimes in the Gulf.[9] In this thesis I fundamentally provide a case analysis examining the explanatory power of these arguments. The Bahraini case is relevant because the country arguably pioneered the approach to labour migration reflected in *kafala,* but was also the first to initiate reform. Moreover, Bahrain functioned as ground zero for Britain's activities in the Gulf for many years, and would be the primary stage for the narrative I set out to reconstruct.

Existing scholarship on the subject predominantly consists of anthropological accounts of experiences with *kafala*, discussions of recent transformations in Gulf migrant labour regimes, or investigations into the origins and early stages of the sponsorship system. In this thesis, I aim to shed light on the apparent historical gap by investigating how Bahrain's labour migration regime evolved from the post-WWII British protectorate era until its reform in 2009.

I begin, in the first empirical chapter (chapter II), by investigating British presence in Bahrain before the Second World War and its relation to economic change and the development of a systematic framework for labour migration regulation. I argue that there was a strong political dimension to the regulation of labour migration, and that the presence of foreign workers took up various political stakes which were, at times, directly opposed to capitalist incentives.

In the third chapter I examine how changes in labour and migration patterns and policies in Bahrain occurred within the context of the post-WWII transformation of the global economy, and how its regulatory framework for labour migration became increasingly embedded within regional and global political and economic processes. I argue that domestically, the import of foreign labour would continuously be a site of contestation. It fuelled nationalist sentiment among the local population and placed the government's political objectives directly opposed to the market rationale of the local business community. I demonstrate that there were various

[9] Adam Hanieh, *Capitalism and Class in the Gulf Arab States*, 1st ed. (New York: Palgrave Macmillan US, 2011).

emerging political, economic, and social pressures, all of which weighed in on the evolving formulation of Bahrain's labour migration regime.

In the fourth chapter I look at how Bahrain emerged from independence. I argue that the economic incentives to engage foreign labour intensified as the country moved out of its 'oil-only' era. This was reinforced by the transformation of the global economy under neoliberal restructuring. The emerging spatial configuration of class, centred around the import of foreign labour, became an increasingly crucial node in capital accumulation and in the government's strategy to preserve regime stability. The development of the *kafala* system was deeply intertwined with these processes, and played an important role as a mechanism of surveillance and structure of bureaucracy that facilitated migrant exploitation in the service of capitalist needs.

In the final chapter I recount the events leading up to the labour market reforms of 2009. I argue that in continuation with historic trend, the process of reform ensued from a careful balance between economic, political, and social considerations, which was deeply embedded within regional and global power structures. I argue that meaningful change has been obstructed by local expressions of these structures, and that a fundamental shift in the nature of the sponsorship system is implausible as long as this regional and international context remains in place. I also argue that the most critical vulnerabilities of the system persist, and that addressing this issue requires more than a reform of government legislation alone.

Literature Review

As noted, existing scholarship on the topic of labour migration regulation in the Gulf predominantly consists of sociological and anthropological accounts of migrant experiences, discussions of recent reforms, or investigations into the inception and early forms of the sponsorship system. Critical analyses of labour migration regimes, situated within the context of the Gulf's broader political economy, remain scarce. Nonetheless, prevailing scholarship on

the topic provides an important foundation of knowledge and has produced a number of key takeaways, the most relevant of which I will critically examine and evaluate in this section.

Labour, Migration, and the Sponsorship System in Bahrain

When it comes to the study of Bahrain, the literature is generally in agreement that since the advent of oil the presence of migrant workers in the country has taken up particular political stakes. As explained by Fuccaro, 'foreigners' in Bahrain provided a constant focus of contestation and civic strife in times of conflict.[10] Moreover, policies of immigration and nationality played an important role in state formation and in the preservation of regime stability by diverting popular resentment.[11] As argued by Khalaf, migration became a useful tool for social engineering that helped to reshape GCC societies and redefine their social hierarchies. Nationality and migration policies exacerbated and sustained vertical segmentation, which proved itself a useful form of social organisation and an effective vehicle for rule.[12] As argued by De Bel-Air, however, such political concerns, at the same time, had to be balanced against economic rationale.[13] Local labour often lacked experience and necessary skills for the nascent oil industry that Persian or Indian labour did possess, and unskilled foreign workers were also often cheaper. There were therefore significant material incentives for local businesses to engage expatriate workers.

Kafala emerged as a key feature of the regulatory framework governing labour and migration in Bahrain. Little research has been done on the origins of this system. Some scholars, such as Beaugé, have speculated that it developed out of an old Bedouin tradition of granting

[10] Nelida Fuccaro, *Histories of City and State in the Persian Gulf: Manama since 1800*, 1st ed. (New York: Cambridge University Press, 2009), 190.
[11] Fuccaro, *Histories of City and State in the Persian Gulf: Manama since 1800*.
[12] Abdulhadi Khalaf, 'The Politics of Migration', in *Transit States: Labor, Migration and Citizenship in the Gulf*, ed. Omar AlShehabi, Adam Hanieh, and Abdulhadi Khalaf (London: Pluto Press, 2015), 46.
[13] Francoise De Bel-Air, 'Demography, Migration, and the Labour Market in Bahrain', Gulf Labour Markets and Migration (Gulf Research Centre, 2015), 4.

protection and temporary affiliation to foreign guests.[14] This view is supported by Heeg, and by Khan & Harroff-Tavel.[15] Longva, who in her book 'Walls Built on Sand' examines the social dimension of labour migration to Kuwait, including the implications of the *kafala* sponsorship system for local power dynamics, seems to partly agree.[16] She notes that until 1975, the notion of *kafala* had nowhere been properly explained. The failure to elaborate on the contents of the system, she argues, "could be due to the fact that the practice was well-anchored in Kuwaiti tradition and was, therefore, widely understood and taken for granted by the native population."[17] However, Longva also sees similarities between the contemporary *kafala* system and patterns of indentured labour that existed in the region before the discovery of oil. With the pearling industry in decline, some pearl divers were unable to repay the debts they had incurred with their boat captains and therefore had to pledge to work for the same captain again the following season. This resulted in a system that bound divers to captains, and captains to boat-owning merchants.[18]

Much of the subsequent literature on *kafala* has adopted the assertions of Beaugé and Longva as canon. A different perspective, however, has recently been offered by AlShehabi. Rather than pointing to a form of Gulf cultural heritage, AlShehabi emphasises the modern origins of the *kafala* system and argues that the legal and bureaucratic procedures of the sponsorship system are a product of the British colonial era, particularly the period from the 1920s until the 1970s.[19] A similar parallel between the labour migration policies of the British

[14] Gilbert Beaugé, 'La kafala : un système de gestion transitoire de la main-d'œuvre et du capital dans les pays du Golfe', *Revue européenne des migrations internationales* 2, no. 1 (1986): 109–22, https://doi.org/10.3406/remi.1986.998.
[15] Beaugé; Jennifer Heeg, 'Gender, International Trafficking Norms, and Gulf Migration' (Annual Meeting of the International Studies Association Annual Conference, "Global Governance: Political Authority in Transition," New Orleans, LA, 2010); Azfar Khan and Hélène Harroff-Tavel, 'Reforming the Kafala: Challenges and Opportunities in Moving Forward', *Asian and Pacific Migration Journal* 20, no. 3–4 (September 2011): 293–313, https://doi.org/10.1177/011719681102000303.
[16] Anh Nga Longva, *Walls Built on Sand: Migration, Exclusion and Society in Kuwait*, 1st ed. (New York: Routledge, 1997).
[17] Longva, 79.
[18] Longva, 104.
[19] AlShehabi, 'Policing Labour in Empire'.

colonial period and the contemporary *kafala* system has been drawn by Seccombe & Lawless. They argue that foreign worker dependence in the Gulf region dates back to the establishment of the oil industry in the early 20th century, and emphasise that there were significant differences in labour force patterns between areas that were under British control and those that were not.[20]

The recent reforms introduced to the labour migration regimes of the Gulf monarchies have drawn new scholarly attention to the subject. Khan & Harroff-Tavel examine *kafala* and the initiatives taken to reform it, arguing that these attempts have generally had limited results.[21] They assess the challenges to reforming the system and speculate that these may include a lack of political will due to political strategy, lack of internal pressure, and/or prevalent unchallenged racial prejudice. They also consider economic interests such as the rents generated by the entry and maintenance of workers to be a possible obstacle. They do, however, not elaborate on this further.[22] Hertog, in his analysis of the effects of nationalisation policies in the Gulf, provides a comprehensive overview of labour force nationalisation policies, including the reforms in the sponsorship system in each of the GCC states.[23] He concludes that these reforms have only partially improved the mobility and legal security of foreign workers, and that many residual aspects of the sponsorship system remain in place.[24]

As argued by AlShehabi et al., existing literature often fails to adequately situate the question of labour migration within the broader political, economic and social developments in the Gulf.[25] Moreover, as argued by Dito, the sponsorship system is often analysed through a

[20] I. J. Seccombe and R. I. Lawless, 'Foreign Worker Dependence in the Gulf, and the International Oil Companies: 1910-50', *The International Migration Review* 20, no. 3 (1986): 548–74.
[21] Khan and Harroff-Tavel, 'Reforming the *Kafala*'.
[22] Khan and Harroff-Tavel.
[23] Steffen Hertog, 'Arab Gulf States: An Assessment of Nationalisation Policies', Gulf Labour Markets and Migration (Gulf Research Centre, 2014).
[24] Hertog.
[25] AlShehabi, Hanieh, and Khalaf, *Transit States: Labor, Migration and Citizenship in the Gulf*, ix.

purely administrative lens.[26] The instrumental role the system plays in the formation of hierarchical social relations in the Gulf is herein easily overlooked.

The Gulf and the Global Economy

When it comes to the study of the Middle East, an extensive body of literature has developed around attempting to explain the apparent permanent tension between democracy and the religious and cultural features or resource endowments of this region.[27] According to Hanieh, while these theories have provided some useful insight into the early stages of state formation in the Gulf, they share a core methodological assumption which he considers to be misleading.[28] These theories tend to treat the state as a separate object, a 'thing' which possesses a high degree autonomy to maneuver and deploy economic strategies and is, as such, free from the constraints of the capitalist class.[29] In his view, the state should instead be conceived "not as a 'thing' or collection of individual social actors, but rather as a particular expression of class formation – with the latter understood as a set of social relations that is continually in the process of coming-into-being."[30] Drawing upon a Marxist understanding of the state, Hanieh argues that in a capitalist society the state apparatus acts to articulate and manage the interests of the capitalist class. In the context of the GCC, this should be understood as often inclusive of state personnel and members of the ruling families.[31] Notions of relative autonomy, as they are typically employed by the theories mentioned above, are therefore misplaced.[32]

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[26] Mohammed Dito, 'Kafala: Foundations of Migrant Exclusion in GCC Labour Markets', in *Transit States: Labor, Migration and Citizenship in the Gulf*, ed. Omar AlShehabi, Adam Hanieh, and Abdulhadi Khalaf (London: Pluto Press, 2015), 80.
[27] See, for example, Raphael Patai, *The Arab Mind* (New York: Scribner, 1973); James Bill and Carl Leiden, *Politics in the Middle East* (Boston: Little Brown, 1984); Michael Ross, 'Does Oil Hinder Democracy?', *World Politics* 3, no. 53 (2001): 235–61.
[28] Adam Hanieh, *Lineages of Revolt: Issues of Contemporary Capitalism in the Middle East* (Chicago: Haymarket Books, 2013), 4.
[29] Hanieh, *Capitalism and Class in the Gulf Arab States*, 12.
[30] Hanieh, 12.
[31] Hanieh, 13.
[32] Hanieh, 14.

According to Hanieh, Gulf class formation evolved alongside and embedded within the development of the global capitalist system, and is best regarded as a specific reflection of the capitalist world market as a whole.[33] When it comes to studying migration to the Gulf, he contends that we should refrain from resorting to 'methodological nationalism,' which he describes as the "privileging of the national space as the vantage point from which to interpret social phenomena."[34] From this perspective, and to overcome methodological nationalism, an analysis of migration to the Gulf needs to begin with an understanding of the Gulf's place within the wider Middle East region and needs to take seriously the spatial structuring of class (extending across borders of the Gulf nation-state) and the need to situate migration flows within the overall hierarchies of the capitalist world market. He remarks that

> the process of class formation in the Gulf has been spatially structured – institutionally reflected in the reliance on temporary migrant labor flows and an extremely restrictive notion of citizenship. This spatial configuration of accumulation has acted as an important spatial fix for Gulf capitalism, helping to maintain the enduring stability of the system as well as enabling a superexploitation of workers drawn from the peripheries surrounding the GCC.[35]

The term 'exploitation' here should be read in accordance with the Marxist notion that workers, by means of their labour power, produce a surplus value which corresponds to the value added in excess of their own labour cost. This economic surplus is ultimately appropriated by the capitalist as profit. In a capitalist society, workers are therefore exploited insofar as they are forced to sell their labour power below the full value of the added value they produce.[36]

[33] Hanieh, 16.
[34] Adam Hanieh, 'Overcoming Methodological Nationalism: Spatial Perspectives on Migration to the Gulf Arab States', in *Transit States: Labor, Migration and Citizenship in the Gulf*, ed. Omar AlShehabi, Adam Hanieh, and Abdulhadi Khalaf (London: Pluto Press, 2015), 62.
[35] Hanieh, *Capitalism and Class in the Gulf Arab States*, 26.
[36] Karl Marx, *Capital: Volume I*, trans. Edward Aveling, Wordsworth Edition (Hertfordshire: Wordsworth Editions Limited, 2013).

Theoretical Framework

Hanieh's conceptions provide an important perspective for the study the *kafala* system in Bahrain. In this section I elaborate on the theoretical framework that guides my analysis and provides the conceptual foundation for my argumentation in this thesis.

In a similar line of thinking to Hanieh, AlShehabi contends that the demographic structure present in the Gulf region today is the product of two overlapping and sometimes conflicting projects: the construction and development of a 'petro-modernist state,'[37] and the firm embedding of the Gulf states within the global capitalist system.[38] The former, he argues, can be characterised by four essential elements. First, the ruling families are situated at the apex of the state. Second, there is an aim to produce a disciplined population, loyal to the ruling elite, which, third, is done by constructing a 'super-welfare' state for the local population. Lastly, the state is largely modernist and utilises advances in science and technology to its benefit, but simultaneously relies on pre-modern relations when these are more suitable to its objectives.[39] AlShehabi argues that constructing this modernist state opened up lucrative opportunities for capital accumulation. State-driven modernism and capitalism, therefore, ran side by side.[40]

The economic projects that accompanied these developments, as further argued by AlShehabi, required a significant labour force. Relying on the local workforce to supply this demand, however, posed three problems to the economic and political elite. First, the economic developments exceeded the quantitative and qualitative capacity of the local workforce. Second, subjugating the local population to the dictates of capital, which favoured a 'flexible' labour force that presented minimal obstacles to the workings of the 'free market,' contradicted

[37] This term being a variation on the 'high-modernist state' as introduced by James C. Scott, *Seeing like a State: How Certain Schemes to Improve the Human Condition Have Failed*, Yale Agrarian Studies (New Haven: Yale University Press, 1998).
[38] Omar AlShehabi, 'Histories of Migration to the Gulf', in *Transit States: Labor, Migration and Citizenship in the Gulf*, ed. Omar AlShehabi, Adam Hanieh, and Abdulhadi Khalaf (London: Pluto Press, 2015), 1–10.
[39] AlShehabi, 12.
[40] AlShehabi, 13–14.

the logic of the welfare state. Third, dependence on local workers would increase the economic influence of citizens and pose a potential risk to the economic and political interests of the elite. Because of these considerations, increasing the import of foreign, non-Arab labour was considered to be a more palatable way of securing the necessary labour force. This strategy, however, was also not entirely risk free.[41]

To mitigate the risks associated with the import of foreign labour, such as national backlash or an increased economic influence of the migrant workforce, AlShehabi argues that the welfare state and *kafala* developed as powerful tools for discipline and punishment, both for citizens and expatriates. In what ensued, most of the benefits of the modern welfare state became characteristically limited to the local population, while the political and economic rights of migrants remained greatly curtailed.[42]

In this thesis I draw upon the arguments put forward by Hanieh and AlShehabi that to understand the contemporary demographic features of the GCC states, labour and migration patterns and policies should be situated within the process of state formation and the broader development of the global economy. In line with these propositions, I trace the development of Bahrain's regulatory framework by shedding light on its interlocking with social, political, and economic processes on local, regional, and global scales.

