

# Chapter 26

## Economic Development Models of Doha and Dubai: A Comparative Analysis



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**Abstract** This chapter explores the development models of Doha and Dubai by highlighting the economic, political, and social factors in Qatar and Dubai. This research examines the historical context of Dubai and Qatar and digs deeper to explore how each state adopted a certain development path, and then the role of leadership in promoting the development through states' strategic visions. This chapter reports that profound political, economic, and social factors lead to different development strategies for Dubai and Doha.

**Keywords** Economic Models · Doha and Dubai · Urban Development · Development Models

### 26.1 Introduction

More than any other Gulf Cooperation Council (GCC) states, Dubai and Doha have had vital political and economic connections, which led to, similar economic development in both states. Shared oil boom experiences and early political cooperation brought up several significant opportunities, which can lead Doha and Dubai into similar economic development. The economic and political linkages between Doha and Dubai have encouraged scholars, researchers, and even ordinary people, to compare both states, judging, measuring, and evaluating the economic development based on the similarities between the two societies. Judging from the views it offers, its impressive skyline and the massive infrastructure of the state, Dubai's government was able to develop and diversify its economy and became one of the largest economic hubs in the world. Doha was not able to match Dubai in its economic or urban development; the similar political and economic foundations did not support Doha to have a similarly accelerated development. Previous studies concerning the economic and urban developments that have happened in Dubai and Doha tend to focus on the economic factors in both countries and why these factors gave better

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results in Dubai than in Doha. Scholars and economists believe that these shared linkages could have enabled Dubai and Doha to adopt similar development strategies and perhaps achieve progress, especially in the economy. This has made their analysis limited to the economic aspects without taking into consideration other political and social dynamics.

This chapter intends to examine the roots of Dubai's massive urban and economic progress since 1970 till 2000s, and the factors which supported its development process. To avoid limitations of previous studies, this chapter will consider wider aspects of the development of the two states and the political, social, and economic elements will be tested and analyzed. Previous studies, comparative analysis researches, and counterargument works will be utilized in order to find out a more holistic approach that can provide a clearer explanation regarding the different economic development growth between Doha and Dubai.

Since development in Dubai started, the merchants' role should be illustrated as they are the first and main contributors to Dubai's early as well as current development. Dubai's development is strongly linked to the early role merchants played in the coast of Dubai. Al-Sayegh (1998) explains, "in fact Dubai owes much of its prosperity and development to its merchants who played a key role in restructuring the economy and in the government decision making process. As the main contributors to the economy, they played a fundamental role in implementing economic and political reforms, and were the driving force behind Dubai's development in the pre-oil era" (p. 87).

Before the oil boom, that is, till early 1950s, Dubai was not more than a traditional poor city that depended on fishing and pearling and suffered from the lack of resources and difficulties of life before the discovery of its oil. However, in the early 1960s, the situation changed due to a momentous turning point; a smart leader came into power and decided to change the city and to promote its overall development. Krane (2009) in his book, *The City of Gold*, discussed the early stages of Dubai's economic growth, which started more than fifty-five years ago. He states that Dubai was no more than a cluster of shanty shacks used by the itinerant pearl divers from the Persian Gulf. However, the first export of oil in 1969 transformed the fate of the city (Krane, 2009, p. 51). The oil boom has flourished Dubai's economy and improved the lives of its people; it actually transformed Dubai from a desert to a more developed city.

The process of development in Dubai has passed through several stages, starting in the early 1960s. Certain events related to the abandonment of the traditional economy took place; the end of traditional monarchy and the accession of a modernized ruler supported the development of Dubai. In other words, the death of Shaikh Saeed, who was in favor of the traditional economy, was a turning point for Dubai. Krane (2009) observes that "the death of Sheikh Saeed and the end of his forty-six-year rule marked the final stage of Dubai's long slumber in old Arabia. Very little changed on his watch, his death came like a catalyst, a dam burst that allowed fifty years of pent-up modernity to flood Dubai" (Krane, 2009, p. 67).

In discussing the developing of the new economic model of Dubai, Hvdit (2007) illustrates how the Dubai government adopted a unique economic model that was different from those in any other GCC state. He shows that the Dubai model did not

emerge in one day or in one stage; rather, it has passed through several stages to reach the current stage of development over time and is the outcome of a combination of a broad range of contextual features such as historical, external, location/size, cultural, institutional, and political factors (Hvdi, 2007, p. 7).

Fazal (2008) discusses the divarication of Dubai and shows how the economy of diversification has enhanced the development of Dubai. She mentions that “during 1971-1980 the urban area expanded enormously as the emirate now had more capital at its disposal, in large part due to the oil revenues. After the oil discovery in 1966 major infrastructure and urban development projects were planned. Investments were used in improving the current road system, building tunnels, bridges, container terminals, trade harbors as well as industrial and residential areas. Likewise financial, business, and administrative centers were established in different parts of the city” (Fazal, 2008, p. 5).

When it comes to Doha, however, its experience in economic development has been different from Dubai, where the main economic system depends on oil revenues and rentierism. Even though Doha decided to diversify its economy and made great efforts to draw its smart economic vision, diversifying away from oil and natural resources seemed to be very difficult due to certain social, political, and economic aspects. Supporting this argument, Callen et al. (2014) explain that GCC tried to impose and implement several policies to support economic diversification for many years. These policies aimed to provide a stable and strong business environment; investing in infrastructure, education, and skills; targeting the development of specific sectors. Yet the experiences of other oil-exporting countries show that it is very difficult to diversify economies that rely on oil (Callen et al., p. 18).

Rizzo (2014) also argues that “in recent years, Doha’s government has implemented several megaprojects that have provided for modern urban facilities and increased tourism. However, the implementation of such large-scale projects in the absence of a national planning framework has contributed to Doha’s urban primacy and therefore to more traffic congestion, localized environmental impacts, affordable housing shortages, and land value inflation. To confront these issues, since 2005, the Ministry of Municipality and Urban Planning (MMUP) has worked on a new Qatar National Development Framework (QNDF): a strategic document to be followed by a more detailed national master plan” (Rizzo, 2014, p. 31).

Yet it does not mean that Doha did not achieve development or enhance its economic growth; rather, its development tended to adopt certain strategies that could serve the overall interests of the states. While Doha’s development was achieved through its large gas and oil revenues, a diversification plan was included in Doha’s agenda but due to certain factors, it decided to delay the diversification of its economy and achieve its development under the rentierism system. Several reasons mentioned in previous studies regarding Doha’s delayed diversification shed light on this issue. Fulfilling the domestic need and maintaining the state’s stability was major reasons that led Doha to adhere for a longer time to the rentier state economy. Ibrahim and Harrigan (2012) explain that “in the first phase of the development of its North Field gas resources, which got underway in the early 1990s, Qatar focused on meeting its domestic needs. But given the vastness of the resource, Qatar was fully aware that a

successful exploitation would require exports. Early plans to supply Gulf Cooperation Council (GCC) neighbors through a pipeline grid did not materialize” (Ibrahim & Harrican, 2012).

