

in foreign policy, it is impressive to see someone of Kissinger's abilities struggling to make sense out of international politics. His successors in the memoirs business will be measured against a high standard, as will his own second volume.

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ECONOMIC CONDITIONS

OIL REVENUES IN THE GULF EMIRATES: PATTERNS OF ALLOCATION AND IMPACT ON ECONOMIC DEVELOPMENT, by Ali Khalifa Al-Kuwari. Boulder: Westview Press; Epping, UK: Bowker, 1978. Center for Middle Eastern and Islamic Studies of the University of Durham, No. 6. xxiv + 202 pages. Tables, notes to p. 207. Refs. and Bibl. to p. 218. \$36.00.

Reviewed by Ragaei El Mallakh

This volume exhibits impeccable research techniques, perhaps because it is drawn largely from a doctoral dissertation. It deals with a subject which, since early 1974, has become increasingly critical and sensitive: the utilization of the burgeoning oil-generated revenues of the Arab Gulf states.

The ten chapters trace the pre-oil history of the region; the development of the oil industry; the level and growth of oil revenues to the Arab Gulf states; the allocation of oil revenues in Bahrain, Kuwait, Qatar and the United Arab Emirates; the factors determining the allocation of oil revenue; the impact of oil revenue on economic development and the need for alternative approaches. The text is liberally sprinkled with 36 figures and 116 tables and followed by an extensive bibliography. The time frame of the study largely ends with 1970 or the 1970/71 fiscal year.

Among the four countries covered in the book, Bahrain has the longest history of oil revenues, commencing in 1935, followed by Kuwait in 1947, Qatar in 1950 and the United Arab Emirates (Abu Dhabi) in 1962 and (Dubai) 1969. Immediately striking is the relative newness of fiscal administration in these states, linked to the exploitation of petroleum.

Another shared characteristic is the proportion of total governmental expenditures allocated to current expenditures and transfer outlets (about 70 per cent going to these purposes) with the remainder directed toward capital expenditures or to reserve funds. Furthermore, the author points out that oil revenue has been spent largely without recognition of the special nature of its generation: From the nonrenewable resource of petroleum rather than the traditional self-sustaining economic activities from which revenues are derived. This was evidenced by the frequent shifting of funds from the general reserves to current expenditures.

Dr. Al-Kuwari analyzes the impact of these countries' fiscal policies on economic development and maintains that almost one-fifth of total oil revenues received during the period from initial oil payments to 1970 was allocated for the creation of overhead capital to establish public utilities, communication and transportation and, later on in the 1960s, for basic physical infrastructure for industrialization. Provision of upgraded health and education opportunities also came in for a significant share in spending. However, he asserts "while the improvements achieved by utilizing oil revenues are obvious, the impact on prospects for long-term sustained growth is questionable" (p. 198). Al-Kuwari goes on to warn that by the end of 1970, policies could be discerned leading to "underutilizing their human resources, following practices which disconnect effort from reward, and encouraging unproductive speculative activities" (p. 198). Such a clearcut observation by one indigenous to the Gulf region is somewhat surprising; it can be viewed as a healthy sign of greater concern on the part of the educated segment there of the need for better utilization of oil-generated funds to secure a self-sustaining degree of economic development.

While Al-Kuwari is critical of what he calls the high level of "consumer society" in the Arab Gulf states, pointing to the vulnerability of their current prosperity, he did not address the very real constraints facing these economies in their absorptive capacities or what options are available to effect his sought-after change of emphasis from consumption to development orientation. While these issues do not diminish the validity and value

this book, they progress logically from it. Mercifully free of complicated models and jargon but rich in statistical data and analytical approach, this volume should be essential reading for any person involved with this vital and dynamic region of the world.

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