A crucial distinction between the theoretical framework proposed by Hanieh and AlShehabi and the one employed by some of the other scholars I have mentioned is methodological nationalism. Hanieh and AlShehabi emphasise that the demographic and social structures of labour and migration in the Gulf should not be seen as solely having developed alongside, or as a result of, decisions based on Gulf vested interests, but alongside and as part of the interests of the global market as a whole. Other scholars, as I have noted before, rather adopt a dualist approach to the state/market relation and to the national and international

[41] AlShehabi, 14–17.
[42] AlShehabi, 18.

spheres. They emphasise regionally specific geographies and histories instead of analysing the GCC states as embedded in global processes and transnational flows. Some of these scholars explain the region's social structures by resorting to neoclassical 'push-pull' factors, such as demand for human capital, wage differentials, and a lack of opportunities in labour-sending countries.[43] Others rather emphasise a cost/benefit approach. Khan and Harroff-Tavel, for example, speak of the 'realpolitik' of labour migration to the Middle East.[44] This implies that they regard cost/benefit calculations by a relatively autonomous state, based on pragmatics and state interest rather than moral or ethical considerations, to be the main driving force behind labour migration regimes in this region. What these theories have in common is that they regard the state as an autonomous actor, abstracted from the social relations existent at the national and international scales.

In regard to resource endowments, DeMeritt and Young find strong support for the contention that oil has a direct effect of repression.[45] As the oil industry played a key role in state formation and economic development in Bahrain, it is important to reflect on this matter. In response to such arguments, Hanieh, echoing Marx, points out that we should avoid resorting to 'commodity fetishism.' This, he explains, is "a fetishism that attempts to explain patterns of social development through the presence (or absence) of a commodity rather than understanding the significance given to that commodity by the (global) social relations within which it is embedded."[46] The key takeaway from this is that our focus in analysis should be on the social

[43] Naiem Sherbiny, 'Manpower Planning in the Oil Countries', in *Research in Human Capital and Development: Volume 1* (London: JAI Press, 1981); Andrzej Kapiszewiski, *Nationals and Expatriates : Population and Labour Dilemmas of the Gulf Cooperation Council States* (New York: Ithaca Press, 2001).
[44] Khan and Harroff-Tavel, 'Reforming the Kafala', 304.
[45] Jacqueline H.R. DeMeritt and Joseph K Young, 'A Political Economy of Human Rights: Oil, Natural Gas, and State Incentives to Repress [1]', *Conflict Management and Peace Science* 30, no. 2 (April 2013): 99–120, https://doi.org/10.1177/0738894212473915.
[46] Adam Hanieh, 'Capital, Labor, and State: Rethinking the Political Economy of Oil in the Gulf', in *The Oxford Handbook of Contemporary Middle Eastern and North African History*, ed. Amal Ghazal and Jens Hanssen (Oxford University Press, 2020), 6, https://doi.org/10.1093/oxfordhb/9780199672530.013.3.

relation that is created by a resource, process, event or structure, and not on its presence or absence alone.

It is within this theoretical framework that I trace the development of labour migration regulation in Bahrain and assess the aptitude of recent reforms to address structural injustice. In doing so, I aim to demonstrate, as aptly summarised by Hanieh, that:

> human rights abuses arising from the institutions that mediate the spatial structuring of class in the Gulf – citizenship rights, restrictions on the movement of labour, the *kafala* system and so forth – are not simply failures of governance that result from a lack of awareness about international norms or a consequence of entrenched interests of individual Gulf rulers. Rather, these institutions are a reflection of the relations of power extant in the world market and the uneven development of the Middle East as a whole. […] addressing the human rights abuses of workers in the Gulf is inseparable from a challenge to the entire regional order.[47]

Methodology

To investigate the trajectory of Bahrain's labour migration regime, I conduct a qualitative case study involving within-case analysis. As explained by Lange, within-case analysis is the in-depth exploration of an individual case as a standalone entity. It involves the intimate investigation of a case in order to come to a conclusion as to how the processes or patterns that are revealed support, refute, or expand a theory or commonly held conceptions.[48] Within-case studies employ two basic types of within-case methods: primary methods and secondary methods.[49] A primary method here refers to any method that offers evidence about a phenomenon under analysis. A secondary method combines and synthesises the evidence produced by the primary methods to eventually arrive at a conclusion (Figure 1).

[47] Hanieh, 'Overcoming Methodological Nationalism: Spatial Perspectives on Migration to the Gulf Arab States', 72–73.
[48] Albert Mills, Gabrielle Durepos, and Elden Wiebe, *Encyclopedia of Case Study Research* (2455 Teller Road, Thousand Oaks California 91320 United States: SAGE Publications, Inc., 2010), https://doi.org/10.4135/9781412957397.
[49] Matthew Lange, *Comparative-Historical Methods* (Los Angeles: SAGE, 2013), 40.

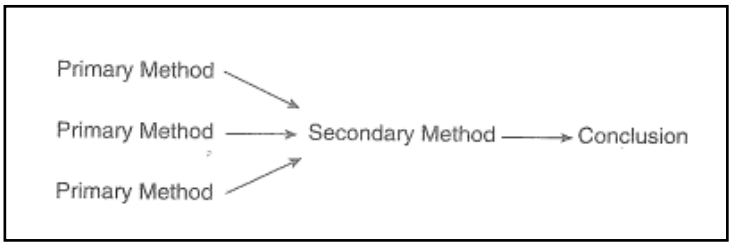

Figure 1. Primary and secondary within-case methods.[50]

The primary methods of this study consist of historical and qualitative research methods. At the forefront of this is archival analysis, but qualitative content analysis of institutional documents and databases is also employed. The bulk of the archival material I consulted is preserved at the British National Archives (BNA). The Qatar Digital Library (QDL) and the Arabian Gulf Digital Archives (AGDA) were also consulted for digital copies of BNA records that were not available in its own online catalogue. Any document not available online was consulted in person at the BNA in London.

The materials I reviewed consisted foremost of memoranda, letters, political and economic reports, laws and regulations, censuses, and relevant newspaper articles and photographs. Reading first-hand accounts of historical developments was invaluable for my analysis, as it enabled me to string events, policies, and personalities together into a historical narrative and trace and establish causal links between them. Revaluating colonial records like those of the BNA, however, demands careful and critical engagement with the material, as well as reflection on archiving-as-process rather than archives-as-things. Archivisation in itself is a historical process and a practice subjected to various temporal, political and practical affairs. As such, archives cannot provide an unambiguous reflection of history and should rather be treated as loci of power and knowledge. Archival collections, as a whole, impact the types of narratives that can be drawn from them; erasures, gaps, and silences are inevitable. To navigate

[50] Lange, 42, fig. 3.1.

these considerations, I draw upon Stoler's invitation to read *along* the archival grain, rather than *against* it, and to treat the colonial archive as both a "corpus of writing and as a force field that animates political energies and expertise, that pulls on some 'social facts' and converts them into qualified knowledge, that attends to some ways of knowing while repelling and refusing others."[51] This implies paying careful attention to discourse, archivisation as a process, and source criticism. At the same time, it rejects the idea that colonial records should simply be written off for being skewed or biased. These important reflections were consistently taken into consideration throughout my analysis.

The secondary method I employ in this study is process tracing. Process tracing can be defined as "a procedure for identifying steps in a causal process leading to the outcome of a given dependent variable of a particular case in a particular historical context."[52] In this thesis, I use process tracing inductively to deliver a historical explanation for a specific outcome. In using this method, I focus not only on what happened, but on how it happened as well. At the foundation of this is the careful description of the processes that spur trajectories of change in an attempt to establish causal links between (an) independent variable(s) and the outcome of the dependent variable.[53] This is done by theorising about the causal mechanisms which link the dependent and independent variable(s), as I have done in the theoretical framework, and the subsequent careful analysis of empirical observations which reflect the operation of these mechanisms, as I will do in the remainder of this thesis. The fact that process tracing is well-equipped for establishing causal links among interrelated and overlapping, complex processes makes it an appropriate method for this study. Ultimately, the goal is to offer a narrative

[51] Ann Laura Stoler, *Along the Archival Grain: Epistemic Anxieties and Colonial Common Sense* (New Jersey: Princeton University Press, 2008), 22.
[52] Alexander L. George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge, Massachusetts: MIT Press, 2005), 176.
[53] George and Bennett, 206.

explanation of a causally linked path that leads up to a specific outcome, in this case the reform of the *kafala* system starting in 2009. I now turn to this analysis.

II. British Presence in Bahrain and the Modern Roots of the Sponsorship System

To understand the development of labour and migration patterns and policies in Bahrain post-WWII, it is crucial to start with historical context – the foundations of the migration patterns and system of labour regulation that came to characterise Bahrain pre-independence were largely laid during the first decades of British imperialism in the Gulf. This chapter provides an overview of British activities in Bahrain before the Second World War and examines the relationship between British presence and economic change in the development of systematic labour and migration regulation. I build upon AlShehabi's argument that *kafala* developed as a product of British colonial practice and established its roots as a legal-bureaucratic complex regulating migrant labour in this time period and argue that the tension between economic incentives and political rationale, which came to characterise labour migration regulation in later years, was already present during this time. There was a strong political dimension to the regulation of foreign workers. Their presence was a point of contention for the local population, and the government deemed certain migrant communities more or less desirable in view of regime stability. On the other hand, capitalist incentives at times directly opposed political reasoning. In this way, the immigration and employment of foreigners took on particular political and economic stakes and labour migration regulation became strongly tied to concerns over political stability. The targets, reasons behind, and methods of worker policing varied with time. However, political contestation remained a crucial element behind labour migration policies throughout the entire time period studied.

British Presence in Bahrain

Bahrain encompasses a small archipelago situated on the Gulf, adjacent to Saudi Arabia's east coast. It is centred on Bahrain Island, which makes up the vast majority of the country's landmass. Its largest and capital city is Manama. Its roots trace back to the ancient

kingdom of Dilmun, as far as the 4th millennium BC.[54] Since then, its geographically strategic location has drawn the attention of a number of imperial administrations, and the island has historically been a key hub for merchants and trans-Gulf trade.

The Al Khalifa family, originally from Kuwait, settled in Bahrain at the end of the 18th century. After a series of invasions and a period of contestation, they regained power in Bahrain in 1820. The same year their rule was formally recognised by Great Britain, by then the dominant military power in the region, by means of a General Treaty of Peace, followed in 1861 by a Perpetual Treaty of Peace and Friendship.[55] Further treaties were signed in 1880 and in 1892, and Sheikh Isa Al Khalifa agreed not to enter into relations with foreign governments other than the British without British consent. In return, the British pledged to support the rule of Al Khalifa in Bahrain and to protect the country from aggression. Similar special treaty relations were established with the rulers of Oman, the Trucial States (the contemporary United Arab Emirates), Kuwait, and Qatar.[56]

Britain's interests in the Gulf were initially confined to the regulation of external affairs. At the turn of the century, however, they became increasingly involved in the states' internal affairs as well. Bahrain, as explained by AlShehabi, was "ground zero for Britain's manoeuvres in the Gulf […], the hub of the pearl trade in the region, […] and the site where British colonial presence in the Gulf would reach its zenith."[57] At the time, the British Persian Gulf Residency, a colonial subdivision of the British Raj, was located in Bushehr. Britain had occasionally been represented in Bahrain by an Assistant Resident from Bushehr, but in 1900 a permanent (Assistant) Political Agent (PA) was stationed on the island, who would hereafter represent the

[54] 'Qal'at al-Bahrain – Ancient Harbour and Capital of Dilmun', UNESCO World Heritage Convention, n.d., https://whc.unesco.org/en/list/1192/.
[55] 'General Information on Bahrain', 1986, FCO/8/168, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London.
[56] AlShehabi, 'Policing Labour in Empire', 293.
[57] AlShehabi, 293.

British administration. The Persian Gulf Residency would eventually relocate from Bushehr to Bahrain in 1946.[58]

The Birth of the Sponsorship System

Traditional industries of fishing and pearl diving dominated the Bahraini economy before the discovery of oil in 1932. According to AlShehabi, the expansion of British sovereignty in Bahrain in combination with practices in the pearl diving industry form the modern roots of the *kafala* system we know today.[59] He explains that in 1904 British jurisdiction in Bahrain was extended beyond the domain of its own citizenry. From this moment on individuals were categorised either as 'foreigner' or as 'local.' The former came to be under British jurisdiction and the latter remained under the jurisdiction of the ruler. The category of 'foreigner,' however, was not predefined. Who was and was not under jurisdiction of the ruler would therefore become a topic of contestation, and in 1920 the contradictions of this divided system came to a breaking point. The British reorganised the political system in an effort to align it with their own interests, and inter alia deposed the local ruler in favour of his son. The authority of the new Al Khalifa ruler came to depend almost entirely on British officials.[60]

Nationalities and passports started to become more common during this time period, which increased the importance of exercising efficient control over 'foreigners.' As part of their jurisdictional responsibilities, British officials handled the issue of visas. Foreigners who wanted to enter Bahrain had to obtain a visa and were also required to have their passports endorsed by the British authorities.[61]

The pearling industry, as aforementioned, was the beating heart of the economy in Eastern Arabia. A hugely labour-intensive practice, it drew thousands of workers to the island

[58] 'General Information on Bahrain', FCO/8/168, The National Archives.
[59] AlShehabi, 'Policing Labour in Empire'.
[60] AlShehabi, 294.
[61] AlShehabi, 295.

at every diving season.[62] This ebb and flow made the matter of migration a key concern for the British administration in the 1920s; not least because a large portion of the divers came from Iran and Qatar, with whom Britain's relations were deteriorating. The British officials ultimately navigated these obstacles by devising a sponsorship system, which was introduced from 1928 onwards. From that moment on each ship captain would be legally responsible for the people on his boat. The captain had to report their numbers, names, and valid travel permits to customs officials in order to be able to operate legally.[63] AlShehabi argues that this system

> had all the hallmarks that were to become emblematic legal requirements of the modern *Kafala* system […]. Most importantly, it tied the issue of sponsorship of labour, in this case 'foreign' pearl divers, within the geographic jurisdiction of Bahrain to the hands of the sponsor, in this case the [ship captain]. Thus, the ship captain had to act as surety over the pearl divers in his ship, in which he took responsibility for ensuring their eventual departure from Bahrain without any misbehaviour.[64]

During the same time period, the British introduced No Objection Certificates (NOCs). These certificates initially had to be obtained from the British Political Agent by the small number of employees of the British empire in the Gulf, mainly Indians, who wanted to bring over their families.[65] Eventually they became a standard bureaucratic practice. Later, in the mid-1930s, NOCs and sureties were fused together when the advent of oil drastically increased migrant labour flows from beyond the Gulf. From this moment on, the British mandated that every foreign employee who came to work on the island, regardless of their employment, first had to obtain a NOC from the British PA in Bahrain before being able to apply to a visa. On top of this, exit visas also became a requirement for individuals travelling to and from Bahrain by WWII. It is in this way that *kafala* developed as a product of British colonial practice and established its roots as a legal-bureaucratic complex regulating migrant labour.[66]

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[62] Ian J. Seccombe, 'Labour Migration to the Arabian Gulf: Evolution and Characteristics 1920–1950', *British Society for Middle Eastern Studies. Bulletin* 10, no. 1 (January 1983): 3–20, https://doi.org/10.1080/13530198308705359.
[63] AlShehabi, 'Policing Labour in Empire', 297.
[64] AlShehabi, 297.
[65] AlShehabi, 297.
[66] AlShehabi, 299–310.

Labour and Migration in the Nascent Oil Industry

The advent of oil exploitation coincided with a collapse in pearling, and an increasing number of Bahraini workers began to find employment in the nascent oil industry.[67] The Bahrain Petroleum Company (BAPCO) struck oil in 1931 and started its operations the following year. As part of the concession agreements it signed with the Bahraini government, the company pledged to employ local nationals as far as practicable, however, did reserve the right to import and employ foreign workers if the local market did not satisfy demands for the specific skills requested.[68] A clause in these agreements specified that in case of the latter the foreign labour supply should first and foremost be British (at the time, this referred to subjects of the British Empire, not those of Great Britain alone).