Again, this chapter’s main goal is to illustrate how the political and economic factors worked differently in Dubai where it supported an accelerated process of economic and urban development. At the same time, it will investigate the reasons behind Doha’s delayed economic and urban growth and the main factors that have prevented Doha’s development from matching Dubai’s development.

As the literature review above showed, there is a clear gap in the literature with regard to Doha’s delayed economic development and its comparison with Dubai. The literature does not provide a complete picture about why Doha could not achieve a development comparable to Dubai. To address this issue, the following discussion attempts to answer the question why Doha failed to match Dubai’s economic development. To what extent different political and economic factors have led the two states to develop at different rates. This is done by examining the historical context of both Dubai and Doha, and how each state decided to implement its development strategies for economic growth, along with the certain political and economic aspects of Dubai and Doha. This includes the role of elite-driven development and the design of the state vision, economic growth factors and development strategies of both states and finally how the traditionalism of Doha and cosmopolitanism of Dubai, respectively, impacted their development strategies.

## **26.2 Development Paths: Theoretical Orientations**

The comparison between Doha’s and Dubai’s development strategies covers several political and economic factors and includes multiple state actors. For this, the chapter applies certain related concepts and theory that have a close connection with the research theme. Since the research is concerned with a state’s development, this section will discuss the main assumptions that attempt to explain the major concepts of the research. They include a definition of development, the Rostow model of growth theory, the concept of absolute advantages given by Adam Smith and finally economic diversification. Then, it will explain how the perspectives of these concepts and theory were adopted by Dubai or Qatar which subsequently influenced the progress of their economic development.

Defining the type of development studied here is essential as there are many types of development and it should be clear which meaning of development this research is concerned with.

State economic development refers to the economic strategies adopted and followed by the state in order to enhance or improve its economic system. Lanahan (2014) clarifies that “economic development is about positioning the economy on a higher growth trajectory; it is less uniquely a role of market forces. In fact, economic development is an outcome of long-term investments in the generation of new ideas, knowledge transfer, and infrastructure, and it depends on functioning social and

economic institutions beside the cooperation between the public sector and private enterprise” (p. 1). Urban development is about the state’s initiatives to promote more investment activities in the constructive sectors. The urban development theory states that “urban politicians and governing regimes are subordinate to the overall economic principles that force cities to compete to capture new investment and capital” (Fainstein & Campbell, 1996).

The most applicable traditional model of growth was given by Walt Rostow in 1959. His growth model is one of the best models that can be applied on the process of development in Dubai as it consisted of several stages that show how the development took place at a certain point in time. Dubai has passed through certain stages of development that can be understood by Rostow’s stages of growth. Although the model expresses the growth stages in European states, it can illustrate how Dubai developed through certain chronological stages. Yet, applying it to Doha will be different as development in Doha did not really go through stages. However, there are two stages in the Rostow model that can be applied to Doha’s case due to the features these stages exhibit. Still, testing the development in Doha using another theory is important. The Rostow stages are: the traditional society, the precondition for take-off, the take-off, the drive to maturity, and, finally, the age of high mass consumption.

### ***26.2.1 Traditional Society (Dubai Before 1971)***

According to Rostow (1959), traditional society is defined “as one whose structure is developed within the limited production function based on pre-Newtonian science and technology and as pre-Newtonian attitudes towards the physical world” (Rostow, 1959, p. 4). As applying to Dubai, the first stage defines the early economic stage in Dubai. Mainly, the period before the oil boom, or the pre-Rashid era, during which the city suffered from the lack of tools and devices for development and at the same time it also witnessed many regional wars that encouraged Dubai city to maintain its social and economic security by focusing on fishing, pearl diving, and trade. Moreover, a traditional society signifies a simple society that is not exposed to modernization. Its main knowledge is based on local primitive technology and primitive attitudes. The main feature of this stage is that food production is the greatest and most important production by the workforce. Moreover, in this stage, people’s knowledge is limited to their sphere of activities. There is no great access to knowledge. This is why Rostow defined such a society as traditional society (Little, 2007, p. 14). There is a little manufacturing but it is not significant and does not help the city to experience serious development. This stage can be applied also to Qatar as the traditional features of the society of Qatar and Dubai were almost the same. However, the traditional stage of society in Dubai was shorter than that of Qatar as Dubai had decided to reform its economy and to develop earlier than Qatar.

### ***26.2.2 Pre-Condition for Taking off (Early to Mid-1970s)***

Rostow (1959) describes this stage as the gradual evolution of modern science and modern scientific attitude, and “the lateral innovation that comes with the discovery of new lands and rediscovery of old, converging with the impulse to create new technology at strategic points” (Rostow, 1959, p. 4). However, applying this stage to Dubai would be little different as the discovery of the new was the discovery of Dubai as an independent state in 1971. Moreover, it also reflects the discovery of the new Dubai, a modernized city under a modernized monarch, Sheikh Rashid Bin Saeed, who reevaluated the limited reserve of oil and reconsidered about remaining an oil economy system. This stage is a longer stage as it spans the largest transformation of the city’s elements. However, it also includes the discovery of oil and the beginning of the era of rentierism, which converted Dubai from a desert village into a developed state. While the discovery of oil had happened during the rule of Sheikh Saeed, the exporting of oil did not begin until Sheikh Rashid took over. This stage reflects the role of oil in enhancing Dubai’s economy and how the rentier state was the main economic system for Dubai. This stage also witnessed the emergence of important elements, that functioned as key toward development, and were thereby integrated in the state’s vision. The state’s vision for development started in this stage, however, it was designed in 1960s by Sheikh Rashid. The vision included reformation of certain economic policies, which facilitated the process of economic diversification aspects in Dubai such as manufacturing and ports’ development.

### ***26.2.3 Take-Off (From Late 1970s Till 1980s)***

The take-off stage is defined by Rostow as the application of modern industrial techniques, which is a self-sustained rather than an abortive process (Rostow, 1959, p. 7). The third stage covers the late 1970s and late 1980s during which Sheikh Rashid decided to transform Dubai and improve its development aspects through massive constructions and huge urban plans. This period witnessed the expansion of industrialization, manufacturing, and port investment. The stage of take-off also determines the increase in population and the introduction of new technology and new knowledge. However, the growth in different economic sectors was still limited as the city was still in the beginning of its transformation and growth in the oil sector still dominated this stage. This is the second stage that can be applied to Doha as the take-off stage for Doha came directly after the traditional society, where much construction and massive urban development took place that covered a large area of the state.