When BAPCO began operations in 1932, however, their skilled and semi-skilled positions were primarily taken up by Persians. According to the British records, this was much to the dismay of Shaikh Hamad bin Isa Al Khalifa, who regarded any measure that would increase the permanent population of Persians in Bahrain with strong disfavour.[69] The Persian empire had ruled over Bahrain for most of the 17th and 18th century, and had a longstanding claim on its territory which it reraised in the beginning of the 20th century. As explained by Mueller, "anti-British, nationalist sentiments found expression among the Iranian communities in Bahrain in the aftermath of the First World War […]. Some elements of the Iranian immigrant population in Bahrain voiced these sentiments by agitating for a renewal of Iranian sovereignty over the archipelago."[70] The influx of migrant workers, in this way, took up political stakes,

[67] Seccombe, 'Labour Migration to the Arabian Gulf', 4.
[68] Seccombe and Lawless, 'Foreign Worker Dependence in the Gulf, and the International Oil Companies: 1910-50', 551.
[69] 'File 28/14 II Labour employed by the Bahrain Petroleum Company Ltd, Bahrain', 1939-1944, IOR/R/15/2/1718, British Library: India Office Records and Private Papers, Qatar Digital Library, https://www.qdl.qa/en/archive/81055/vdc_100000000282.0x0001c5.
[70] Chelsi Mueller, *The Origins of the Arab-Iranian Conflict: Nationalism and Sovereignty in the Gulf between the World Wars*, 1st ed. (Cambridge University Press, 2020), 192, https://doi.org/10.1017/9781108773881.

and in 1933 the PA in Bahrain therefore reminded BAPCO of their obligation to employ either British subjects or subjects of the Sheikh of Bahrain.

There were several agreements stipulating that Arab workers should be given preference in the import of foreign labour. However, the terms of political agreements and the control exercised by the British authorities meant that workers were primarily recruited from British India.[71] BAPCO, despite warnings from the British administration, also continued to engage Persian workers. Seccombe and Lawless contend that there were several advantages from the company's point of view to do so. Persian workers would come to Bahrain on their own expense, and often did not have formal contracts with the company, meaning they could be readily hired and fired.[72] The recruitment of Indian workers, on the other hand, was conducted according to the provisions of the 1922 Indian Emigration act and was a lengthy process. The terms and conditions of their employment were controlled by formal Foreign Service Agreements, which inter alia specified the duration of the contract, wage rates, terms of compensation in case of injury, compensation of the passage abroad, and repatriation.[73] The agreements were authorised by the Protector of Emigrants, a Government of India official stationed in Bombay. Indian workers therefore enjoyed significantly more protections than Persian workers, making the latter more vulnerable to exploitation. The continued recruitment of Persian workers therefore appears to be driven by material incentives.

The limitations of local workers, who had little experience with industrial employment or even regular employment as a whole, meant they predominantly occupied unskilled positions.[74] As argued by Khalaf, new economic activities, such as the advent of oil exploration, transformed labour relations in Bahrain. He remarks that "the general outlook of the emerging

[71] Seccombe and Lawless, 'Foreign Worker Dependence in the Gulf, and the International Oil Companies: 1910-50', 558.
[72] Seccombe and Lawless, 559.
[73] Seccombe and Lawless, 559.
[74] Seccombe, 'Labour Migration to the Arabian Gulf', 9.

working class was contentious. Sporadic work stoppages and organized strikes were frequent reactions to the prevailing conditions of misery and lack of power."[75] This illustrates that labour relations were changing, but also that the integration of the local citizenry in the oil industry provided them with a new, although limited, economic influence, which enabled labour militancy. The presence of discontent among the local population, which is noted by Khalaf, is supported by the evidence from the archival records. Iraqi newspaper 'Al Nas', for example, issued in 1939:

> […] discontent is growing in Bahrain over the Government's tyranny. The conditions in Bahrain are growing worse and worse and might bring great perturbation in the life of the country. The authorities accept to see foreigners enjoying rights greater than those of local inhabitants. The people will not bear the situation much longer and the most serious events are liable to happen.[76]

This statement sheds light on the emerging political consciousness among the Bahraini population, and also illustrates that the presence of foreign workers was an increasingly contentious issue. As further elaborated on in the next chapter, the experiences of local workers with the oil industry would set the tone for a rising labour-oriented political consciousness that was to find expression at various points in time. In this, labour migration regulation increasingly became a cause of friction not only between the local population and the Bahraini government, but between the government and the capitalist class as well.

Conclusions

The modern origins of the contemporary *kafala* system can be traced back to the British protectorate era, during which the concept of sponsorship developed out of a number of practices that were introduced to regulate seasonal migration in the pearling industry and which were reinforced when the advent of oil exploration drastically increased the flow of migrant

[75] Abd Al-Hadi Khalaf, 'Labor Movements in Bahrain', *Middle East Report*, no. 132 (1985), https://merip.org/1985/05/labor-movements-in-bahrain/.
[76] 'File 19/169 III (C 80) Bahrain Reforms', 1938-1941, IOR/R/15/1/344, British Library: India Office Records and Private Papers, Qatar Digital Library, https://www.qdl.qa/en/archive/81055/vdc_100000000193.0x00013d.

workers to Bahrain. The oil industry, on top of increasing the influx of foreign workers to the country, increased the integration of the local population into the labour market. The experiences of the local population with the oil industry transformed labour relations in Bahrain, giving rise to an emerging labour-oriented political consciousness in which the presence of foreign workers was an important focus of contention.

The import of expatriate labour took up political stakes in another way as well. In line with AlShehabi's argument regarding the Gulf states' development as petro-modernist states,[77] preserving regime stability and the position of the ruling family at the apex of the state was an important consideration for the Bahraini government. This expressed itself in methods of worker policing which included attempts to impede the influx of certain migrant communities, such as Persians. As I have argued, these considerations were increasingly in tension with the economic motivations of the oil industry. Persian workers were significantly more vulnerable to capitalist exploitation, and material incentives therefore motivated their continued import. In these ways, the regulation of labour migration became an important site of contestation between different actors, who were each driven by interrelated, overlapping, and at times opposing motivations.

[77] AlShehabi, 'Histories of Migration to the Gulf'.

III. Capitalism and State Formation in Bahrain's Evolving Legal Framework: 1945-1968

The nascent oil industry did not only impact labour relations in Bahrain, but also generated an unprecedented influx of government revenues. These revenues were used to expand state institutions, infrastructure, and welfare services, and played an indispensable role in state formation. In this chapter I draw upon the archival materials to analyse Bahrain's political and economic development in the context of the regional political transformations and the post-war reconfiguration of the global economy. Within this framework, I consider the implications of changing labour relations and the rising labour-oriented political consciousness of the Bahraini working class. I argue that the trajectory of labour migration regulation was deeply embedded within these political, economic, and social processes, and that the tension between political imperatives and economic rationale became increasingly apparent. One the one hand, the import of foreign workers fuelled labour militancy and political unrest, and hence posed a threat to the stability of the regime. On the other hand there were significant material incentives for local and foreign-owned businesses to retain expatriate workers, even if this defied government policy. The evolving formulation of the *kafala* system reflected a careful balance between these overlapping and competing economic, political, and social pressures.

The 'Golden Age' of Capital

These shifts in Bahrain were occurring within the context of the post-WWII transformation of the global economy, and the issue of labour migration regulation in Bahrain became increasingly embedded within regional and global political and economic processes. The destruction of the Second World War sparked a transformation of the global economy which incited one of the greatest economic upswings in the history of capitalism.[78] Following the war, the reconstruction of infrastructure, housing, and factories across effected areas served,

[78] Hanieh, *Capitalism and Class in the Gulf Arab States*, 29.

according to David Harvey, as "the ultimate mechanism of capital devaluation."[79] What followed was an economic boom, described by many economic historians as the 'golden age of capital.'[80] This began in the 1950s and lasted until the late 1960s. Hanieh describes the international system which developed as a result as characterised by three key aspects. First, despite the initial dominance of the United States (US) during the 1960s, the global order became increasingly marked by intercapitalist competition and rivalry. Second, however, the presence of state-socialist countries such as China and the USSR meant that there was also a unity of interests between the major capitalist powers against the state-socialist bloc. Lastly, a surge of anticolonial and nationalist movements, which had gained new momentum due to the weakening of the major colonial powers in the war, was in full swing.[81]

This period, according to Hanieh, did not only involve a change in the global political system. It also marked a transformation in the nature of capitalist production.[82] Two key aspects of this were the increase in the quantity and diversity of goods produced across the world market and the geographic extension of the scale of production, including a rapid expansion in world trade and an increasing international orientation of productive activity.[83] Together, these changes marked a qualitative surge in the internationalisation of capital. One of the reasons why this is important for the case study of Bahrain is because, in the words of Hanieh,

> these postwar developments in both the economic and political spheres – the expansion in the scale of industrial production, the development of new industries and sectors, the internationalization of capital, and emerging US leadership/dominance of the capitalist world – where united by a common factor: the growing systemic centrality of energy and raw materials.[84]

Initially, the increased demand for oil and gas was met by an upscale in production in the US and Europe itself. However, by the 1960s it became clear that the largest supply of cheap and

[79] David Harvey, *Spaces of Capital: Towards a Critical Geography* (Edinburgh: Edinburgh University Press, 2001), 310.
[80] Hanieh, *Capitalism and Class in the Gulf Arab States*, 29.
[81] Hanieh, 31.
[82] Hanieh, 32.
[83] Hanieh, 32–33.
[84] Hanieh, 35.

easily accessible petroleum and gas was located in the Gulf region. The geographic strategic importance of the region amplified as the political and economic developments that underpinned the internationalisation of capital "catapulted oil and gas to the center of the capitalist economy. […] Deepening internationalization thus depended upon the integration of the Gulf region into global capitalism."[85] I argue that the implications of this changing global order exerted various pressures on the regulation of labour migration and the development of the *kafala* system in Bahrain.

The Introduction of 'Bahrainisation' Measures

I have previously shown that the presence of foreign workers was a cause of contention for Bahraini subjects. In 1945, local workers comprised the majority in the oil sector and represented approximately 63 percent of the total workforce.[86] These proportions, however, were rapidly shrinking. During 1947 many Bahrainis left to work for oil companies in neighbouring Saudi Arabia and Qatar, where wages were higher after the Saudi king increased the pay for Arab labour to get it up to par with the rates for foreign workers. The evidence from the archival records suggests that the influx of foreign workers and outpour of local labour invoked a nationalist sentiment among a portion of the Bahraini population. Some individuals complained that Bahrainis should be working for the benefit of their own country.[87] There were also a number of complaints made to the Bahraini government that the number of Indians,[88] Persians, and other Gulf Arabs entering Bahrain were obtaining employment that should instead go to them.[89]

[85] Hanieh, 35-36.
[86] AlShehabi, Hanieh, and Khalaf, *Transit States: Labor, Migration and Citizenship in the Gulf*, 7.
[87] 'File 8/16 II Bahrain Intelligence Summary', 1948, IOR/R/15/2/319, British Library: India Office Records and Private Papers, Qatar Digital Library, https://www.qdl.qa/en/archive/81055/vdc_100000000241.0x00014e.
[88] In many of the documents cited, 'Indians' should be read as a rather ambiguous term that may refer to any person originating from the Indian subcontinent.
[89] 'File 8/16 II Bahrain Intelligence Summary', IOR/R/15/2/319, The National Archives.

In response to these complaints, Shaikh Salman bin Hamad Al Khalifa (hereafter referred to as Sh. Salman), who had ruled Bahrain since 1942, set out to introduce 'Bahrainisation' measures. These measures aimed to educate, train, and subsequently employ Bahraini citizens in an effort to replace the Indian expatriates at BAPCO. BAPCO's officials happily obliged. Their Indian employees had been a source of irritation because of their criticisms and complaints during much of 1948 and 1949.[90] It seems that, at least at this point in time, Khan and Harroff-Tavel's speculation that reliance on migrant labour was part of a political strategy based on the more 'docile' nature of migrant workers does not ring true. Quite the contrary - these Indians workers established the first 'Employee Associations', and organised a major strike in August 1948 demanding improved working conditions, pay, and benefits.[91] They were far from a 'docile' labour force, and a report by the labour advisor to the Middle East Office, Mr. Audsley, clearly indicates that BAPCO had no intention to employ them on a long-term basis. Regarding a request for the construction of a separate housing estate for Indian employees, he writes: "it is the policy of the Company to replace the Indians as rapidly as Bahreinis can be trained as substitutes. […] The construction of an estate suitable to the Indians at Awali might well prove a costly and wasteful project at a later date."[92]

BAPCO, in cooperation with the Bahraini government, set up educational schemes and on-the-job training programs in an effort to accelerate the development of its Bahraini employees and prepare them for clerical and artisan positions at the company.[93] In 1950, Sh. Salman introduced restrictions on the entry of Indians and Pakistanis into the country.[94] This indicates, again, the strong political dimension to the regulation of foreign workers.

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[90] 'Labour conditions in Kuwait, Dhahran, Qatar and Bahrain', 1949, FO/371/74942, Foreign Office: Political Departments: General Correspondence from 1906-1966, The National Archives, London.
[91] Seccombe, 'Labour Migration to the Arabian Gulf', 16.
[92] 'Labour conditions in Kuwait, Dhahran, Qatar and Bahrain', FO/371/74942, The National Archives.
[93] 'Bahrain Petroleum Company's labour relations', 1952, FO/371/98466, Foreign Office: Political Departments: General Correspondence from 1906-1966, The National Archives, London.
[94] 'Restrictions on entry of Indians and Pakistanis into Bahrain', 1950, FO/371/82132, Foreign Office: Political Departments: General Correspondence from 1906-1966, The National Archives, London.

Despite these policies, BAPCO still had agents in Bombay and Karachi who were recruiting new labour during the early 1950s. In fact, the number of Indian and Pakistani workers at BAPCO grew from 658 to 744 from 1949 to 1955.[95] Evidently there were substantial incentives for the company to continue engaging foreign workers, which trumped the wishes of the government and company concerns about labour mobilisation among this workforce.

Political Contestation and the Rise of Nationalism

The 1950s were a politically turbulent time for Bahrain. The International Labour Organization, which had been established in 1919, started to inquire the British government about labour legislation in the Middle Eastern territories that were under its protection in 1954. At the time such legislation did not exist in Bahrain, companies instead maintained their own regulations.[96] In the same year, a political organisation emerged in Bahrain which pushed for democratic reforms, a codified system of law, labour rights, and an end to British imperialism. This organisation was originally named the Higher Executive Committee, but changed its name to the National Union Committee (NUC) in 1956. For sake of clarity I will refer to it by its later name.

The NUC appealed to the local population by means of circulars and letters, and they were rather successful in gaining support. The experiences of the local labour force with the oil sector had given rise to a feeling of resentment which contributed to the success of the organisation. Particular fuel to the fire was the perception many local workers had that the wages and living conditions of foreign workers were better than their own. Grievances and demands were expressed in letters addressed to the Bahraini ruler and the British Political

[95] 'Labour conditions in Kuwait, Dhahran, Qatar and Bahrain', FO/371/74942, The National Archives; 'Annual review of Bahrain affairs', 1955, FO/1016/443, India Office and successors: Political Residencies and Agencies, Persian Gulf: Correspondence and Papers, The National Archives, London.
[96] 'Labour legislation in the Persian Gulf: Employers Liability Ordinance', 1954, FO/371/109946, Foreign Office: Political Departments: General Correspondence from 1906-1966, The National Archives, London. Available online at https://www.agda.ae/en/catalogue/tna/fo/371/109946/n/1.

Agent.[97] Initially, Sh. Salman refused to acknowledge the NUC and dismissed requests to meet its members. In response, the NUC organised a general strike in December of 1954. As reported by an article published in 'La Tribune de Genève' on January 6th 1955, "not one Bahraini worker [was] on the job. Only foreigners ensured the refuelling of the planes. On the oilfields, in the port, all seemed stricken with sleep."[98] This statement illustrates that labour militancy was an important political weapon for the Bahraini working class. The foreign workforce may not have been as 'docile' as they are often made out to be, but the archival evidence suggests they were disinclined to join forces with the local population in their demands for constitutional reform.[99] This exemplifies how engaging local or foreign workers took up political stakes in different ways. It also hints towards an onsetting fragmentation of the working class – which would become an important characteristic of Bahrain's political landscape in later years.

The British at the time were anxious to maintain their political position and expressed their concern with the degree of control that the NUC was able to exercise over the people of Bahrain.[100] The legitimacy of the British administration depended on its ties with the Bahraini ruler, and it therefore had a vested interest in maintaining popular support. In a circular published in February 1955, The NUC announced that it intended to establish a single trade union which was to comprise all classes of workers and employees. The British administration viewed this as a potentially dangerous political instrument, and began attempts to divert the reformists' intentions into 'safer channels.'[101] Tension ensued between Sh. Salman and the British administration because the British PA had met with NUC leader Abdul Rahman Al

[97] 'Political Situation Bahrain', 1955, FO/1016/386, India Office and successors: Political Residencies and Agencies, Persian Gulf: Correspondence and Papers, The National Archives, London.
[98] 'Political Situation Bahrain', FO/1016/386, The National Archives.
[99] 'Political Situation Bahrain', FO/1016/386, The National Archives; 'Political Situation Bahrain', 1955, FO/1016/387, India Office and successors: Political Residencies and Agencies, Persian Gulf: Correspondence and Papers, The National Archives, London; 'Reports on Bahrain', 1955, LAB/13/1129, Ministry of Labour and successors: International Labour Division and Overseas Department: Registered Files, The National Archives, London.
[100] 'Political Situation Bahrain', FO/1016/386, The National Archives.
[101] 'Political Situation Bahrain', FO/1016/386, The National Archives.

Bakir to hear his complaints. In Sh. Salman's view, the mere fact that the PA had allowed Al Bakir to come see him enhanced the position of the NUC in Bahrain. Yet, at a subsequent meeting Audsley was able to convince the ruler of the undesirability of a single trade union. In this line of reasoning the ruler agreed to meet with Al Bakir, and a Labour Committee was set up to study the trade union matter. It was also tasked with producing a labour law. It had an advisory function and comprised government, employer, and worker representatives, including a nominee put forward by the NUC.[102] To assist in this process, the British government supplied a labour expert by the name of Mr. Marshall, who was to oversee the Committee's activities and guide the drafting of the labour law.

The vocational training programmes that had been set up by BAPCO and other local firms had had mixed results. Company officials expressed the difficulty of finding men and boys who were interested in acquiring the skills that were taught. Moreover, potential trainees often lacked the elementary education which was necessary for the training. Lastly, there was a tendency of trainees to give up training when they had required sufficient skill to earn a living as semi-skilled workers in neighbouring Gulf states, where wages were said to be higher than in Bahrain. On the other hand, the programmes had helped to increase the number of skilled and semi-skilled positions taken up by local employees. In 1955, it was estimated that 60 percent of the skilled and semi-skilled staff were locals.

The influx and employment of foreigners continued to be a site of contestation. Criticism of the numbers of Indians employed in the country was a recurrent theme in the nationalist press, and there were some instances where Indians suffered violence at the hands of local youth.[103] For the workers side of the Labour Committee, Bahrainisation of the workforce was a primary concern. They were intent on including quota for the percentage of Bahraini workers

[102] 'Political Situation Bahrain', FO/1016/386, The National Archives.
[103] 'Internal Political Situation in Bahrain', 1956, FO/371/120546, Foreign Office: Political Departments: General Correspondence from 1906-1966, The National Archives, London.

of a company in the law.[104] The demand for trained Bahrainis to replace foreign workers, however, exceeded the supply, and BAPCO continued to make efforts to recruit and retain expatriate workers, inter alia by increasing wages so they were comparable to those in Saudi Arabia.[105]

These domestic developments unfolded concurrently with the rise of nationalism in the region. Importantly, the Free Officers' Movement in Egypt had launched a *coup d'état* in 1952 and overthrown King Farouk. Leader Gamal Abdel Nasser seized power, becoming prime minister of Egypt in 1954 and president in 1956. He was known for his Arab nationalist and Arab socialist political ideology, which included republicanism and anti-imperialism. His political current was one of the most potent in the region, and undoubtedly influenced the members and supporters of the NUC in Bahrain, which is evident in their press releases and the actions of some of its prominent members.[106] In 1956 Nasser nationalised the Suez Canal, a strategically important waterway which was until then controlled by French and British interests. In response, Israel, Britain, and France invaded Egypt. A nine-day war, known as the Suez Crisis, ensued.[107] To protest against Anglo-French action in Egypt, the NUC organised a general strike in November 1956. Days of violence followed, and five leading members of the NUC were eventually arrested. Their premises were searched, and based on these searches they were charged with committing various criminal acts, including conspiracy to assassinate and depose the ruling family.[108] The NUC was dissolved, and Sh. Salman declared a 'state of emergency' during which trade unions, political parties, and any meetings of the sort would be banned. This state of emergency effectively remained in force until the next state of emergency

[104] 'Bahrain', LAB 13/1129, The National Archives.
[105] 'Labour Law in Bahrain', 1956, FO/371/120690, Foreign Office: Political Departments: General Correspondence from 1906-1966, The National Archives, London.
[106] 'Internal Political Situation in Bahrain', 1956, FO/1016/465, India Office and successors: Political Residencies and Agencies, Persian Gulf: Correspondence and Papers, The National Archives, London.
[107] Derek Varble, *The Suez Crisis 1956* (Oxford: Osprey Publishing, 2003).
[108] 'Internal Political Situation in Bahrain', 1956, FO/1016/470, India Office and successors: Political Residencies and Agencies, Persian Gulf: Correspondence and Papers, The National Archives, London.

was declared in 1975.[109] Preserving the stability of the regime was the overriding concern for the Bahraini government, and, from this moment on, political opposition was heavily oppressed.

Nationalisation Policies and the Route to Independence

The final draft of the labour law was presented to the Bahraini government in October 1956. The law was eventually introduced in Bahrain on January 1st 1958, but not before the ruler made extensive amendments to it.[110] The law applied to anyone regarded as an 'employed person'. Excluded from this definition were members of the Bahrain security forces, persons employed in or brought to Bahrain for employment who were entitled to repatriation at the conclusion of their service, members of the ruling family, domestic workers, agricultural workers, people engaged in the pearl-diving industry, and people engaged in loading or unloading of cargo. Trade unions were technically legal, however no representational bodies of any type were allowed to operate following the Suez Crisis. This meant that the provisions of the labour law permitting consultative committees and trade unions remained entirely ineffective.[111]

The ruler's scope of jurisdiction had extended to subjects of other Gulf states in 1952, and to Middle East subjects[112] in general in 1957.[113] In 1956, Bahrainis represented around 59 percent of the total amount of people employed in the country, foreigners represented around 41 percent. The proportion of foreigners was highest in manufacturing, wholesale trade, and

[109] 'Bahrain Internal Political Situation', 1974, FCO/8/2180, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London.
[110] 'Labour Ordinances and labour affairs in Bahrain', 1957, FO/371/120546, Foreign Office: Political Departments: General Correspondence from 1906-1966, The National Archives, London. Available online at https://www.agda.ae/en/catalogue/tna/fo/371/127018/n/1.
[111] 'Labour', 1966, FO/371/185361, Foreign Office: Political Departments: General Correspondence from 1906-1966, The National Archives, London.
[112] This included nationals of Iraq, Jordan, Syria, Egypt, Lebanon, Libya, Morocco, Tunisia, Afghanistan, Indonesia, Sudan, protected persons from the Aden Protectorate, the French Somaliland Protectorate and the Italian Trust Territory of Somalia, and persons of Palestinian origin.
[113] 'The Bahrain Transfer of Jurisdiction Regulations', 1957, FO/1016/585, India Office and successors: Political Residencies and Agencies, Persian Gulf: Correspondence and Papers, The National Archives, London. Available online at https://www.agda.ae/en/catalogue/tna/fo/1016/585.

banking industries, and was lowest in the oil industry.[114] Bahrainisation efforts continued throughout the 1950s and 1960s. The archival records reveal that in 1959, for example, the Bahraini government issued a notice stating that at time of redundancy employers should retain Bahraini workers in the place of a foreigner given they were of the same grade, equally qualified, and of good behaviour, regardless of the length of service.[115] BAPCO, during the 1960s, sped up its policy of replacing expatriates with nationals and had greatly decreased its number of Indian and Pakistani workers. Bahrainisation was well on its way in the oil industry and the public sector.[116]

At the same time, these policies had increasingly become a cause of friction. In the view of some Bahraini and foreign-owned firms, Bahraini subjects lacked the qualifications to undertake the tasks then performed by Pakistanis, Persians, and other Middle Eastern nationals. They feared Bahrainisation measures would threaten the efficiency and performance of their operations. Moreover, unskilled workers from neighbouring Muscat and Oman were often prepared to accept lower standards of wages, accommodation, and working conditions compared to Bahraini nationals.[117] There were therefore significant economic incentives, particularly for the non-oil private sector, to retain foreign workers in defiance of government policy.

Sh. Salman's passing in 1961 placed his son Shaikh Isa bin Salman Al Khalifa (hereafter referred to as Sh. Isa) at the head of the Bahraini state. Although a substantially different atmosphere compared to that of 1954-1957 now prevailed, there were a number of problems that demanded his attention. The oil sector was predicted to decline in the following years. This

[114] 'Bahrain Labour Attaché Reports', 1957-1959, LAB/13/1240, Ministry of Labour and successors: International Labour Division and Overseas Department: Registered Files, The National Archives, London.
[115] 'Labour Situation in Bahrain', 1959, FO/371/140300, Foreign Office: Political Departments: General Correspondence from 1906-1966, The National Archives, London.
[116] 'Bahrain Labour Reports', 1965-1970, LAB/13/2163, Ministry of Labour and successors: International Labour Division and Overseas Department: Registered Files, The National Archives, London.
[117] 'Economic Report for 1962', 1963, FO/371/168672, Foreign Office: Political Departments: General Correspondence from 1906-1966, The National Archives, London. Available online at https://www.agda.ae/en/catalogue/tna/fo/1016/585.

threatened to cause significant economic deterioration and demanded constructive plans for economic diversification.[118] Moreover, according to the archival material, the government officials feared for a looming unemployment problem.[119] Developments in the educational system had increased the influx of school leavers into the labour market during the early 1960s, and it became more and more difficult for graduates to find suitable employment. These young, unemployed Bahrainis, would, according to the PA, be "just the material for revolutionary and subversive leaders to work on," and were therefore viewed as a potential threat to Bahrain's internal security.[120] On top of this, a British labour inspector had found that nothing had been done to inspect or enforce the labour law since its introduction in 1958. The Labour Department, which had been established in concordance with the labour law, also remained largely ineffective.[121]

In the 1960s the British began employing a policy of retrocession in the Gulf. In 1965, administrative powers regarding immigration and residence of aliens were transferred from the British administration to the Bahraini government. In 1967 this transfer was extended and the Bahraini government now had complete jurisdiction over all migration, labour, and kindred matters.[122] From this moment on, NOCs were issued by the Immigration Department (in consultation with the Labour Department) instead of by the British PA. The practice of employers signing residency permits for their non-Bahraini employees also continued.[123] By 1965, foreigners represented about 39 percent of the labour force.[124] Government policy at the

[118] 'Internal Political Situation in Bahrain', 1964, FO/371/174521, Foreign Office: Political Departments: General Correspondence from 1906-1966, The National Archives, London.
[119] 'Economic Report for 1962', FO/371/168672, The National Archives.
[120] 'Economic Report for 1962', FO/371/168672, The National Archives.
[121] 'Labour in Bahrain', 1960, FO/371/149179, Foreign Office: Political Departments: General Correspondence from 1906-1966, The National Archives, London.
[122] 'Immigration', 1964, FO/371/174545, Foreign Office: Political Departments: General Correspondence from 1906-1966, The National Archives, London.
[123] 'Trade Unions', 1967-1968, FCO/8/532, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London. Available online at https://www.agda.ae/en/catalogue/tna/fco/8/532.
[124] 'Bahrain Labour Reports', LAB/13/2163, The National Archives.

time was to not allow any more entry and work permits to Indians and Pakistanis, unless it could be demonstrated that no Bahraini was available for a particular job.[125] At the same time, as remarked by the British PA, "the Government are fully aware that more would be lost than gained by a crash sacking of all Indians and Pakistanis."[126] Particularly in the private sector, reluctance to replace foreign workers with Bahrainis, in combination with the ineffectiveness of the Labour Department, meant that the import of foreign workers continued. As remarked by a British labour inspector in 1966:

> At present the entry of aliens for employment in Bahrein is entirely under the control of the Immigration Department. It is possible for an employer to obtain an alien worker (e.g., a Pakistani clerk) by applying to the Immigration Department for a "no objection" certificate and then bringing the applicant to Bahrein; by sponsoring a Pakistani released by the original employer and already in the country; by sponsoring an alien brought to the country by relatives already resident on a visit; by offering employment to the wife of the alien resident. Theoretically the Labour Department is consulted but in practice the Labour Department has no control over the matter. (Because of the lack of an inspection system, the employer desiring an alien for a post to which the Department of Labour might make an objection, can easily upgrade the post on the paper application, or even apply for something quite different.) […] The need for real coordination with the Labour Department and for a system of alien inspection is required.[127]

The statement provides an important description of how the workings of the sponsorship system developed as the Bahraini government took over administrative functions from the British. It also illustrates a key feature of labour migration regulation in Bahrain which would continue to characterise the development of the *kafala* system in future years: the lack of well-functioning inspection and enforcement mechanisms. As evident from the statement, lack of inspection meant that employers were able to circumvent government rules and continue the import of foreign labour if it was in their interest to do so. When analysing labour migration and the transformation of the *kafala* system throughout the years, it is therefore important to consider the implications of certain government policies and to not rely on legal expressions of rules and regulations alone.

[125] 'Trade Unions', FCO/8/532, The National Archives.
[126] 'Trade Unions', FCO/8/532, The National Archives.
[127] 'Bahrain Labour Reports', LAB/13/2163, The National Archives.

In January 1968, Bahrain's leaders were shocked to find out that Britain had decided to withdraw from the Gulf by the end of 1971. While this would appease Arab nationalist forces, who advocated for independence from Britain, the ruling family feared the vulnerabilities independence would bring. The Al Khalifa's had depended on the British administration for the consolidation of their rule. Internally, exacerbation of nationalist dissatisfaction, particularly among the unemployed educated youths, could upset this stability at a critical time. Externally there was a long-standing claim on Bahrain by Iran, which the Shah could reinvoke now that British protection was waning.[128] On top of this, the economic outlook left much to be desired. Government expenditure on development and welfare services had increased at a higher rate than its income, and Bahrain's fundamental economic base did not show much capacity to broaden. Its income from oil was far below that of its neighbouring Gulf states. In fact, it was the oil refinery, which also processed Saudi crude oil, that was of BAPCO's main interest at the time.[129] While this provided an uncertain prospect, things were about to take a turn.

Conclusions

In the international context of the 'golden age' of capital, key developments in Bahrain were the establishment of its petroleum industry and the emergence of a strong nationalist and labour-focused political consciousness among its citizenry. The advent of oil generated unprecedented revenues that were used to expand state institutions and establish modern state infrastructure and welfare services. Of overriding concern, however, was to cement the ruling credentials of the Al Khalifa family and preserve regime stability. The political consciousness that emerged among the local population, partly due to their experiences with the oil sector, presented a potential threat to this position. Rights were curtailed, and the events of 1954-1958

[128] Joyce Miriam, *Bahrain from the Twentieth Century to the Arab Spring*, ed. Mehran Kamrava, 1st ed. (New York: Palgrave Macmillan US, 2012), 33.
[129] 'Problems of Bahrain', 1968, CAB/148/90/5, Cabinet Office: Defence and Oversea Policy Committees and Sub-Committees: Minutes and Papers, The National Archives, London.

would set the tone for future government reaction to citizen dissatisfaction. In this way, citizenship and rights were strongly intertwined with the process of state formation.

The import and employment of foreigners remained a site of contestation. It fuelled nationalist sentiments of the local population, who increasingly found themselves displaced. Bahrainisation of the workforce was therefore a top priority for the government. On the other hand, integrating the local population into the labour market provided the latter with an (although limited) economic influence and potential weapon for expressing discontent. Local and foreign-owned businesses, particularly those in the non-oil private sector, moreover regarded Bahrainisation measures with disfavour. They feared that replacing foreign workers with locals would jeopardise the efficiency of their operations. Evidently, there were competing political and economic incentives both in favour and against the continued recruitment of foreign workers.

Various political, economic, and social pressures were thus emerging, all of which weighed in on the evolving formulation of the immigration policy of Bahrain. The developments cemented the foundations of the *kafala* system that had evolved out of Britain's regulation of labour migration in the pearling and nascent oil industry. Practices came to be codified in law, and were ultimately overseen by the new branches of the Bahraini government, from whom employers now obtained their NOCs. Employers were legally responsible for their foreign workers and controlled their mobility in the labour market. In theory, granting work permits was contingent on Bahrainisation practices. As I have argued, however, lack of inspection and enforcement mechanisms meant that reality did not always follow suit.