### ***26.2.4 Drive to Maturity—The Period of Self-Sustained Growth (1990s–2000s)***

The general definition of this stage given by Rostow is that it is “the period when a society has effectively applied the range of then modern technology to bulk of its resources” (Rostow, 1959, p. 8). The fourth stage reflects the massive development of Dubai that took place between 1990 and 2006 during the rule of Sheikh Maktoum and continued till the time of Sheikh Mohammed bin Rashid. This stage witnessed further expansion of the economic divarication in the city. It also includes the emergence of new economic sectors and commerce. Furthermore, employment of higher-skilled workforces increased because of migration and labor regulation reform. In addition, it includes the introduction of a knowledge-based economy through several technological projects initiated by Sheikh Mohammed bin Rashid, such as Dubai Smart City.

### ***26.2.5 Stage of Mass Consumption***

This stage does not apply to Dubai and Rostow too applied it only to the United States. Establishment of social security in Dubai was before the drive to maturity stage; and therefore, the establishment of a welfare system is not an applicable measure for Dubai (Little, 2007, p. 26). The inclusion of this stage in this research is only to provide a complete and wider picture of the Rostow growth model.

Defining diversification is also substantial for this chapter as it shows Dubai’s current development model that depends on the mixed economy system and diversified production. In Dubai, moving away from the rentier economy has coincided with the introduction of diversification in which Dubai’s economy system was exposed to smart economy features. One of the diversification requirements is to adopt a more liberal economy aspect. This is why Dubai adopted liberal economic policies. Adam Smith explained liberal economy as reforms that advocate free market economics, and encouraging free trade with least government interference. Such reforms emphasize the role of markets in an economy and seek to reduce the interference of government regulations (Wyatt-Walter, 1996). Liberalism in the economy is classically defined as an attempt to limit the power of the state for the sake of individual freedom (Hayek, 2012). The major elements of a liberal economy are less state intervention and free markets. Dubai decided to support free market, support commerce, and enhance its tourism sector in order to diversify its economy. Still, its economy can be considered liberal comparing the other GCC states, since Dubai has not implemented full liberal economic features and thus certain studies have defined Dubai’s economy as Dubai model or Dubai liberal economy. The theory of liberal economy is discussed in this chapter as Dubai liberalized certain economic policies in order to achieve its development target.

### 26.3 Elite-Driven Development: The Vision of the State

Dubai's success story is the result of a great leadership with a great vision. At an early stage, the vision of Dubai's Sheikhs placed Dubai onto a more suitable development path and helped it become one of the most important economic centers in the region. The story of Dubai's vision started a long time ago, mainly in the 1970s. It was designed and controlled during the rule of three Sheikhs, Rashid bin Saeed, and his sons Maktoum bin Rashid and Mohammed bin Rashid, who believed in the importance of development. The state vision created by Sheikh Rashid is considered to be the key vision as it was the primary reference for the later state visions created by Sheikh Maktoum and Sheikh Mohammed bin Rashid. Even though his vision is not directly stated anywhere, many books and studies on the history of Dubai and UAE have expressed the great vision of Sheikh Rashid Al-Maktoum through his actions and his achievements.

*Flashes of Thoughts* by Sheikh Muhammad bin Rashid is, however, a great resource in which he explains the lessons he learnt from the first man behind Dubai's current development. The early vision of Dubai was built on the concept of development and economic growth. It aimed to improve the economic and social life of the state and to introduce modernization. Through the smart vision by Sheikh Rashid bin Saeed, Dubai has managed to utilize its resources and its geographical features to enhance its economic and urban development. It devoted its efforts to move away from an oil-based economy, flourish its industries, and raise investments in different sectors.

Dubai's geographical location, its leaders' personalities, and oil revenues were the main factors that encouraged Sheikh Rashid to draw a significant vision for Dubai. Dubai's location helped it to be one of the main export centers as it is strategically located where major continents Africa, Asia, and Europe meet. A leader's personality can encourage him/her to initiate his/her vision. For example, Sheikh Rashid's big thinking, creativity, adventure, and optimistic nature made him overcome different challenges in order to develop and modernize Dubai. Early oil revenue was also a vital factor and Sheikh Rashid invested much of the oil revenues in order to reform Dubai's infrastructure to create more jobs and to create a conducive environment for a diversified economy. The main themes of his vision revolved around rejecting the traditional knowledge and starting a new way of life inspired by Dubai's oil economy, diversifying the income source, introducing modernization and reshaping Dubai's economic position on the global economic map. According to his vision, Sheikh Rashid designed his plan that included diversification of economy and liberal economic policies. These themes are discussed in detail in Krans' works on the development in Dubai, where he discusses the early stage of development made possible by Sheikh Rashid and mentions that the plan for building the future drawn by Sheikh Rashid in late 1960s included a reconsideration of the oil economy. Sheikh Rashid believed that his vision and his goal of developing Dubai cannot be achieved with oil revenues only (Krane, 2009, p. 61).



In addition, to achieve modernization, Sheikh Rashid welcomed and gradually facilitated the diversification of the economy and its revenues. Modernization encouraged the state to adopt more free economic laws and benefit from the geographical advantage of Dubai through establishing Jabel Ali port in 1979 and opening the doors to different sea trades. However, making Dubai a port city was not enough for Sheikh Rashid; he wanted Dubai to become more than a port; he wanted to see Dubai as a major shipping point for different industries (Krane, 2009, p. 77).

His vision of Dubai passed through several stages controlled by a chronological schedule that could ensure achieving the state's objectives. However, understanding the economic and urban development of Dubai requires a close analysis of the ideas of the vision, and what kind of factors and concepts that Sheikh Rashid considered before deciding to change and reform Dubai. His vision for Dubai was built on the desire of changing the economic system and reforming the economic and trade policies of the state. This explains the liberal economic policies that were adopted by Dubai's government at the early stage. However, it is important to clarify that Dubai's liberal economy was unique in a way that state intervention into the economic practices was high. Liberalizing certain economic policies and demolishing the traditional economic aspects paved the way for the economic diversification and economic growth. Sheikh Rashid's first port project was the first sign for economic diversification in Dubai city, his tendency to change the traditional economy and implement the diversified economy encouraged him to deal with international traders who came for a work in the Middle East; he decided to cooperate with them in order to achieve his vision (Krane, 2009, p. 43).

Even though oil revenues were a vital element in enhancing the lifestyle of the people of Dubai through providing employment opportunities and facilitating a better quality of life through electricity and clean water. Still, complete dependency on oil revenues was not what Sheikh Rashid had envisioned. In other words, the early consideration of a possible depletion of the natural resources made Sheikh Rashid think of changing the nature of the society in order to make it more productive. Since Dubai was trying to reduce its dependence on its natural resources and encourage establishing other industries. Dubai's name was linked to many great Western cities like Venice. Venice in the early thirteen century supported industries in different fields and did not fully depend on its natural resources. Furthermore, the government of Venice implemented many laws that supported free trade and different types of investment in order to enhance its economy and improve the city (Krane, 2009, p. 12).