IV. The Politics of Labour Migration in the Context of Global Capitalist Restructuring: 1968 – 1994

Bahrain's trajectory of independence occurred within a global economic context wherein the Gulf region gained an increasingly important position. In this chapter, I examine how the Bahrain's labour migration regime became increasingly embedded within global economic transformations. I argue that the development of *kafala* in Bahrain was both informed by, as well as a constituent element of, global social and economic structures which benefit(ted) from asymmetrical power relations in the world market. I demonstrate that the economic rationale for engaging foreign workers intensified as Bahrain moved out of its 'oil-only' era, and that the spatial configuration of class had to be reconstructed in order to create the conditions necessary for capital accumulation, while simultaneously preventing threats to the stability of the regime. In this way, the regulation and (super-)exploitation of migrant workers became an increasingly crucial node in capital accumulation and in government strategies to redirect political dissent.

The End of the 'Golden Age' of Capital

As British presence was waning in Bahrain, the economic boom that had characterised the post-war period was coming to an end as well. The end of this golden age, however, did not entail a reversal of the internationalisation tendencies that had marked the preceding years. In fact, from the 1970s onwards, internationalisation of production chains meant that the internationalisation of capital became an increasingly important feature of the global capitalist economy. This was facilitated by a further transformation in the nature of the world market: the rise of financial processes and instruments as a key feature of the reproduction of the circuit of capital.[130] Companies engaged in business at the global level faced increasing costs, and needed to raise debt in order to fund their undertakings. Moreover, they had to do so across a wide range of new markets with varying currencies, interest rates, and financial systems. The rise of

[130] Hanieh, *Capitalism and Class in the Gulf Arab States*, 40.

credit instruments and globally integrated financial markets served to reduce transaction costs, fund expenses associated with internationalisation, and mitigate the risk of doing business on a global scale. In Hanieh's words, "capitalism's financialization was, in this way, the backbone to its internationalization."[131] One of the major shifts in the structure of the global monetary system which facilitated this linkage was the emergence of Euromarkets.

Euromarkets had begun to emerge in the 1960s. They consisted of deposits in banks that were denominated in dollars rather than the currency of the respective country of deposit. As explained by Hanieh, they,

> arose as a direct consequence of the internationalization of capital – US companies wishing to finance foreign investments were restricted by US government policies from exporting capital from the United States, so these new "offshore" markets allowed them to evade capital controls. […] Uncoupled from government restrictions on lending and reserve requirements, Euromarkets permitted a dramatic expansion in global credit levels and also enabled multinational companies to interlock their activities across several markets and eliminate exchange and transaction costs.[132]

Bahrain played an important role in this process. In 1960 the 'Organization of the Petroleum Exporting Countries' (OPEC), an intergovernmental organisation which enables petroleum exporting countries to cooperate in an effort to regulate oil production and reduce market competition, was founded. Saudi Arabia, Kuwait, and the United Arab Emirates are all OPEC members, and Qatar left the organisation in 2019. The establishment of OPEC increased the influence of the Gulf states over global oil prices due to their actual or potential ability to regulate supplies to the world market. In 1973-74, Middle Eastern oil producers increased the posted price of oil and simultaneously initiated and embargo that targeted countries who had supported Israel in its October 1973 war with Egypt and Syria.[133] The resulting increase in oil prices, combined with the increased national sovereignty over natural resources, meant that the Gulf states greatly increased their inflow of oil revenues. These revenues became known as

[131] Hanieh, 40.
[132] Hanieh, 41.
[133] Hanieh, 43.

'petrodollars.' As argued by Hanieh, from this moment on the Gulf's role in the global economy "was not just tied to its hydrocarbon exports, but also linked to the ways in which its petrodollars were utilized in global financial circuits,"[134] and to a large extent the financialisation of capitalism was constituted through and enabled by the integration of the Gulf region into the broader reproduction of the global economy.[135] While Bahrain was not an OPEC member, it headquartered many of the banks, so-called 'off-shore banking units' (OBUs), which entered petrodollars into Euromarkets, and has therefore acted as a key spatial zone for the internationalisation of GCC capital.

The restructure of the global economy was reinforced by a set of economic policies adopted by the leading capitalist states towards the end of the 1970s. Known collectively as neoliberalism, these policies aimed to stimulate free-market capitalism and, as argued by Hanieh,

> meant an assault on working conditions and wage levels through privatization, cutbacks to social spending, the reduction of tariffs, and deregulated markets. […] Internationalized capital needed borders that were open to capital flows, the protection of private property rights, disciplining of labor, and consistency in financial conditions and regulations.[136]

These global transformations, as I will argue, had far-reaching local implications, and played a key role in the development of the sponsorship system and the formulation of migrant labour regimes in Bahrain.

Political and Economic Developments in Post-Independence Bahrain

Following Britain's withdrawal from the Gulf, Bahrain's rulers strongly opposed the possibility of annexation by Iran. In March 1970, the Shah of Iran relinquished his claim to the island after a survey carried out by the United Nations (UN) ascertained that the majority of

[134] Hanieh, 43.
[135] Hanieh, *Capitalism and Class in the Gulf Arab States*.
[136] Hanieh, 46.

Bahraini citizens shared this sentiment.[137] From this moment on, efforts were made to establish Bahrain as a separate, independent and sovereign state. Britain and Bahrain eventually concluded their special relationship on August 15th 1971, and established a treaty of friendship.[138] Bahrain joined the United Nations the same year.

In 1968 it had seemed like British withdrawal would leave behind a stagnating economy. Yet, the structure of Bahrain's economy rapidly changed with the implementation of industrial diversification. 1968 marked the end of the 'oil-only' era. That year, Aluminium Bahrain B.S.C (Alba) was incorporated, which began operations in 1971, and trade turnover rose from BD 70 million in 1969 to BD 105 million in 1971 – a 50 percent increase in two years.[139]

Politically, popular expectations were high. There had been various proposals for political and social reforms which Bahraini representatives had offered at diplomatic meetings with other Gulf states. Continued procrastination and delay, however, frustrated these expectations. The situation escalated in March 1972.[140] Citizens sought to exercise their influence through labour militancy. A strike of Bahrainis active in the aviation industry sparked a series of demonstrations and riots which were motivated by demands for a constitution, freedom of association, and a reduction of expatriate employees in local companies.[141] The Bahraini government responded forcefully. It deployed police and anti-riot units and dispatched the Bahrain Defence Force for the first time since its establishment in 1968. Most known leaders of the organisational structure behind the demonstrations were detained. Meanwhile, the

[137] 'Bahrain Annual Review for 1970', 1971, FCO/8/1638, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London.
[138] Miriam, *Bahrain from the Twentieth Century to the Arab Spring*, 39.
[139] 'Economic Affairs in Bahrain', 1971, FCO/8/1647, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London. Available online at https://www.agda.ae/en/catalogue/tna/fco/8/1647.
[140] Al-Hadi Khalaf, 'Labor Movements in Bahrain'.
[141] 'Political Situation in Bahrain', 1972, FCO/8/1822, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London.

government did announce its commitment to accelerate progression towards a constitution and a first general election.[142]

These promises were eventually followed up in 1973, when the constitution was adopted. For many it fell short of expectations, but it did guarantee limited rights and democratic freedoms, including a parliamentary system.[143] Thirty members of the forty-four strong National Assembly were elected by Bahraini adult men in 1973. The results largely reflected the island's political makeup at the time, and two groupings emerged in particular: the leftists with eight elected members, and the Islamic group with six. The government was nonetheless able to retain an overall majority due to a constitutional stipulation that granted automatic parliamentary membership to all ministers. They formed a voting bloc, and one which proved uncompromising.[144]

The National Assembly quickly became the new focus of political activity in Bahrain. The success of the opposition initially prompted a number of concessions. This elevated morale, and extended the opposition's extra-parliamentary networks. As a result, three months of labour-related actions ensued, coming to a head with a strike at the vital aluminium smelter in 1974. As a result, most non-Assembly leaders of the labour actions were detained. Eventually, the National Assembly was dissolved in August 1975 as a result of legislative standstill. Particular cause for this was the opposition's disapproval of a general security law that the Bahraini government intended to introduce. The government cracked down on nationalists and leftists, and declared, once again, a state of emergency, which would remain in place for the next twenty-five years.[145] A newspaper article in The Guardian of the 4th of September 1975 commented by stating:

[142] Al-Hadi Khalaf, 'Labor Movements in Bahrain'.
[143] Al-Hadi Khalaf.
[144] Al-Hadi Khalaf.
[145] Omar Hesham AlShehabi, *Contested Modernity: Sectarianism, Nationalism, and Colonialism in Bahrain*, Radical Histories of the Middle East (London: Oneworld, 2019), 227.

> Bahrain has had a long history of workers' protests. The security law, which the Council saw as being too draconian, had been drafted with these sort of protests in mind. […] The ruler in Bahrain is now hoping to offset the curb on democratic liberties by works for the people. In the last reshuffle four new Ministries were formed: for transport, housing, public works, electricity and engineering, and commerce and agriculture.[146]

These 'works for the people' included a power and water complex, a central hospital, schools, a dry dock, housing, water distribution facilities, sewerage, a port, government offices, markets, clinic, cultural centres, and hotels and commercial buildings. The projects were realised on account of the sharp increase in oil revenues following the 1972-74 oil crisis and increased government participation in the oil industry. In 1974, the Government's oil revenues amounted to $76.7 million Bahraini dinar – a $52.9 million increase compared to the previous year.[147]

This evidence from the archival records supports AlShehabi's argument that state formation in the Gulf aimed at producing a loyal and disciplined population through the provision of 'super-welfare.'[148] Moreover, importantly, it reveals that acts of labour militancy occurred at the dawn of an economic turning point that would drastically increase the demand for labour. Labour market participation clearly provided the local population with economic influence which they utilised in their demands for political reform. Increasing this economic influence could therefore present a potential threat to the interests of the political elite. Political considerations such as these would become an important feature of the spatial configuration of class that was soon to emerge.

Labour Migration Regulation and the 'Spatial Fix' of Gulf Capitalism

The projects that were initiated incited a construction boom, and the year 1975 would become a turning point economically. The aluminium industry had flourished, Bahrain was chosen as the site for a new dry dock project, and King Faisal of Saudi Arabia had approved

[146] 'Internal Political Situation in Bahrain', 1975, FCO/8/2415, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London.
[147] 'Bahrain – Recent Economic Developments', 1975, Ref:189798, Executive Board Documents, International Monetary Fund, available online at https://archivescatalog.imf.org/Details/archive/125010202.
[148] AlShehabi, 'Histories of Migration to the Gulf'.

the building of a causeway linking the island to Saudi Arabia.[149] Construction, but also refining, aluminium, and ship-repairing, were large scale industries that demanded a lot of skilled and semi-skilled labour. As a British diplomat remarked in a report in 1974,

> The Government are talking, publicly, of the need for an increase of 15,000 in the labour force (ie 25 percent) by 1975/6. […] Last year's ideas of expelling the foreigner and keeping the jobs for Bahrainis should have been forgotten, though there may be frictions as the new incomers compete for facilities.[150]

The construction boom generated an influx of foreign labour, particularly from the Indian subcontinent. As written by a British diplomat in 1975: "Bahrain has not admitted Palestinians, Lebanese or other foreign Arabs in any numbers, who would be difficult to throw out when Bahrainis need their jobs."[151] This statement illustrates how labour policing was motivated by political considerations, and also reflects a particular *spatial strategy* that Bahrain – much like the other Gulf states – adopted as it emerged from independence.

In Bahrain, class formation became underpinned by a reliance on migrant labour flows and an extremely narrow definition of citizenship, and in this way happened through spatialisation. This is what Hanieh refers to as the 'spatial fix' of Gulf capitalism and class formation.[152] The concept of the spatial fix is adopted from the work of David Harvey, a Marxist geographer who has written extensively about the configuration of space under capitalism. In Harvey's words, the term 'spatial fix' describes "capitalism's insatiable drive to resolve its inner crisis tendencies by geographical expansion and geographical restructuring."[153] According to him, the question is not "how globalization has affected geography, but how these distinctive geographical processes of the production and reconfiguration of space have created the specific

[149] 'Bahrain Annual Review for 1974', 1975, FCO/8/2414, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London. Available online at https://www.agda.ae/en/catalogue/tna/fco/8/2414.
[150] 'Bahrain Internal Political Situation', FCO/8/2180, The National Archives.
[151] 'Internal Political Situation in Bahrain', 1976, FCO/8/2643, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London.
[152] Hanieh, *Capitalism and Class in the Gulf Arab States*.
[153] David Harvey, 'Globalization and the "Spatial Fix"', *Geographische Revue* 2 (2001): 24.

conditions for contemporary globalization."[154] According to Hanieh, in the Gulf states this has happened through a spatial configuration of class, which,

> serves as a "fix" for Gulf capitalism in a number of ways. […] The structural reliance on temporary migrant labor acts to increase the rate of exploitation. [Moreover] this spatialization of class acts as a powerful mechanism of social control. Because the spatial location of temporary labor in the Gulf is constituted through the social relations established in the course of the reproduction of capital – and not through birth or citizenship rights – this labor lacks any permanent *right to space*. […] Class solidarity [is] made very difficult because labor can be simply (and legally) threatened with deportation.[155]

The remark of the British diplomat sheds light on the way Bahrain relied on the spatial structuring of class as a "fix"[156] for capital accumulation. The economic boom increased the need for fresh labour power. Bahraini workers lacked the quantity, and in many cases, the skills and experience to meet these demands. Imported Arab labour had been crucial in the spatial structuring of class in previous years, however, many of these workers had come to sympathise with Arab and Palestinian nationalism during the 1970s, and began challenging Gulf rulers and Western influence. These workers also increasingly wanted to settle in a more permanent way, and had begun to demand access to rights and freedoms associated with citizenship.[157] They therefore increasingly presented a political threat to the interests of the ruling elite, and in their demands jeopardised the government's Bahrainisation efforts and ways of dealing with the looming unemployment problem. The economic need for an adequate supply of cheap labour thus had to be carefully weighed against political concerns. The spatial configuration of class had to be reconstructed in order to create the conditions necessary for capital accumulation, without threatening the nature of autocracy in Bahrain (e.g. by increasing citizen dissatisfaction or due to pressure to enhance political and economic rights of migrants). The unhappy

[154] Harvey, 24.
[155] Hanieh, *Capitalism and Class in the Gulf Arab States*, 64–65.
[156] There are different interpretations of the word 'fix' that apply here, which reflect an ambiguity of language. As noted by Harvey (2001), the disparate meanings all relate to the concept of 'spatial fix' in the way they are internally related by the idea that something (a thing, or problem, for example) can be pinned down and secured. In this paragraph, it is helpful to think of the term 'fix' as its metaphorical meaning, as in "the addict needs a fix."
[157] Hanieh, *Capitalism and Class in the Gulf Arab States*, 63.

experiences of the ruling family with citizen participation in 1954-8 and 1973-5 only worked to reinforce this sentiment.

It is in this way that temporality and deportability became key elements of the spatial and social configuration of class in Bahrain. These class structures have been central to the production and maintenance of power, and key to the process of capital accumulation. Between 1971 and 1981, the share of non-Bahrainis in the total population grew from 17,5 percent to 32 percent. There was a particular increase in non-Arab foreigners.[158] Changes in the proportion and composition of foreign labour induced a fragmentation of the working class along ethnic, linguistic, and religious lines. The temporary nature of one's existence within the social structures of class moreover meant that such relations were continuously shifting and being dissolved as migrants moved, returned home, or were deported.[159] This obstructed the development of class-consciousness and, subsequently, class solidarity, both between citizens and migrants as well as within migrant communities. In Bahrain, this is illustrated by the fact that no major strikes and acts of labour militancy occurred between 1975 and the mid-1990s.