Competition among different states and merchants, mentioned previously, are crucial elements that supported the vision of Dubai and its development. Competition was one of the important factors behind Dubai's current diversified and developed economy. Looking forward to imitate the development of other countries, whether in the same region or beyond, was a vital element that pushed Dubai's emirs to adopt a global vision that accelerated the development process of Dubai. Imitation was not the only influence; Dubai was also influenced by the need for competition, which made it a vital competitor. This was another feature that enhanced and supported visions of Dubai's leaders.

Even though Bahrain and Oman are considered to be the weakest economic systems among the GCC states, these two states were major economic actors where traders from India and Iran used to settle and invest in various goods such as spices, clothes, and gold. In his study about the commercial activities of Oman and Bahrain, Al-Naboodah (1992) explains how Oman's location enabled many commercial relations. He mentions that Omani commercial centers enjoyed trade relations with other trade centers in the Gulf, as traveling through Indian Ocean and Gulf waters the trading ships used to either break their journey in Suhār or restock food and water supplies before continuing. He further adds that Bahrain was also an important trade zone due to its geographical location near the Persian Gulf, which acted as a crossroad for many traders from the region (p. 82, 84). Bahrain was a vital actor in the region at the time Dubai's government decided to shift from traditionalism to economic diversification and development. However, Sheikh Rashid's brilliant thinking drove him to compete with Bahrain instead of investing his oil revenues in different trades through Bahrain. According to Krane (2009, p. 77), "Sheikh Rashid was not going to invest \$500 million of Dubai oil revenues in Bahrain, Dubai's main competitor. He was intent on diversifying his own economy. His answer 'Why do not we compete with them instead'".

Besides competition among the states, merchants' role and ties with monarchs too have played a great role in developing Dubai's economy. Their role can be divided across two periods of time. The first period was the pre-Rashid era when a group of merchants went against Sheikh Saeed bin Maktoum's traditional regime and decided to depose him in order to enhance the economy and the trade of Dubai. This opposition resulted in a positive outcome and Sheikh Saeed agreed to allow some groups of merchants to work on enhancing the trade in Dubai. In October 1938, 400 merchants from various families, including the ruler's, tried to impose a set of political and economic reforms on Sheikh Saeed. The merchants aimed to set up a consultative Majlis that allowed them to contribute to the development of the city. In addition, the merchants aimed to enhance the city environment through several infrastructure projects and buildings that can serve the trade in Dubai. Furthermore, the opposition meant to increase the economic activity for the merchants, especially after the decline of the pearling and fishing (Ramos, 2009, p. 10). Some of the ruling family members were also merchants, who contributed to the process of development and economic growth through their different trades and their ties with Sheikh Rashid. According to the Rostow stages, Dubai state's vision was in the precondition of the take-off stage as it was the key element for reform and development in Dubai.

In 1990, after Sheikh Rashid's death, Sheikh Maktoum took over as a ruler of Dubai and continued the development plan of his father. Sheikh Maktoum's personality was like his father's, and he accepted the modern life and desired to develop Dubai further. Again, his vision was not specifically written down but his brother Sheikh Mohammed bin Rashid has included certain historical contexts for his own vision that illustrate Sheikh Maktoum's vision of Dubai and his great achievements till 2006. Tourism development through several gigantic tourism projects was one of Sheikh Maktoum's plans. He focused on enhancing several facilities that could attract more foreigners to Dubai and at the same time grab more valuable investors

who desired to start big projects in Dubai. From 2000 till 2004, the construction development in Dubai expanded to cover much of the area of Dubai, the economic growth accelerated and so did the investment level. More development projects were planned to support and encourage urban growth. Efforts were also made to attract tourists from all around the world. In 2004, the emirate covered an urban area of 605 km<sup>2</sup> and is planning to add another 501 km<sup>2</sup> by 2015 (Fazal, 2008, p. 6).

The developmental strategic plans continued and expanded when Sheikh Mohammed bin Rashid came into power in 2006. As has been mentioned in Chapter 3, Sheikh Mohammed bin Rasheed Al-Maktoum's vision was one of the best visions that has gained a huge reputation globally as stated indirectly in several newspapers. Rahman, a journalist from *The Gulf Today Business*, states that Sheikh Mohammed bin Rashid's visionary leadership has found a great resonance in the media. His smart vision transformed Dubai into one of the leading cities in the world, and he helped his city to adopt a unique development path that the rest of the world wants to replicate (Rahman, 2016).

Sheikh Mohammed bin Rashid's main focus was directed toward expanding Dubai's economy. He tried to expand the development strategies through initiating more infrastructure. A report in the *United Emirates Year Book* (2008) confirmed the establishment of a number of infrastructure projects and further expansion of free zones during 2006-2007. These projects are result of a detailed strategic planning to reach the economic growth target set by the government. It should be mentioned that Sheikh Mohammed bin Rashid's role was not limited to his era; he was active since 1970s and contributed to the development plan and huge development projects in Dubai. In fact, Sheikh Mohammed bin Rashid's role in developing Dubai had started during the rule of his father. In his vision, he mentions that he was a lieutenant to his father and he used to direct and oversee some development projects such as the launching of Emirate airline in 1985. He also was a vital contributor to his father's plan in the establishment of Rashid Port in 1972. Moreover, even when Sheikh Maktoum was the ruler of Dubai, he gave Sheikh Mohammed the power to approve some of the development projects, such as merging Jabel Ali, a free trade zone, and Rashid Port to form the Dubai Ports Authority. These are clearly mentioned in Sheikh Mohammed bin Rashid's book. He narrates, for instance, how he was able to control and give the approval for constructing The Palm Island (Al-Maktoum, 2006, p. 14).

Sheikh Mohammed bin Rashid's role in designing his vision of Dubai revolved around improving and developing the vision of his father. He aimed to expand the development that was started by his father to include all sectors of the state and to improve some of the projects that were taken up during his father's rule. Enhancing commerce, tourism, real estate investment, and technology were important elements in his strategic plan. He aimed to introduce knowledge-based economy through several professional projects such as Dubai Internet City, Dubai Smart Government Department, and Sheikh Mohammed bin Rashid Space Centre. Knowledge-based economies refer to the economies which are "directly based on the production, distribution and use of knowledge and information" (Organization for Economic Co-operation and Development, 1996). In his vision, Sheikh Mohammed mentions

his goal for the Dubai Smart City initiative, clarifying that enhancing technology can simplify everyday life and can make it easier, efficient, and more convenient (Al-Maktoum, 2006, p. 44). The vision of both father and son was a great resource for Dubai's development. They managed to implement their strategic plans in a certain timeframe.

This chapter tries to look at Doha's vision during the 1970s in comparison, so it can explain the difference between Doha and Dubai at that time and provide a clear analysis. Rostow stages of growth cannot be fully used in the context of Doha as it did not pass through all the stages; rather its development came in a single stage (after the traditional society stage) that included all reforms and changes. In addition, certain constructs such as competition among merchants and different states did not exist in Doha's case; and therefore, its analysis would be different from Dubai.