The legal bind between the visa status of the migrant and possession of employment, and the threat of deportation, created a power imbalance that enabled exploitative practices and poor working conditions. Social stratification between migrants and citizens intensified. While political and economic rights were restricted for both during the 1970s, citizens enjoyed a favourable position. The lack of social protections for migrant workers enabled discriminatory practices to occur. There were, for example, considerable wage differentials for citizens and migrants, even when they worked the same job.[160]

The shift away from Arab labour thus reflects a particular mode of geographical expansion that occurred as the Bahraini government sought to balance the dictates of capital

[158] Al-Hadi Khalaf, 'Labor Movements in Bahrain'.
[159] Hanieh, *Capitalism and Class in the Gulf Arab States*, 65.
[160] 'Human Rights in Bahrain', 1990, FCO/8/7680, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London.

against political rationale. The reconfiguration of the Bahraini population in the shift to Asian labour was immobilising for popular protest as Asian workers fell outside the scope of pan-Arab identification, and locals experienced a loss of economic influence.[161] This spatial strategy, therefore, became important in government strategies to suppress political dissent.

Economic Development, *Kafala,* and New Nationalisation Policies

The regulation of labour migration in Bahrain during this time was thus inextricably linked to political transformations on a regional scale. At the same time, local political developments played a major role as well. The boom conditions of the mid-1970s had boosted Bahrain's traditional importance as a mercantile and service centre. In just a few years, the island grew into a major centre for banking, ship repair, and regional business operations.[162] This was facilitated in 1975 by the introduction of regulations which allowed banks to establish off-shore banking units (OBUs). In Bahrain, these OBUs were dominated by non-Bahraini Gulf capital. As aforementioned, they played a key role in the internationalisation of Gulf finance by entering petrodollars into the Eurocurrency market. For this offshore market to prosper, it was crucial that a stable environment and high confidence in Bahrain's economic policies be consistently maintained.[163]

The archival material reveals that this rapid development of Bahrain as a regional commercial centre exacerbated the dual concerns of the Bahraini government. British ambassador Walker wrote in 1980:

> The authorities are in a dilemma here. On the one hand it is a political imperative to improve job opportunities for local citizens. On the other Bahrain's success as a regional

[161] John Chalcraft, 'Migration and Popular Protest in the Arabian Peninsula and the Gulf in the 1950s and 1960s', *International Labor and Working-Class History* 79, no. 1 (2011): 44, https://doi.org/10.1017/S014754791000030X.
[162] 'International Monetary Fund (IMF): Bahrain', 1981-1983, T/439/126, HM Treasury: Overseas Finance Sector, External Finance Group, World Economy Division: Records (IMS prefix files), The National Archives, London.
[163] 'International Monetary Fund (IMF): Bahrain', T/439/126, The National Archives

> centre depends in large part on its efficiency in such fields as communications, and this would be damaged by over-rapid Bahrainisation.[164]

A year later he added, "the foreign investor here is protected by the authorities' concept of Bahrain as a commercial centre for the region that can only be such a centre if it remains a place in which businessmen can be confident of running an efficient operation."[165]

In 1981, the Bahraini government launched the so-called 'Ten Thousand Programme' to improve the skills of the Bahraini workforce. The programme offered training to employees at no cost to employers, and was designed to increase the participation of Bahrainis in administrative and managerial occupations. Ten thousand jobs were identified which were then performed by expatriates but which the government believed could be done by Bahrainis at the end of ten years.[166] Over the course of the 1980s, however, the programme was discontinued, although potential employees continued to receive training under various schemes.[167]

The issuance of labour permits at this time was guided by vacancies in occupations which could not be filled by Bahrainis. The Ministry of Labour maintained a registry of Bahrainis in various occupational groups, against which requests for labour permits to expatriates were checked to ensure that no permit was issued if a position could be filled by a Bahraini.[168] In this, the rules and regulations of *kafala* that had developed out of the British imperial era and which were codified and institutionalised as Bahrain gained control over labour and migration matters in their independence increased in significance as a means to exercise control over labour mobility. By tying a migrant to a particular job vacancy with a company or individual as sponsor, the Bahraini government ensured that migrant labour mobility was restricted and that the job positions envisioned for Bahrainis would remain available to them.

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[164] 'Bahrain Annual Review for 1979', 1980, FCO/8/3490, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London.
[165] 'Bahrain Annual Review for 1980', 1981, FCO/8/3894, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London.
[166] 'International Monetary Fund (IMF): Bahrain', T/439/126, The National Archives.
[167] 'Economy of Bahrain', 1989, FCO/8/7676, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London.
[168] 'International Monetary Fund (IMF): Bahrain', T/439/126, The National Archives.

Had migrant workers been allowed to freely move around within the labour market, they would have been able to compete with Bahrainis for job positions that the government intended to 'Bahrainise,' and this would have jeopardised the government's ability to provide satisfactory employment to its population. The *kafala* system became deeply intertwined with these political objectives.

Kafala and Migrant Exploitation in the Neoliberal Context

There were thus competing incentives and pressures weighing in on the evolution of labour migration regulation in Bahrain. One transformation that majorly impacted the situation was that of the global capitalist economy as it entered a new phase of development during the late 1970s and 1980s. Neoliberal restructuring transformed the nature of capitalist social relations on a global scale, with far-reaching local implications. According to neoliberal theory, productivity, profit and competition should be optimised by means of strong individual private property rights, the rule of law, and by institutions that promote freely functioning (global) markets and free trade.[169] Wise points out that:

> In the expansion of their operations, the agents of corporate or monopoly capitalism have created a global network and process of production, financing, distribution, and investment that has allowed them to seize the strategic and profitable segments of peripheral economies and appropriate the economic surplus produced, at enormous social and environmental cost. […] One of the main engines of neoliberal capitalism is cheap labour, lowering the cost of labour by any and all means, and taking advantage of the massive oversupply of labour reflected in growing levels of unemployment all over the world.[170]

Cheap labour is thus one of the main drivers of neoliberal capitalism. Neoliberal expansion increased the geographical mobility of capital, and, in doing so, increased the number of competing sites for capital investment. Pressures for labour market flexibility and liberalisation intensified as countries struggled to enhance and secure the competitiveness of their economies

[169] David Harvey, *A Brief History of Neoliberalism*, 1st ed. (Oxford: Oxford University Press, 2005), 64.
[170] Raúl Delgado Wise, 'Migration and Labour under Neoliberal Globalization', in *Migration, Precarity, and Global Governance: Challenges and Opportunities for Labour*, First edition (Oxford: Oxford University Press, 2015), 26–28.

on global markets. This greatly impacted the living and working conditions of the working class. Under these circumstances, where "the inalienable rights of individuals [including corporations] to private property and the profit rate trump any other conception of inalienable rights you can think of,"[171] capitalist development exacerbated the exploitation of the working class, of which migrant workers comprise one of the most vulnerable segments.[172]

Wise explains that neoliberal restructuring has exacerbated "mechanisms of unequal development [which] produce structural conditions, such as unemployment and inequality, which stimulate the massive migration of dispossessed and marginalized people."[173] In a context like this, where large segments of the population do not have access to the means of earning a living to the point where their livelihoods are at stake, migration is often not a free and voluntary movement, but rather an imperative to survival, even in the face of insecurity, vulnerability, and extreme exploitation.[174] In this way, mechanisms of unequal development under neoliberalism gave rise to a large, globally mobile 'reserve army of labour'[175] for low-wage and temporary-contract labour markets. In their efforts to maximise economic surplus (which is produced by the workers but appropriated by the capitalist, i.e., exploitation), capitalist ventures are able to take advantage of this situation and capitalise on the vulnerability of migrants and other vulnerable social groups for profitability. It is in this way that capitalist developments have enabled what can be described as the 'super-exploitation' of certain communities. The conditions of migrant workers under the *kafala* system in Bahrain, I argue, are a prime example of this.

During the 1980s – and still today – the production and circulation of commodities and capital and, hence, capital accumulation, in Bahrain was predominantly concentrated in,

[171] Harvey, *A Brief History of Neoliberalism*, 181.
[172] Wise, 'Migration and Labour under Neoliberal Globalization', 25.
[173] Wise, 36.
[174] Wise, 32.
[175] Marx, *Capital: Volume I*, 657.

although certainly not restricted to, three key sites: (1) industry, including activities related to petrochemicals, aluminium, and steel; (2) infrastructure, including construction and contracting, telecommunications, and retail; and (3) financial markets, including stock markets, banks, and investment firms.[176] Non-Bahrainis comprise(d) the vast majority of the labour force for site (1) and (2).[177] I have earlier demonstrated that this was partly because Bahraini workers lacked in quantitative and, sometimes, qualitative capacity to meet these demands. Evidence derived from the records, however, also shows that labour cost, and hence exploitability, played a major role.[178] At the time, there were major wage differentials between migrants and citizens, something which was importantly enabled by the lack of social and legal protections for foreign workers. Wage levels for male and female Bahrainis in 1989 were on average 230 percent and 130 percent higher, respectively, compared to those of expatriate workers, and in 1990 only 3 percent of Bahraini workers in the private sector received a monthly wage comparable with that of 60 percent of the foreign workforce.[179] The low cost of engaging foreign workers was key for private sector firms in their bid to secure their performance in an increasingly competitive global market. National oppression and discriminatory practices in this way enabled capitalists to maximise profit rates, and major sites of capital accumulation in Bahrain hence relied on the super-exploitation of migrant workers to ensure the competitiveness of their activities. This had deleterious social effects for migrant individuals. From 1987-92, for example, private sector wages declined by 2 percent, reflecting inter alia, as remarked by IMF personnel "the relative openness of the Bahraini labor market, and the determination of private sector wages on free

[176] Adam Hanieh, *Money, Markets, and Monarchies: The Gulf Cooperation Council and the Political Economy of the Contemporary Middle East* (Cambridge: Cambridge University Press, 2018), 65.
[177]'Bahrain – Recent Economic Developments', 1987, Ref:356172, Executive Board Documents, International Monetary Fund, available online at https://archivescatalog.imf.org/Details/ArchiveExecutive/125086341.
[178] Bahrain Annual Review and Post Objectives', 1988, FCO/8/6971, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London.
[179] 'Economy of Bahrain', FCO/8/7676, The National Archives.

market principles."[180] The decline was, unsurprisingly, predominantly absorbed by expatriate labour.

The development of the *kafala* system is deeply intertwined with these local, regional and global transformations. Restrictions on freedoms and lack of legal and social protections under *kafala* ensured that migrant workers were profitable as cheap and exploitable resources, from which maximum surplus could be extracted. The policy approach that developed in the 1970s-80s minimised the possibility of permanent residence and maximised rotation, giving rise to a clear separation between foreigner and citizen, between the 'temporary' expatriate and the permanent labour force. Migrants, in this way, were regarded primarily as a production factor which could be repatriated when no longer needed or when there was a political imperative to do so. The *kafala* system thus played an important role in facilitating capitalist super-exploitation.

Something to note is that the (super-)exploitation of certain groups of people is not exclusive to Bahrain, the Gulf region, or to the time period in question. Migration has been central to the creation of the world capitalist system since the inception of the global labour market roughly 500 years ago. Throughout this entire period, gendered, racial, and ethnic hierarchies have existed within global labour pools, and these have been intertwined with varying degrees of coercion and displacement. Think, for example, of the Transatlantic slave trade, which supplied the indispensable labour power needed to extend the borders of capitalism by exploiting natural resources on and in plantations and mines in the Americas.[181] These social hierarchies have, in different ways and at different times, been exploited to secure the reproduction of a labour supply politically and economically suited to capital's needs. Much as migration was central in the creation of the global capitalist system, today it is equally important

[180] 'Bahrain – Recent Economic Developments', 1992, Ref:396337, Executive Board Documents, International Monetary Fund, available online at https://archivescatalog.imf.org/Details/archive/125106337.
[181] Walter Rodney, *How Europe Underdeveloped Africa* (London: Bogle-L'Ouverture Publications, 1973).

in its reproduction. To see the conditions in Bahrain and wider Gulf as exceptional in the contemporary world is therefore misleading – this narrative reproduces Orientalist views that overlook how labour conditions in this region are produced in a transnational context and how global gendered and racial hierarchies enable local acts of exploitation. Instead, I side with Hanieh's argument that class formation in the Gulf "needs to be seen as a unique, spatially specific expression of the concatenation of tendencies underpinning the development of global capitalism."[182] In line with this view, the exploitation of migrant workers under *kafala* is deeply intertwined with, and reflects, the power asymmetries extant in the world market, and can therefore only be understood in relation to these processes.

Nationalisation Policies in the Context of Economic Diversification

It becomes clear that alongside political power and regime stability, profitability and market access played an increasingly important role in the development of labour migration regulation in Bahrain. There were substantial economic motives for firms to engage foreign labour. At the same time, unemployment was on the rise. Up until this point, the influx of school-leavers into the labour market had largely been absorbed by the public sector, where the Bahraini government essentially applied a policy guaranteed employment for citizens. In a bid to further expand employment opportunities, the Bahraini government intensified Bahrainisation efforts in 1989 and set out to reduce the number of expatriate workers with 20,000 within the following five years.[183] This time, policies specifically targeted the private sector. Designated companies were required to create additional jobs or to replace expatriate workers with citizens at the expiry of their contracts. Implementation of these measures was flexible, but the authorities monitored progress and could exercise disciplinary powers if needed, including control over work permits.

[182] Hanieh, *Capitalism and Class in the Gulf Arab States*, 16.
[183] 'Internal Political Affairs of Bahrain', 1989, FCO/8/7322, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London.

The initiative included a recommended entry wage, which was linked to the public sector wage scale, which, at the time, was more than double the amount comparatively qualified expatriates earned in the private sector.[184] In 1990, the International Monetary Fund (IMF) noted that if the recommended wage level was to be made mandatory, the international competitiveness of Bahraini firms could be adversely affected. To guarantee successful economic diversification, and to ensure the external competitiveness of existing industries, IMF staff therefore cautioned against mandating wage levels as part of government labour policy.[185] They moreover remarked that:

> Many companies will resist [these policies] because it will increase costs and reduce efficiency. Others will refuse because there are no qualified Bahrainis to fill the positions, particularly in the service sectors. If the government is not prepared to compromise, local companies could become more disenchanted with a government which does not listen to what they regard as legitimate concerns, foreign companies could well pack up and leave, and others looking to set up offices here could be discouraged.[186]

Banking, trading, and manufacturing sectors had already started to lose out to more open centres like Dubai.[187] These policies therefore threatened to jeopardise Bahrain's economic development by making the island less competitive than other, more liberal regimes. Evidently, for the Bahraini government, the neoliberal restructuring of the world market exacerbated tensions between political imperatives and economic incentives. On the one hand, to make the private sector more attractive for Bahraini workers and to make Bahraini workers better able to compete with foreign workers in the labour market for the private sector, the introduction of the recommended entry wage was imperative. On the other hand, doing this would increase labour costs for private sector firms and hereby threaten the competitiveness of the Bahraini economy, and, in turn, its position as a regional commercial centre.

[184] 'Economy of Bahrain', FCO/8/7676, The National Archives.
[185] 'Economy of Bahrain', FCO/8/7676, The National Archives.
[186] 'Economy of Bahrain', FCO/8/7676, The National Archives.
[187] 'Economy of Bahrain', FCO/8/7676, The National Archives.

Population	*1971*	*1981*	*1991*
Bahraini	178,193	238,420	323,305
Non-Bahraini	37,885	112,378	184,732
Total	216,078	350,798	508,037
% share Bahraini	82.5%	68%	63.6%
Labour Force	*1971*	*1981*	*1991*
Bahraini	37,378	60,191	90,662
Non-Bahraini	22,212	81,038	135,786
Total	59,590	141,229	226,448
% share Bahraini	62.7%	42.6%	40%

Table 1. Bahrain: Demographic changes 1971-1991. (Table by author, Adapted from Dito, *Migration Policies and Challenges in the Kingdom of Bahrain*, 5.)

Despite the government's efforts, companies kept engaging foreign workers. The influx of labour migrants continued and the non-national segment of the population steadily increased (see Table 1). The share of Bahrainis in private and public sector employment moreover remained fairly stable at least until 1992, at 25 percent and 82 percent, respectively, and most newcomers in the labour market continued to be induced by the public sector.[188] Still, unemployment of the local workforce was on the rise – at the time estimated at 10 percent.

[188] 'Bahrain – Recent Economic Developments', 1992, Ref:396337, International Monetary Fund.