Doha's vision in the 1970s is not mentioned in any literature or previous studies. The concept of vision was not even defined, neither by Qatari government or society. In fact, Doha did not have development strategies before the Qatar National Vision 2030. Under Sheikh Khalifa, Doha has experienced some development that covers some of the sectors and administrative and ministerial organs of the state. Moreover, development aspects were also included for society, media, sports club, and universities. Comparing with its status before 1972, Doha had witnessed a modern revival that also included the economic sector in which Sheikh Khalifa boosted the rentier economic system through increasing the amount of oil production and exported the first shipment of natural gas in 1991 (Alzaidi, 2011, p. 53).

Yet, Doha could not manage to adopt a fast pace of development, especially in the economic and urban sectors. Sheikh Khalifa maintained the oil-based economy and wanted to develop Doha using the rentier system only through exporting its natural resources. He believed in the power of oil economy which did not encourage him to attempt to change and adopt a more advanced development system. In other words, the oil boom gave Doha a sense of power and encouraged its monarch to keep the oil-based economic system that depended on oil revenues as the main income source. From 1972 till 1994, economic development initiatives in Doha were limited to rentierism and increased export of its natural resources.

However, despite the policies of engaging in natural gas industry, other ideas related to the traditionalist state in terms of buildings and social values that control or prevent the modernization were mostly demolished when Sheikh Hamad came to power in 1995. Doha has experienced an extensive change and a great shift in most spheres. "Qatar too has experienced a remarkable socioeconomic and urban transformation since Shaikh Hamad bin Khalifa Al Thani came to power in 1995. The country enjoys unique prosperity and exceptional economic and urban progress secured by its substantial hydrocarbon resources, which provide a solid foundation for its economic profile. The export of gas and related products still accounts for half of the country's GDP, and provides Qatar with abundant wealth" (Scharfenort, 2012, p. 211). From Sheikh Khalifa to Sheikh Hamad, the shift expresses the difference between the father and the son in embracing modernity and the desire to develop and to change. Moreover, the concept of development and evaluation was not introduced

to Doha before Sheikh Hamad came to power. He also welcomed modernization that changed Doha's traditional infrastructure to a more developed one.

Sheikh Hamad was the first person who devised a long-term plan and strategic vision for Doha's economic and political development. He introduced neoliberal policies to prepare the state for different development stages. The neoliberalism aspects he introduced include the trade and other economic sectors as the aim was to support free trade and private sector of the state. In order to implement his vision, he processed certain changes related to the economic and trade policies and liberalized some of rules that could encourage diversification. He aimed to diversify Doha's economy and diversify its sources of income through enhancing industrial and investment sectors. He also succeeded in initializing the development of the economic, political, and social sectors.

Yet the political power gained by a rentier state and its benefits did not encourage Doha to take an earlier decision about reforming its economic structure or adopting a fully diversified economic system. There are certain reasons that can explain why Doha did not reform its economic system or decrease its dependency on oil and natural gas exports. These reasons can be gleaned from Doha's actions and initiatives related to international relations. First, the interests and desires of Doha's leadership were directed toward gaining political benefits and a powerful political position in international relations. Oil and gas can determine the status of a state in international relations, by which a country can gain power and play an effective role. Though Sheikh Hamad's era was a turning point in that he managed to transform Doha into a modern state, his desire and political focus made the state depend more on its natural resources as a source of power and at the same time a tool to attract economic investors.

Despite the fact that Doha's vision included a decrease in the dependence on oil and natural gas, it was not able to achieve this due to two major factors; the lack of economic diversity resulting from the restrictive economic rules and the political focus of its leadership. Political branding was a major motive behind Doha's high dependency on oil and natural gas to keep its political power in global international relations intact. Moreover, Doha was and still is not ready to adopt a fully diversified economic system due to its fear of losing its political power in the region.

Even though its leadership had decided to design a new state vision in which the economic pillars would depend less on natural resources, Doha's real development plan was dependent on the revenues from its natural resources. Natural resources, mainly natural gas, are considered to be the political driver for Doha by which it can sustain its political influence in international relations. Since the discovery of the north field, Doha has stormed the gates of the global markets of natural gas and becomes one of the main players in the energy markets. It was placed as the leader of the global energy trade in 2006, overtaking Indonesia (Dargin, 2007, p. 141).

Another reason for Doha's inability to achieve the same level of development as Dubai is that implementing the full pace of development in a later stage is not easy for a conservative society; the state-society relation can be harmed if the development process tends to cover many state aspects and impacts many cultural and religious concepts. People of Doha have lived for a long time with conservative beliefs and

aspects, and any change that would impact their social life can cause social chaos and dissatisfaction of people. Moreover, the rentier economy supported Doha's development and at the same time supported the state-society relationship in which the citizens are satisfied with the authority and its way of distributing the oil revenues among the people.

However, the Qatar National Vision 2030, released in 2007, was the first state vision that included several pillars built on comprehensive development, and it shows how Doha's vision and goals were modified and how the aspiration of the state government was changed. "Qatar has ambitious aims: to bring all outlying towns and settlements together, to offer a modern, prosperous urban culture featuring breathtaking stadium designs, accompanied by a new metro and railway network and a much-expanded international airport and port, as well as bridging the gulf between Bahrain and Qatar. These objectives are all part of the Qatar National Vision 2030 (QNV 2030), a comprehensive long-term plan agreed in 2007 that visualizes Qatar's development up to 2030" (Scharfenort, 2012, p. 210). This vision defines Doha's projects and goals until 2030. It clarifies the mission and the effort that Doha should make in order to achieve the desired development and economic growth.

The vision of the leadership was an important factor behind Dubai's accelerated development. This can be summarized as:

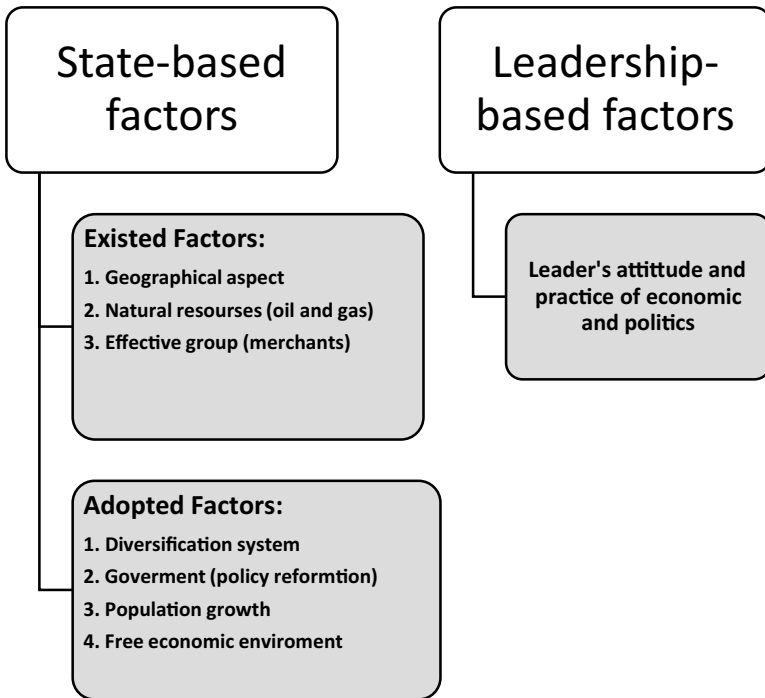
- The time of vision was crucial in the process of development, as it made Dubai achieve faster development than Doha. The elites' interests and the time at which the vision was created impacted the development of both countries. The elite background and their interests were vital elements for the leadership in designing a successful state vision for Dubai.
- The historical events and the role the state elements play determine a state's development approach. The small reserve of Dubai's oil encouraged its leaders to adopt a more advanced economic system, while Doha's rich gas and oil reserve encouraged Doha's leaders to continue with the rentier economy.
- Dubai's modernized monarch who ruled it enabled it at an early stage to experience and to be exposed to many renaissance aspects. Sheikh Rashid's desire of modernizing and developing Dubai made him design a successful state vision that included a plan for an overall development of the city. Moreover, his son Mohammed bin Rashid, who contributed to the process of development since his father's time, has also implemented advanced development strategies and continued the vision of his father through adopting thoughts on enhanced economic development.

## **26.4 Development Factors and Comparative Advantages: Dubai and Doha**

According to *Business Dictionary*, economic factors are "the set of fundamental information that affects a business or an investment's value. Various economic factors need to be taken into account when determining the current and expected future

value of a business or investment portfolio” (*Business Dictionary*, 2016). However, development and economic factors are not fixed elements; rather they depend on many aspects of the research. Several studies on economics and development discuss the economic and development factors on a global level. This chapter, however, will explore some of the factors that are particular to the states of Dubai or Qatar. Hvdit (2007) argues that “The development of the emirate must be seen as an outcome of a broad range of economic, institutional, political, and cultural factors that function in interaction; that is, this development lends itself to multiclausal explanation” (p. 397). It will also clarify how these factors played different roles in Dubai and Qatar and how the absence of certain factors in Qatar and their presence in Dubai made it develop and diversify faster than Qatar. These factors also determined how each state decided to adopt development in a different period of time.

Since this chapter is concerned with the economic and urban development, it will explain the different factors that change the direction of the state and control its future. There are two types of factors that this chapter aims to clarify in order to provide a more accurate analysis, the first type of factors are leadership-based factors. These factors are related to the practice and authority of the leadership. The second type is related to the states’ resources and the important parties that contribute to the process of development. There are some shared development factors between Doha and Dubai.





## 26.5 Dubai's Development Strategies and Economic Factors

Leadership-based factors are the key factors that enabled Dubai to take the first step toward evolving and developing. The early planning and management of development is considered to be the first step toward a successful overall development, and this happened in Dubai. Many studies and research discuss the role of leadership in developing the state and how its leader's capability and skills can impact the state's evolution and overall growth. Leadership in Dubai, mainly in the 1970s, was a turning point for Dubai where a modernized monarch with worldly-wise beliefs took over Dubai and decided to consolidate the development in the economic, urban, and social sectors. This wave of modernization was highly accepted by Sheikh Rashid as he wished to transform Dubai from a desert rentier city into a global developed economic zone. In fact, modernization allowed the state to experience great freedom in order to achieve its different goals. Nyarko (2010) supports this by stating that "Dubai's economic strategy is simple, and is, indeed, being mimicked by others. Recognizing very early that oil would run out, Dubai focused on becoming the trade and tourist mecca of the region" (p. 9).

Another fact about leadership factor is the leader's role in designing a smart vision for the state that includes smart strategic plans and future projects. The economic focus Sheikh Rashid had was another vital factor that facilitated the process of economic diversification and economic growth. Leaders' focus and direction can control the level of development of their state

in certain sectors or areas depending on the leader's interests and directions. In a press release by the Dubai Chamber, Hamad Buamim, the President and CEO of Dubai Chamber of Commerce and Industry, said that "Dubai has come to be known internationally for its favorable business environment due to our visionary leaders who encourage future-focused planning and formulating innovative strategies that reflect positively on the competitiveness of Dubai's imports in the global markets. This leads to increased global demand for the emirate's imports and, subsequently, to a more developed trade network" (Dubai Chamber of Commerce and Industry, 2016).

State-based factors include the natural resources, geographical location, and merchants. The oil boom and oil revenues were vital elements that enabled Dubai to reform and move toward being a modernized and developed city, even though rentier economy was the reason behind Sheikh Rashid's early desire to change and adopt development. However, Dubai's oil revenues still contribute about 30% of the state's GDP. Aarti Nagraj, an economic analyst from *Business Gulf*, mentions that during 1970s Dubai used to depend 80 to 90% on oil revenues; however, the current diversification environment supports Dubai economically and reduces its dependency on oil to only 30% (Nagraj, 2015). Non-oil export was one of the early targets that Sheikh Rashid intended to achieve, and through smart strategic plans designed by him and his son Sheikh Mohammed, the current Sheikh of Dubai, the oil revenue was exploited and invested in multiple areas of investments and development.



The geographical factor was an early element that gave Sheikh Rashid the inspiration to diversify Dubai's economy and introduce development plans. There are two important features about the geographical location of Dubai. The first is that it is located in a unique place that allows it to connect to many regional states, mainly the GCC states, and at the same time makes it close to East Africa and South Asia. The second geographical benefit for Dubai is the nature of the Trucial States, known today as UAE. Dubai is one of the most powerful emirates that is considered as the economy capital of UAE.

Another existing factor was the contribution of a certain group of people who exercised great power in trading and economy. Merchants are the most important human factors that participated in the evolution of Dubai since its early developing stage. "What is good for the merchants is good for Dubai" was a famous motto for Sheikh Rashid during the 1970's (Krane, 2009, p. 44). He believed in the capability and experience of the merchants to develop Dubai. The role of merchants and their significant ties with Dubai's leaders supported the early stage of Dubai's development as they played a significant role in connecting Dubai with other parts of the world such as Iran, North Africa, and India. Moreover, merchants represented a vital link between Dubai and other trading exchange states. This was due to their high skills in languages and their flexibility in relocating anywhere.

State-based factors (Adopted factors): The term *adopted* here means the external elements that Dubai took from the successful economic models of other states in order to achieve its development vision. It borrowed certain Western policies and rules related to economic growth and free markets. Government policies reformation was one of the important adopted factors that contributed to the economic transformation and development of Dubai. Sheikh Rashid's decision to reform and develop Dubai encouraged him to look for policies that could ensure the success of his desired reform. First, he started to review the economic legislations of the traditional economic system and removed any polices that could prevent any reform from taking place. Moreover, his high motivation to change Dubai persuaded the government to promote production and increase the employment opportunities in the government and private sectors.