Further reduced employment threatened to not only fuel anti-expatriate sentiment, but sectarian[189] resentment as well.[190]

Bahrain is a multi-sect state where the Sunni Al Khalifa family rules over a predominantly Shi'a population. As argued by AlShehabi, while sectarianism currently plays a dominant role in the political field in Bahrain, it is a mistake to project this predominance uncritically unto other time periods. Sectarianism, rather than being a pre-existing condition inherent to the ethnocultural composition of Bahrain, is a manifestation of modernity and "both a colonialist knowledge and a local knowledge that were produced conjointly. […] It was [a] conjunctural product of both precolonial and colonial factors, but in which the newly unfolding colonial order provided the main impetus and institutional setting that drove it forward."[191] Reducing the historical experiences of multi-sect states like Bahrain to ethnosectarianism obscures differences across time and space and overlooks the diverse range of political forces that have taken centre stage at different times, many of which were non-sect based or even explicitly anti-sectarian.[192] The political strand based on Arab nationalism that had underpinned the events of the 1950s, for example, had revolved around a pan-Bahraini identity – one that transcended sect and predominantly targeted its demands against British rule and government authority. While ideologically different, the political movement of the 1970s similarly relied on the support of individuals hailing from a wide variety of social backgrounds.

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[189] In Islam, there is a religious divide between those believers adhering to Shi'a Islam, and those adhering to Sunni Islam. The biggest difference between Shiites and Sunnis stems from conflicting beliefs about the rightful successor of the Prophet Muhammad. For a comprehensive historical overview of the differences and similarities between the Sunni and Shia, see Emad Khalili, 'Sects in Islam: Sunnis and Shias', *International Academic Journal of Humanities* 3, no. 4 (2016): 41–47. In Bahrain there are no recent statistical data that explicitly refer to sects and social groupings. This reflects the state's inclination to refrain from exerting an overly ethnosectarian discourse. However, the last official census of 1941 estimated the Muslim population to be 52 percent Shi'a and 48 percent Sunni (Fahim I Qubain, 'Social Classes and Tensions in Bahrain', *The Middle East Journal* 9, no. 3 (1955): 269–80.) Recent unofficial estimates have placed the share of Shi'a between 62 percent and 70 percent. This number is disputed, however, and the Bahraini government places it closer to half ('Popular Protests in North Africa and the Middle East (III): The Bahrain Revolt', Middle East/North Africa Reports (International Crisis Group, 2011); Miriam, *Bahrain from the Twentieth Century to the Arab Spring*.) The Al Khalifa ruling family professes Sunni Islam.

[190] 'Economy of Bahrain', FCO/8/7676, The National Archives.

[191] AlShehabi, *Contested Modernity*, 248.

[192] AlShehabi, *Contested Modernity*.

This current changed with the rise of Islamism in the late 1970s, when various global and regional events intersected with local politics to influence sectarianisation.[193] Particularly significant for this transformation was the 1979 Islamic revolution in Iran, in which the Pahlavi dynasty was overthrown and replaced by an Islamic republic under Shi'a clerical rule. Militant opposition to the government increased in frequency. Experiences with class-based discrimination fuelled Shi'a activism; Shi'a nationals often faced discrimination in the labour market and were disproportionality affected by unemployment. In 2005, for example, the unemployment rate among Shi'as was double the national average.[194] Rising unemployment rates threatened to exacerbate these tensions. It is therefore for good reason that in 1991 a British diplomat considered unemployment to be "the main long-term threat to Al Khalifa rule."[195]

From the 1970s until the 1990s, in the period of a political equilibrium, Shi'a Islamic movements largely based their opposition on identity issues and emphasised the oppressive sectarian structure of power present in Bahrain. In the 1990s, in response to the rise in unemployment and labour-related discontent, identity politics began to be merged with labour politics. It was argued that the Shi'a population was the main victim of unemployment due to systematic sectarian discrimination in the hiring practices of the regime.[196] Henceforth, religious clerics and their supporters came to constitute the backbone of oppositional forces, and, in turn, government repression became increasingly based on ethno-sectarian lines.[197]

Conclusions

The 1990s marked the end of a political equilibrium that had been underpinned by a labour segmentation with two main components: a policy of guaranteed employment for

[193] AlShehabi, 229.
[194]Mounira Chaieb, 'Young in the Arab World: Bahrain', *BBC Arabic Service*, 2005, http://news.bbc.co.uk/2/hi/middle_east/4229337.stm.
[195] 'Internal Political Situation in Bahrain', 1991, FCO/8/8270, Foreign and Commonwealth Office: Research Department Later Research and Analysis Department: Foreign Policy Papers, The National Archives, London.
[196] Laurence Louër, 'The Arab Spring Effect on Labor Politics in Bahrain and Oman', *Arabian Humanities* 4 (2015), https://journals.openedition.org/cy/2865#quotation.
[197] AlShehabi, *Contested Modernity*, 230.

citizens in the public sector and state-owned enterprises, and private sector regulation based on a pro-employer approach, which was structured by a low level of regulation tailored primarily for expatriate workers. There had been various social, political, and economic transformations on local, regional, and global scales whose implications exerted pressure on the Bahraini government to regulate labour and labour migration accordingly. Despite domestic pressures to alleviate unemployment and increase the share of the local population in the private sector, the influx of foreign workers continued and the non-national segment of the population steadily increased.

The import of *kafala*-regulated migrant workers supplied Bahrain with a large, exploitable, and relatively powerless labour force that it needed as it diversified its economy and strengthened its position as a regional financial and service sector in the 1980s and early 1990s. The sponsorship system played an important role in facilitating the super-exploitation of migrant workers and functioned, in this way, as a spatially specific expression of the asymmetrical power relations extant in the world market. On top of this, *kafala* functioned as a key mechanism of surveillance to balance the economic necessity of importing migrant labour with the political imperative of providing satisfactory employment to the local population. In this way, the development of labour migration regulation in Bahrain was deeply intertwined with social, political, and economic processes on local, regional and global scales.

The Gulf region played an important role in the financialisation of capitalism and the reproduction of the global economy. This critical centrality meant that any challenges to social structures by the working classes of the Gulf did not only present a potential threat to the structure of capital accumulation on a local scale, but on a global scale as well.[198] Importing migrant labour bore the risk that the non-national segment of the population would gain economic and political influence as their numbers increased. The denial of social and legal

[198] Hanieh, *Capitalism and Class in the Gulf Arab States*, 54.

protections to migrants was and is therefore an essential dimension of the structural abuse that occurs under the *kafala* system. Had sponsorship regulations been complemented by social and legal protections such as a minimum wage, social security, freedom from discrimination, and access to justice, and had there been well-functioning inspection and enforcement mechanisms in place, the situation might have looked quite different. Hence, exploitation associated with *kafala*, as a structure of bureaucracy, cannot be adequately understood if the focus is solely on its legal framework.

V. From Emirate to Constitutional Monarchy: Social and Political Transformations in the Lead Up to Reform

Around this same time period, the English press started to draw attention to the disadvantaged position of expatriate workers in Bahrain, particularly in regard to the sponsorship system.[199] In this chapter I evaluate the political and economic transformations that led up to the reform of the sponsorship system in 2009. I argue that the disadvantaged position of foreign workers was not inherently what instigated change. Rather, in continuation with historical trend, domestic political pressures and the capitalist push for profit were at the forefront of this process. I demonstrate that the non-oil private sector has proved a particularly significant obstacle to more comprehensive labour market reform. In light of this, I argue that reforms thus far have been largely performative, and that the most critical vulnerabilities enabled by the *kafala* system remain in place.

The End of the Equilibrium

In June 1994, 1,500 demonstrators gathered at the Bahraini Ministry of Labour and Social Affairs to protest rising unemployment rates. The event marked the beginning of a four-year period of riots, demonstrations and repression, which would become known as the *intifada* of 1994-99.[200] The uprising had a distinctly religious character. Demonstrations were largely orchestrated by Shi'a segments of the population and most of the violence took place in Shi'a villages and towns, which were heavily patrolled and frequently subjected to night-time raids by security forces.[201] The objectives of the movement, on the other hand, intersected with a country-wide campaign for political and economic reform and brought together leftists, liberals and Islamists alike.

[199] 'Human Rights in Bahrain', FCO/8/7680, The National Archives.
[200] Laurence Louër, 'The Political Impact of Labor Migration in Bahrain', *City & Society* 20, no. 1 (2008): 32–53.
[201] 'Bahrain Human Rights Developments', Human Rights Watch World Report 1997 (Human Rights Watch, 1997), https://www.hrw.org/reports/1997/WR97/ME-02.htm.

The issue of foreign workers resurfaced as an important component of political mobilisation during this time. Various incidents involved violence against Asian workers, some of whom lost their lives when their shops were bombed by protestors.[202] Ordinary Bahrainis had become increasingly concerned with the structure of the labour market. Due to steady population growth the public sector was increasingly unable to absorb the influx of newcomers. On top of this, the social roles and economic position of Bahraini women were changing. Many young women were entering the job market as a result of changing aspirations or in a bid to increase their family's material resources.[203] For many Bahrainis, the deteriorating economic situation motivated their entry into political opposition.[204]

To tackle rising unemployment rates and accompanying political tensions, it was imperative for the Bahraini government to increase opportunities for citizens in the private sector, which was ultimately the main creator of jobs. However, due to the nature of the economic system in Bahrain, which relied heavily on the exploitation of cheap and powerless migrant workers, Bahraini nationals were unable to compete with foreign workers on the job market. Migrant workers were willing to accept lower wages, poorer working conditions, and longer hours, or were simply forced to accept these terms because they were unable to freely change employers under the sponsorship system. Foreign workers were moreover generally considered to be more productive and skilled, and lacked the limited protections that made Bahraini workers difficult to fire.[205]

The policy approach adopted by the Bahraini government to tackle rising unemployment rates can be summarised by a remark of IMF staff, who wrote in 1996 that "the short-term strategy aims at the gradual replacement of expatriate workers with Bahrainis in the private sector, to the extent that this *does not disrupt the performance and competitiveness of this sector*

[202] Louër, 'The Political Impact of Labor Migration in Bahrain'.
[203] Louër, 'The Arab Spring Effect on Labor Politics in Bahrain and Oman'.
[204] Louër, 'The Political Impact of Labor Migration in Bahrain', 43.
[205] 'Bahrain The Requirements for Economic Diversification and Sustainability' (the World Bank, 1993), 30.

[emphasis added]."[206] The longer term strategy, they continue, would aim at more private sector investment, attracting foreign direct investment, and increasing job-creating activities by the private sector.[207] A renewed shift of Bahrainisation policies to target the private sector began in 1995 with the implementation of quota rules. From this moment on, a new company had to employ 20 percent nationals in its first year, and increase this rate with 5 percent each subsequent year until 50 percent of its employees were ultimately nationals. Existing companies had to follow similar regulations and increase their share of nationals with 5 percent each year, until they also reached a 50/50 split.[208] Companies that did not adhere to these rules faced financial penalties and could have their number of work visas restricted.

Kafala and Rent-Seeking Behaviour

Despite these sanctions, quota policies often fell short of their targets and employers were moreover able to circumvent them by employing various strategies. The introduction of these quota policies, for example, played a key role in the development of an illicit labour permit market; approximately 9,000 unemployed Bahraini citizens were making a living solely by registering fake companies and selling the permits they obtained from doing so.[209] As aforementioned, mechanisms of unequal development under neoliberalism gave rise to a large, vulnerable, globally mobile 'reserve army of labour' for low-wage and temporary-contract labour markets. This meant that despite poor working conditions in Bahrain, Bahraini employers acquired labour within a buyer's market. In the words of Fernandez, this "produced a labour brokerage society in which lucrative rents can be obtained by ordinary citizens simply because of their citizenship."[210] Bahraini sponsors would, for example, sell excess permits for

[206] 'Bahrain – Recent Economic Developments', 1996, Ref:440346, Executive Board Documents, International Monetary Fund, available online at https://archivescatalog.imf.org/Details/ArchiveExecutive/125128320.
[207] 'Bahrain – Recent Economic Developments', 1996, Ref:440346, International Monetary Fund.
[208] Hertog, 'Arab Gulf States: An Assessment of Nationalisation Policies', 11.
[209] Hertog, 11.
[210] Bina Fernandez, 'Racialised Institutional Humiliation through the *Kafala*', *Journal of Ethnic and Migration Studies* 47, no. 19 (15 December 2021): 4347, https://doi.org/10.1080/1369183X.2021.1876555.

profit to labour recruitment agencies in labour sending countries, private individuals in labour sending countries, or private individuals present in the country on tourist visas, without subsequently providing employment. With this 'free visa', migrant workers would bear the cost of their own work permit and reside in Bahrain without directly working for the original sponsor. In other instances, sponsors would sell work permits and allow migrants to run a small enterprise, on the condition that they would be paid a commission.[211] Sponsors could also hire migrant workers under the *kafala* system and take advantage of their dependency by making them work for a different employer and demanding a share of their earnings. Similarly, some sponsors would hire workers on a predetermined wage, but, once the migrant arrived in the country, would arrange for him or her to work for a different employer for a higher wage and pocket the difference.[212]

In 1998, these rent-seeking activities were estimated to amount to a $4 billion dollar industry. They were and continue to be widely prevalent throughout the region.[213] While technically illegal, they depend on the sponsorship system and are enabled by policies that make the visa status of the migrant dependent on the goodwill of the sponsor. The threat of deportation and weak enforcement of regulatory mechanisms, means that migrant workers are often deterred from seeking redress. The emergence of this brokerage society exemplifies again how the legal vulnerability of migrant workers provided lucrative opportunities for capital accumulation in Bahrain. It also reveals that ordinary citizens had a vested interest in the development of labour migration regulation policies. This demonstrates that, again, to understand *kafala* and its persistence or change as a structure of bureaucracy, it is important to

[211] Fernandez, 'Racialised Institutional Humiliation through the *Kafala*'.
[212] Ray Jureidini and Said Fares Hassan, *Migration and Islamic Ethics: Issues of Residence, Naturalization and Citizenship* (BRILL, 2020), https://doi.org/10.1163/9789004417342.
[213] Fernandez, 'Racialised Institutional Humiliation through the *Kafala*', 4347.

go beyond its legal framework. There are multiple social, political, and economic implications of the system – all playing a key role in incentivising or obstructing change.

Power and Politics in the Lead Up to Reforms

In 1999, Sh. Isa, who had ruled Bahrain since 1961, unexpectedly passed away and passed on the title of Emir to his son Shaikh Hamad bin Isa Al Khalifa (hereafter referred to as Sh. Hamad). Following his ascension to the throne, Sh. Hamad declared his intentions to implement a series of reforms and set the course for a new political agenda. As a result, the violence that had characterised the *intifada* period gradually subsided. The measures that were introduced by him centred predominantly on constitutional reform. In 2001, a political reform strategy called the National Action Charter was promulgated, which received overwhelming support from Bahraini citizens by referendum.[214] The same year saw the repeal of the 1974 Security Law, which had long provided cover for the suppression of political opposition and abuse of human rights.[215] The following year, Sh. Hamad issued a new constitution. Bahrain would henceforth be a constitutional monarchy, with Sh. Hamad as its king. A new, two-chambered National Assembly was to be established. Both chambers would be equal in number, with one directly elected, and the other to be appointed by the king. Parliamentary elections, the first since the democratic experiment in 1975, were eventually held in 2002.[216] The constitution also guaranteed the right to freedom of association. Hence, trade unions became legal in the same year, with trade union regulations applied to citizens and migrants alike.

Accompanying these political transformations was a comprehensive policy review of Bahrain's economic development. In 2000 a Supreme Council for Economic Development was created by royal degree, which later transformed into the Economic Development Board (EDB)

[214] Abdulhadi Khalaf, 'The Outcome of a Ten-Year Process of Political Reform in Bahrain', Brief (Arab Reform Initiative, 2008).
[215] Kristian Coates Ulrichsen, 'Bahrain's Uprising: Regional Dimensions and International Consequences', *Stability: International Journal of Security & Development* 2, no. 1 (29 May 2013): 14, https://doi.org/10.5334/sta.be.
[216] Khalaf, 'The Outcome of a Ten-Year Process of Political Reform in Bahrain'.

in 2001.[217] The EDB was tasked with outlining, proposing, and managing economic reforms, in a comprehensive manner.[218] In 2004, the Bahraini government commissioned American consulting firm McKinsey to develop a long-term economic reform strategy. The measures that were eventually adopted drew in large part on the recommendations outlined in their report. McKinsey's report recommended, inter alia, to promote the integration of the labour market by eliminating wage differentials between foreigners and citizens, to introduce a tax on expatriate workers that would fund vocational training for citizens, to abolish *kafala*, and to eliminate nationalisation quotas.[219] The aim of these policies was to drive economic diversification and alleviate unemployment by raising private sector wage levels through increasing competition and closing the qualification gap between nationals and foreigners.