Importantly, the journey of the development of Dubai did not end with Sheikh Rashid's death. It continued and flourished more when Sheikh Maktoum came into power. Sheikh Rashid's death in 1990 was a new phase for Dubai in which his son Sheikh Maktoum aimed to continue his father's vision and boost Dubai's development even more. Moreover, the policy reformation and the government incentive to promote change expanded to include more liberal aspects related to tourism and global commerce.

The year 2006 witnessed even more changes and reforms in Dubai as Sheikh Mohammed bin Rashid came into power. He introduced more liberal economic policies to attract foreign investors to invest in Dubai and to initiate more real estate projects. His policy reformation includes the introduction of knowledge-based economy and supported technology adoption in Dubai. "The initiatives launched by Dubai under the leadership of HH Sheikh Mohammed Bin Rashid Al Maktoum in recent years, for example, those with a strong focus on creativity, innovation and

smart services, are aimed to achieve sustainability and promote competitiveness” (WAM, 2015).

Reforming economic policies and imposing more secure and liberal economic rules have attracted huge global capital to develop Dubai. The liberation of economic policies has been a key factor behind cementing Dubai’s position as a liberal business destination. However, liberality in Dubai is unique as it does not adopt a complete diversification system; rather it preserved certain elements related to the culture of the gulf region. This fact can be explained through the nature of a gulf monarch and the way he wants to protect his authority even if he has initiated any reform.

Population growth is another effective factor that contributed to Dubai’s massive economic and urban development. In his development plan, Sheikh Rashid focused on making Dubai an attractive economic zone for all international groups who desired to invest or live in Dubai. To fulfill this desire, he attempted to create a suitable environment that could encourage different people from different places in the world to relocate in Dubai and contribute to the process of its overall evolution. Especially in the early stages of development, skills and knowledge-based economy was absent in Dubai and thus population influx from different countries helped Dubai access different populations with different skills who could manage great projects with a high quality of work. According to Shihab (2001), “The UAE population is essentially a small one. However, after the discovery of oil and its export in the last four decades, it has experienced very rapid growth, the result of a combination of high natural rates of increase among the UAE’s indigenous population, and a massive inward migration of expatriates who now comprise more than three quarters of the population” (p. 251).

All these developmental and economic factors were placed between the traditional society stage and the take-off stage. According to *Economic Times* (2016), “the benefit or advantage of an economy to be able to produce a commodity at a lesser opportunity cost than other entities is referred to as comparative advantage in international trade theory” (*Economy Times*, 2016). So, it is the ability to produce certain products or provide certain services at a lower cost.

The comparative advantages Dubai had could be divided into two stages; the early stage, which included oil revenues and geographical location and the second stage included the environment and economic freedom that became available in Dubai after the reformation of its economic system.

The early and permeant comparative advantage for Dubai is its geographical location, which has strengthened its trading environment. The geographical feature supported Dubai’s trading as it connected several trading states from South Africa and East Asia. The unique geography of Dubai has supported its trading activities since 1970s. It used to support the merchants by facilitating goods’ moving process from port to port. Currently, due to globalization and the increase of global demands, trading through Dubai has increased and the economic exchange activities between Dubai and other regional and global participants has increased.

Trading came to be known as one of the central elements for developing the state’s economy. A recent report by the Emirate Competitive Council (2012) discussed the importance of trading by stating that “trade has become a vital element for countries’ economic development, as countries are becoming less likely to produce all the goods

and services they need within their borders. Goods and services in today’s globalized economy move freely across the world, as both final and as intermediary products. When countries lower trade barriers, they create enormous potential benefits for business and households alike” (p. 2).

The second stage of the comparative advantage includes the services and commodities Dubai produces or owns after it diversified and reformed its economy. The free economic environment and massive infrastructure in Dubai are great comparative advantages that have contributed to its current massive development. Environment of economic freedom has attracted lots of global capital and a large number of investors to invest in Dubai. Its economic freedom and low trade barriers have made Dubai top the list of countries with economic freedom more than once. In other words, the liberal economic environment has facilitated many economic development aspects. It gives the individuals who desire to invest great opportunities by protecting their rights and making them free from following certain laws or traditional habits. According to Economic Index (2016), the United Arab Emirates is competitive in many areas of economic freedom, and this is due to its low trade barriers. Its political stability and economic environment have boosted its competitiveness in the global markets. The following index shows the extent of economic freedom in most of economic sectors of UAE including Dubai (Fig. 26.1).

Infrastructure and massive constructions are another comparative advantage for Dubai where the modern buildings and large areas full of towers, skyscrapers, and high rise buildings with unique architecture have also enhanced the global identity of Dubai. “Meanwhile, Dubai has invested heavily in infrastructure and logistics to overcome its comparatively poor natural resource base and become a global business, trade and tourism hub” (Saidi, 2011).



Fig. 26.1 Economic and trade freedom in Dubai (Economic Index, 2016)

## 26.6 Doha's Development Strategies and Economic Factors

The discussion of Doha's development factors will include different facts to address the early reasons that made Qatar adopt different development strategies than Dubai.

**Leadership-based factors:** Leadership factor in Doha is considered to be an effective development factor starting from the rule of Sheikh Hamad. However, during the 1970s and till early 1990s, Qatar had adopted the rentier economy that depended only on one source of revenue which was oil exporting. Sheikh Khalifa bin Hamad preferred rentierism and did not welcome any change regarding the Qatar's economic system. He tried to improve many sectors such as media, education, and politics but his belief in the power of rentier state system did not waver. The discovery of North Field even strengthened Sheikh Khalifa's decision to continue with the rentier system. Huge amounts of natural gas were exported during his time. "In the early 1970s, Qatar flared about 80 percent of the 16.8 million cubic meters of natural gas produced daily in association with crude oil liftings. In that decade, the country made progress in using its natural gas resources despite several setbacks. Whereas nearly 66 percent of onshore gas was flared in 1974, by 1979 that proportion had fallen to less than 5 percent" (Helem, 1993).

Nevertheless, in 1995 Doha witnessed a new phase of transformation when Sheikh Hamad bin Khalifa took the throne. Sheikh Hamad was the first modernized Qatari monarch who wanted to reform and develop Doha. He aimed to boost the economic sector of Doha and cement its position in the global economic map. He initiated many urban projects and started to reform the infrastructure of Doha by large constructions that could support the economic development of Doha. Yet his desire for economic development was not greater than his political interests. Even though he developed Doha and enhanced its economy, his goal of gaining a global political reputation and political power prevented him from reforming certain economic policies and from abandoning the rentier system or reducing the state's dependency on oil and gas export. Thus, the leadership factor was effective when Sheikh Hamad came into power but his interests and political aspirations were a factor behind Doha's different development strategies than Dubai.