In the end, McKinsey's recommendations were only partially implemented due to the mobilisation of private sector lobbies, and the business community played a substantial role in shaping the outcomes of reforms.[220] In his analysis of state-business relations in the Gulf, Valeri explains that in response to the potential introduction of McKinsey's measures, the private sector raised its voice in various ways. There were public demonstrations of businessmen and trade unions, recurrent appeals to government representatives and royal family members, and tight negotiations on the implementation of new legislation.[221] He remarks:

> The shaping of the labor market reform is a superb illustration of the power struggle within the ruling family, between what many observers label the "old guard," or the prime minister and his supporters among the ministers, and the new generation of technocrats led by the crown prince and the EDB, whose paragon is its CEO since 2005, Shaykh Muhammad bin Isa al-Khalifa.[222]

[217] Marc Valeri, 'State-Business Relations in the Gulf: The Role of Business Actors in the Decision-Making Process in Bahrain and Oman', in *Gulf Politics and Economics in a Changing World*, by Michael Hudson and Mimi Kirk (WORLD SCIENTIFIC, 2014), 63, https://doi.org/10.1142/9789814566209_0004.
[218] Valeri, 64.
[219] Louër, 'The Arab Spring Effect on Labor Politics in Bahrain and Oman'.
[220] Valeri, 'State-Business Relations in the Gulf'.
[221] Valeri, 73.
[222] Valeri, 71.

Eventually, fees for employing foreign workers were introduced, but they were significantly lower than the amount recommended by McKinsey. Bahrainisation quotas were also only reduced, and have been maintained until the present day.[223] Bahrain moreover did not abolish the sponsorship system, but did initiate reforms to ease its regulations. A new government agency called the Labour Market Regulation Authority (LMRA) was created in 2006, which took over visa matters and labour regulation from the Ministry of Labour.[224] Since 2009, the LMRA has taken over the sponsorship role and has sponsored foreign worker visas in place of employers. This was, however, largely a symbolic change, as migrant workers still required a citizen or local company to be in charge of their legal stay in the country. A more structural reform to the system came in the form of the 2009 Mobility Law, which abolished the need for migrant workers to obtain consent from their original sponsor in the form of a NOC if they wanted to change employment. Originally, migrant workers were free to change employers after a three-month notice period. In 2011, however, the government scaled back these reforms and enacted Law No. 15 of 2011, which restricted labour market mobility again by requiring migrant workers to remain with their original employer for at least one full year.[225]

Why Reforms Fall Short

It becomes clear that the reforms initiated in 2009 evolved, much like labour migration regulation policies throughout the entire period studied, out of a careful balance between economic, political, and social pressures. The rise in unemployment and saturated public sector, which was unable to absorb the influx of newcomers to the labour market, pressured the government to increase employment opportunities in the private sector, which could only be done if the competitive advantage of migrant workers was reduced. On the other hand, as I have argued, Bahrain's private sector firms heavily depended on the (super-)exploitation of legally

[223] Hertog, 'Arab Gulf States: An Assessment of Nationalisation Policies'.
[224] Hertog.
[225] Bahrain, *Act No. 19 (2006) With Regard to the Regulation of the Labour Market* as amended per *Article One of the Law No. (15) of 2011*, 2006, Art. (25), https://lmra.bh/portal/en/page/show/30.

vulnerable and cheap migrant workers for competitiveness and profitability. It was hence their concern that allowing migrant workers freedom to change employers would "disrupt their operations."[226] In principle, these are domestic concerns. However, as I have shown, such domestic processes are deeply embedded within regional and global transformations and should therefore be understood in relation to them. The push-back of Bahraini firms against reforms that would reconfigure the balance of power between employers and migrant workers and improve the conditions of migrants is emblematic of a global economic system that heavily relies on the super-exploitation of vulnerable segments of the population to reproduce itself and subsist. To understand contemporary expressions of the *kafala* system, it is therefore key to recognise its interlocking with global hierarchies in the world market and analyse it in conjunction to these processes, rather than as an isolated practice. What the Bahraini case clearly demonstrates is that a fundamental shift in the nature of the sponsorship system is implausible as long as this regional and international context remains in place.

Analysing *kafala* in relation to multiscalar social, political, and economic processes, as I have done in this thesis, also reveals that addressing the critical vulnerabilities and structural abuse enabled by the system entails more than a reform of government legislation. Majeed al Alawi, Bahrain's minister of labour in 2009, proclaimed that year that the new reforms would mean that the *kafala* system would "be broken and eradicated under the new law, because it will end the absolute power which the employer had over the foreign worker."[227] In reality, residual aspects of the sponsorship system, which limit the mobility and legal security of migrant workers, remain widely in place.[228] Meaningful improvement in the situation for migrant workers has been obstructed, inter alia, by policies that enable employers to report foreign workers and expel them from Bahrain on short notice by reporting them as

[226] Mahdi, 'Bahrain: Decree 79 Aims at Ending Sponsor System'.
[227] Mahdi.
[228] Hertog, 'Arab Gulf States: An Assessment of Nationalisation Policies', 13–14.

'absconding.' An employer can file an absconding charge if an employee has been absent from his or her job without a legitimate reason. The process is heavily biased in favour of the employer, and there is little recognition for why a worker may be absent or the ways in which these charges can be misused.[229] Moreover, even as NOCs are formally abolished, Hertog notes that:

> Complementary institutions are likely needed to "mobilize" lower-skill foreign employees by educating them on their rights, providing matching services, and providing support during temporary phases of employment, while preventing employers from threatening employees who attempt to leave their employment by reporting them as absconding, suing them in court, or withholding their wages and benefits.[230]

As long as this is not in place, reforms are, to a large extent, merely performative. This argument is demonstrated by the fact that until this day, the LMRA records almost no cases of migrants who change employment without the consent of their previous employer.[231]

Further changes to the sponsorship system were made in 2017, when the Bahraini government introduced the so-called 'flexi-permit.' This permit allows irregular migrants with cancelled, expired, or unrenewed work permits to regularise their legal status, essentially by becoming their own sponsors.[232] Migrants still require a sponsor to enter the country, but once they obtain a flexi-permit their residency status is linked to the state. They can enter and exit Bahrain freely and work for multiple employers.[233] The introduction of the flexi-permit has increased opportunities for workers who fit into its prescribed categories. However, there are still significant limitations to the system. Reforms remain partial; they do not apply to workers with active work permits, irregular workers, domestic workers, and workers with absconding

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[229] See 'Huroob, Runaway, Absconding: Trapping Migrants in Extreme Abuse', *Migrant Rights*, 30 September 2020, https://www.migrant-rights.org/2020/09/huroob-runaway-absconding-trapping-migrants-in-extreme-abuse/.
[230] Hertog, 'Arab Gulf States: An Assessment of Nationalisation Policies', 14.
[231] 'Bahrain Labour Market Indicators', Labour Market Regulatory Authority, accessed 20 May 2022, http://blmi.lmra.bh/2021/03/mi_dashboard.xml.
[232] "Bahrain - Migrant Workers' Rights June 2019" (European Centre for Democracy and Human Rights, June 2019), https://www.ecdhr.org/wp-content/uploads/2019/06/2019.06_Bahrain_Migrant-workers%E2%80%99-rights.pdf.
[233] 'One Year since Launch: Has Bahrain's Flexi-Permit Lived up to Its Hype?', *Migrant Rights*, 20 August 2018, https://www.migrant-rights.org/2018/08/one-year-since-launch-has-bahrains-flexi-permit-lived-up-to-its-hype/.

charges.[234] Migrants moreover need to provide their passport within 6 months of receiving the permit, a significant constraint considering passport confiscation remains a common practice among employers despite its illegality.[235] The permit is moreover expensive and therefore inaccessible for many irregular migrants, who are amongst the lowest paid in the country. The total cost of the flexi-permit for two years is BD1.169. In 2017, 62 percent of registered migrant workers earned less than BD200 per month.[236]

It becomes clear that the most critical vulnerabilities of the system remain largely in place. What is more, is that there are particular subgroups of migrants who bear the brunt of the system's shortcomings. First, lack of legal and social protections under *kafala* enables the persistence of a racially stratified occupational hierarchy.[237] As argued by Fernandez, atop this hierarchy are the 'expats:' citizens of OECD countries who are usually Caucasian Europeans, North Americans, or Australians and work in the Gulf. This category also includes non-White individuals who are citizens of the global North. Their privilege is not on equal footing with the former group, but their citizenship and class does place them high in the *kafala* hierarchy. Below this group, she argues, are the professional and semi-professional workers who are predominantly employed in the service sector and are most often citizens of non-Gulf Arab countries, the Philippines, or the Indian subcontinent. Finally, at the bottom of the hierarchy are the migrant labourers working in what Fernandez refers to as the '4-D' – dirty, demeaning, dangerous, and difficult – jobs. These individuals often work in the construction or domestic service industry and hail predominantly from African or Asian countries.[238] The racial stratification of this *kafala* hierarchy is further delineated by ethnicity and class. A clear

[234] 'Bahrain – Migrant Workers' Rights, June 2019'.
[235] 'Bahrain – Migrant Workers' Rights, June 2019'.
[236] 'Number of Low Pay Workers (<200BD Monthly Wage) by Sex and Bahraini, Non-Bahraini Citizenship: 2007 - 2017' (Bahrain Labour Market Regulation Authority), accessed 20 May 2022, http://blmi.lmra.bh/2017/12/data/gos/Table_17.pdf.
[237] Fernandez, 'Racialised Institutional Humiliation through the *Kafala*'.
[238] Fernandez, 4348.

example of this can be found in the domestic service sector, where Filipino and Indonesian workers are often deemed more desirable and are paid higher wages than their African and South Asian counterparts.[239]

The structural abuse of migrant workers under *kafala* is also inherently gendered. In principle, migrant workers in the private sector have been covered under the Bahraini labour law since 1976 and therefore enjoy limited social and legal protections.[240] Migrants working in the domestic service sector, however, have been entirely excluded from these developments and are structurally denied labour rights, until the present day. The number of domestic workers in Bahrain has drastically increased in the past three decades. 2,065 work permits were issued to domestic workers in 1990, most of whom were women.[241] In 2017, the number of domestic workers was approximately 99,500, 76 percent of which was female.[242] This means that policies that exclude domestic workers from the ambit of the labour law disproportionality affect women. The existence of migrant workers of colour, particularly women, at the intersections of gender, race, and class, thus makes them vulnerable to the most abject exploitation and value extraction in the Bahraini economic system. In this way, the *kafala* system in Bahrain is deeply connected to the reproduction of gendered and racialised social relations and a skewed global social structure of economic dependence, gender, race, class, and citizenship. Challenging the legal and social structure of *kafala* is inextricable from a challenge to this entire global order.

Conclusions

The status of the migrant worker was never the central focus of *kafala* reforms in Bahrain. Rather, the evolution of labour market regulation policies ensued out of a careful

[239] Bina Fernandez and Marina De Regt, eds., *Migrant Domestic Workers in the Middle East: The Home and the World*, First edition (New York, NY: Palgrave Macmillan, 2014), 2.
[240] 'Internal Political Situation in Bahrain', FCO/8/2643, The National Archives.
[241] 'Gender and Migration in Arab States: The Case of Domestic Workers' (International Labour Organisation, 2004), 27, https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_204013.pdf.
[242] 'New Contracts for Domestic Workers to Be Enforced from October 1', *Labour Market Regulatory Authority Media Centre*, 19 September 2017, http://blog.lmra.bh/en/2017/09/19/new-contracts-for-domestic-workers-to-be-enforced-from-october-1/.

balance between the political imperative to alleviate unemployment and integrate the local citizenry in the private sector and the capitalist drive for profit. The result was a set of policies that aimed to enhance labour market flexibility without improving the legal and social position of the migrant workforce in so much that it would jeopardise the ability of the private sector to maximise surplus value. Material incentives, which are deeply rooted in the hierarchies of the global economy, therefore present a significant obstacle to a meaningful improvement in the conditions of migrant workers in the country.

These conditions, importantly, are far from exceptional in the contemporary world. They are rather emblematic of a global capitalist mode of production that relies on the exploitation of subordinate segments of the population for reproduction. The contemporary structure of the *kafala* system in Bahrain, rather than being a mere domestic regulatory framework, is deeply embedded within this these asymmetrical social power structures. Shedding light on this interlocking is crucial if we are to understand opportunities for and obstacles to change.

The reforms of 2009 and 2017 fail to address the system's most critical vulnerabilities and structurally exclude the most vulnerable segments of the migrant population. As I have argued, changes in government legislation, when not supplemented with complementary social and legal institutions, do little to undermine the power imbalance between the migrant and the sponsor. While the reforms have improved the legal and social status of migrant workers to some extent, therefore, they remain largely performative. Racialised and gendered exclusions and discriminatory practices ensure that migrant workers of colour, particularly women, at the intersections of gender, race, and class continue to bear the brunt of the system's shortcomings. When assessing the aptitude of reforms to address structural injustice and abuse, this social reality should take centre stage.

VI. Conclusion

A historical analysis of *kafala* in Bahrain reveals that the state's regulatory framework for labour migration has been intricately embedded within interrelated, overlapping, and at times competing social, economic, and political processes on local, regional, and global scales. The implications and operational mechanisms of this varied with time. A constant trend in this trajectory, however, is the careful balance between political imperatives and economic rationale. During the early phases of the sponsorship system in the nascent oil industry, mechanisms of worker policing enabled by *kafala,* which were employed in an attempt to regulate the ethnic composition of the migrant workforce, were in direct conflict with the material motivations of the capitalist class. These tensions intensified in the context of global capitalist transformations post-WWII and the neoliberal restructuring of the global economy in the late 1970s. The import of foreign workers became a crucial node in capital accumulation in Bahrain, and the spatial configuration of class that emerged out of this process became a powerful mechanism of discipline in government efforts to preserve regime stability.

At the same time, the regulatory framework of *kafala* became deeply interlocked with the social hierarchies extant in the world market, and played a crucial role in facilitating the super-exploitation of migrant workers in the service of capitalist interests. Efforts to integrate the local population into the private sector, which were already obstructed by material incentives in prior years, would become more challenging the more Bahrain's economy became integrated into global capitalism and dependent on the super-exploitation of migrant labour for its performance in the global market. In line with the theoretical propositions of Hanieh and AlShehabi, situating labour migration regimes in the process of state formation and the development of the global economy thus provides important insights into the current demographic features of Bahrain.

Considering this historical trajectory, it is unsurprising that the Bahraini business community pushed so strongly against the introduction of labour market reforms and the abolishment of *kafala*. It is precisely the legal and social vulnerability of migrant workers under *kafala* that enables the capitalist class to maximise value extraction and raise profitability. Increased labour mobility and a fundamental improvement in legal and social protections for migrants would jeopardise these efforts. Considering that these conditions are emblematic of broader global social structures under capitalism, a fundamental shift in the nature of this structure is implausible as long as the regional and international context remains in place.

I do not mean to conclude from this that there is some deterministic connection between the structural features of the international system and the regulatory framework of labour migration in Bahrain that makes mechanisms of structural injustice and abuse an inherent and inevitable outcome. Rather, what I argue is that an essential step towards achieving meaningful improvement in the legal and social status of migrant workers in Bahrain requires a shift in perception that recognises that migrant vulnerability under *kafala* is inextricably linked to the workings of the global economy. Inciting meaningful change will therefore prove difficult if the focus is on government legislation or on changing domestic policy alone. Structural improvement in the legal and social status of migrant workers in the Gulf fundamentally contradicts the workings of a global economic system that relies on the exploitation of particular social hierarchies to sustain itself. Shedding light on these mechanisms and interrelations is crucial if we are to understand contemporary workings of *kafala* in the Gulf and assess opportunities for and obstacles to change. This thesis has been my contribution to this process.

Making recommendations for future course of action or policy development is substantially beyond the scope of this thesis. Keeping the conclusions I have drawn in mind, however, an important area for future research is the study of migrant collective action and grassroots organisations. Future studies could address how migrant workers have collectively

resisted against capitalist globalisation, and what lessons are to be learned from this in light of international best practice.

On top of this, the COVID-19 pandemic has recently severely impacted the living and working conditions of migrant workers in the Gulf (and beyond) by exacerbating existing vulnerabilities. Further research on this topic is crucial to assess how these developments have impacted the social, legal, and economic status of migrants, and what the implications of this are for the trajectory of labour migration regimes in the region.

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