**State-based factors (existing factors):** Oil and natural gas are the main existing state-based factors for an overall development. These natural resources are the sources for Doha's current development. The large amount of oil and natural gas was a strong point for Doha as it enabled the state to develop in many sectors and improve the lifestyle of its people by providing them more jobs opportunities. In fact, the oil reserve and later the natural gas reserve played a vital role in Doha's development today. They control Doha's economic model in which oil revenues cover approximately 80% of the state's GDP. "The export base of Qatar was heavily concentrated in crude petroleum until 2002, when exports of LNG became the country's most important foreign exchange source. The share of LNG exports in total merchandise exports rose from 12.2% in 1998 to 43.7% in 2002, while the share of crude petroleum declined from 61.2% to 35.9%" (World Trade Organization, 2003).

Other state-based factors like merchants and geographical location were absent or less effective in Doha than in Dubai. Merchants were a weak development factor for Doha, who though existed in Doha, played not as effective a role as that of the merchants in Dubai. Even though many merchant families have come and settled in Doha since 1957, their role in enhancing the economy of the state has not been very significant. In addition, the merchants seem to have no ties with Sheikh Khalifa as in Dubai nor he seems to have allowed them to contribute to any development or economic growth. Thus, the merchant factor was not effective in Doha’s development. While the geographical location of Doha is also considered strategic, it did not support trading activities like Dubai.

State-based factors (adopted factors): Reformation of government policies was a factor for Doha’s development, yet the freedom of economy and liberal economic environment was limited. Labor policies and legislations are still restrictive in Doha even during the development phase initiated by Sheikh Hamad. The high dependency on its natural resources and complete adoption of oil-based economy encouraged the state to maintain its restrictive economic policies. Protecting the society through traditionalism has made Doha delay the diversification of its economy and adopting a liberal development system. Since development aspects were introduced in a late stage of its history, the country wanted to avoid any adverse effect on the stability of the society (Fig. 26.2).

Other state-adopted factors were not effective for Doha’s development and did not support its development strategies. Due to its restrictive policies of economy, achieving diversification and increasing the population for more production was hard to achieve. Again, the conservative aspects that control the society and the desire to protect its identity made Doha more conscious in implementing any change that could shake the citizens’ satisfaction, impact its identity, harm the demography of the society, and affect the policymaking.

Energy supplies is one of the most important comparative advantages of Qatar. The key comparative advantage is its great preserve of natural gas which was found



Fig. 26.2 Qatar economic freedom (Economic Index, 2016)

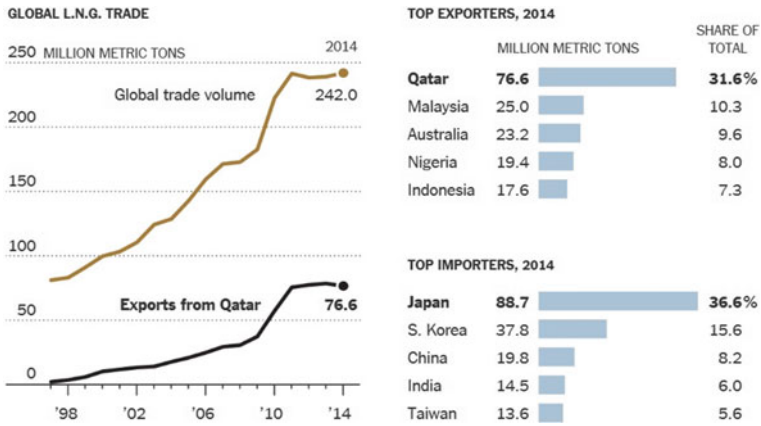


Fig. 26.3 Qatar LNG export size and directions (Energy and Capital, 2014)

in the North Field and made Qatar a strong competitor in the global market of energy. Even though he diversified the economy and state revenues, Sheikh Hamad’s political desire encouraged him to maintain the rentier economy for a longer time. The power of energy in shaping the political position of the state led Sheikh Hamad use the natural gas as a political tool in becoming a major political player. Qatar’s Triennium Work Report, published in 2010, mentions that extensive surplus gas ready for export made Qatar lucky and blessed as it did not only benefit Qatar’s commercial and economic interests, but also enhanced its political leadership motivations on the regional and global level (Yedros, 2012, p. 132).

The large amount of new-found natural gas led Qatar to be a major player in the global energy market and it exported it to big markets in Asia, Europe, and the United States. According to Ritz (2015), “Qatar is the world’s largest exporter with a global LNG market share of almost 35%. Its largest LNG destinations are both .mid-price. Europe (especially UK and Italy) and .high-price. Asia (especially Japan and South Korea), with a split of around 25% and 75%. The next largest LNG exporters are Nigeria, Australia, Indonesia, Malaysia, and Trinidad & [sic] Tobago which all have market shares in the range of 6% to 11%. In addition to Qatar, multimarket LNG exporter serving Europe and Asia, Include [sic] Nigeria, Trinidad & Tobago, and Peru” (Ritz, 2015, p. 8) (Fig. 26.3).

## 26.7 Conclusion

This chapter asked the question why Doha failed to match Dubai’s economic development, to what extent political and economic different factors led the two states to develop at different pace. The chapter relied on the theoretical framework of the Rostow Growth Model, which suggests that a state’s development and economic

growth takes place according to certain stages. The chapter then examined these stages and discussed how the model can be applied for Dubai's development. Moreover, the chapter also discussed aspects and elements that had to do with the different development strategies adopted by Dubai and Doha. The overall findings depending on the analysis are as follow:

1. The early realization of the small oil reserve of Dubai encouraged its rulers to seek development and enhance its economic growth from an early stage while Doha's huge oil and gas reserves encouraged its leaders to maintain the rentier economy.
2. Unlike Doha, which came to be ruled by a modernized monarch in 1995, Dubai's accelerated development can be attributed to its being ruled by modernized monarch since the 1970s.
3. The early existence and design of the state's vision supported Dubai's development to succeed whereas the concept of the state's vision in Doha was not defined before Sheikh Hamad's era (Qatar's National Vision 2030).
4. The differences in development strategies, economic growth factors, and the respective state's comparative advantages in the cases of Dubai and Doha were also vital elements in explaining the different development paths the two states took.
5. Finally, the environment and the nature of the society also played a significant role in controlling the development strategies and economic model of both states.

The chapter adds to the current knowledge concerning the different development strategies adopted by Dubai and Doha and why Dubai was able to develop at an early stage. It also tried to cover all dimensions of each state that impacted their development paths. The main finding of this chapter is that Doha and Dubai adopted different development strategies and their economic growth resulted from different economic, political, and social considerations. The shared political and economic foundations between the two states are not necessarily able to make Dubai and Doha achieve equal development; it is, rather, about how these political and economic factors worked and how they contributed to the development of the state.

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