European Political Science Review (2011), 3:3, 419–443 © *European Consortium for Political Research*
doi:10.1017/S1755773911000014
First published online 1 April 2011

Does war make states? Rentierism and the formation of states in the Middle East

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The famous dictum that 'war makes states' has received renewed interest with the experience of state failure and state collapse in many parts of the Developing World. Historical studies have shown that the activity of war-making was an essential ingredient of the process of state-making in early modern Europe. The history of state-making in the Arab Middle East shows that rentier states defy the 'war makes states' theory. This article compares four states from the Arab world, two having been exposed to the experience of war-making (Iraq and Jordan) and two not (the United Arab Emirates and Tunisia). The comparison of these four states shows that rentierism serves as an obstacle to the formation of legitimate and institutionalized states. However, the availability of external rents also allows state institutions and patronage channels to continue providing general welfare. Thus, rentierism produces a twin phenomenon of state weakness and life support for potentially failed states. It is only when war-making is employed in rentier states as a strategy of state-making that states fail and break.

Keywords: war; failed state; development

Introduction

Middle Eastern states have, if nothing else, increased enormously in power since their independence and therefore also in their autonomy over society. However, have they formed accompanying political legitimacy and embedded authority structures? Coercion and fierce rulers are part and parcel of Middle Eastern politics, but is this enough to speak of state-making?

This article focuses on how the states of the Middle East have consolidated after independence. State formation is a constant process and there are more conceivable outcomes of state-making than the strong Western nation state (Wendt and Barnett, 1993; Krause, 1996; Wendt, 2003; Migdal, 2004). States may be weak, grow

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stronger, then over time become weaker again. Formation is a process with multiple effects along the way that range from functional state failure, to state reformation, to occasional state collapse as well as to lasting weak state structures.

The history of state formation in the Arab Middle East[1] challenges standard assumptions about war-making and the emergence of strong states based on the work of Charles Tilly (1975, 1990). In the Arab world, war has interacted with processes of state formation in ways that differ fundamentally from the European experience (Heydemann, 2000: 9). The extraction of resources for war-making has not led to legitimate political rule, as wars were funded by foreign military assistance or rents of one form or another, fought with imported weapons, and peace settlements were negotiated and guaranteed by external powers (Heydemann, 2000: 23). And yet, war-making had profound influences on social processes and transformations as well as on state-making. My comparison of Middle Eastern state formation through the lens of Charles Tilly's work validates many of his propositions rather than refutes his approach altogether. I propose the notion of rentierism[2] to help amend the Tillyian model of state-making in order to make it applicable to Middle Eastern states.

Rentierism has indeed played an important role in structuring the character and dynamics of Middle Eastern states. It helps to explain such diverse cases as centralized and authoritarian Tunisia (lack of capital generates coercion), as well as tribal states in the Gulf (capital without coercion creates embedded authority), as well as the emergence of weak states in Iraq and Jordan. I will argue – perhaps counter-intuitively – that the latter are the norm when it comes to statehood in the Middle East, while Tunisia and the Gulf states are exceptions. This is in line with recent scholarship that has argued that, contra Max Weber, the 'natural' state (North *et al.*, 2009) does not monopolize legitimate violence, but instead brokers an elite consensus in which armed groups tolerate domestic peace in exchange for rights to extract rents (Snyder, 2010).

The fiscal sociology paradigm (FSP) as a theoretical framework for state formation

The famous dictum that 'war makes states' (Tilly, 1985: 170) has received renewed interest in recent years with the experience of state collapse and state failure in many parts of the Developing World (Niemann, 2007; Hagmann and Hoehne, 2009).

[1] Arab Middle East refers not only to the Middle East proper (Egypt, Jordan, Lebanon, Syria, Iraq, Kuwait, Bahrain, Qatar, Saudi Arabia, the United Arab Emirates, Oman, and Yemen), but also includes the North African states of Morocco, Tunisia, Algeria, and Libya. The total number of states in the Arab world thus includes 16 sovereign states plus the special case of Palestine. Non-Arab Middle Eastern states like Israel, Turkey, and Iran are excluded.

[2] Rentierism describes the degree to which states are dependent on rents for their internal functioning. Rents are understood to be income generated from the export of natural resources, usually oil and gas, but also income from bilateral or multilateral foreign aid payments, such as development assistance or military assistance. Rentier states are those states in which revenues from rents contribute well over 40% of the state's overall revenues.

Early modern European history showed that violence, war-making, military expansion, social exclusion, and economic exploitation were at the heart of state-making in Western Europe (Tilly, 1975; Rasler and Thompson, 1989; Downing, 1992; Ertman, 1997). Eventually, this process led to the 'civilianization of government and political rule' (Tilly, 1990: 122) as nascent civilian state makers and war makers had to create a symbiosis for the purpose of finding the resources for war-making.

The FSP proposes, in line with Charles Tilly's work, to understand state formation by analysing the infrastructural strength of the state (Mann, 1993) and the revenue structure of the state. State power can be defined as 'the resources available to state managers in their governance of society in relation to societal actors' (Barnett, 1992: 40). This can be expressed as infrastructural state power – the ability of the state to implement its policies (power to) – or as despotic state power – the coercive power of the state (power over). This distinction is particularly helpful to understand Middle Eastern states that are authoritarian, coercive, and fierce, but not necessarily strong and legitimate (Ayubi, 1995).

I therefore focus in this article on the infrastructural power of the state, understood as the state's ability to extract resources – both human and material – from its society and hence its power to shape policies (Mann, 1993). Extraction requires compliance from citizens and not just coercion.[3] State strength can best be empirically measured through the level of tax revenues accrued by the state (Barnett, 1992; Fauvelle-Aymar, 1999; Hood, 2003). Taxes are indicators for governmental presence as they depend on popular support and fear of punishment. They require the compliance of citizens and coercion of governments and are thus closely linked to political legitimacy and rule. Taxation is hence seen as the best indicator to measure state strength[4] and is generally seen as the cornerstone of state-building (Tilly, 1975; Mann, 1993).

War-making means the actual fighting of wars and no less than 43 wars have been fought in the Middle East since 1945 (Jung, 1997). These include classic inter-state wars, such as the wars between Israel and its Arab neighbours, the Israeli–Palestinian conflict, the invasion of Kuwait by Iraq in 1990, as well as internal war-making and civil wars, prominent in the cases of Lebanon and Yemen. But war-making means more than the actual fighting of war and also includes war preparation strategies. By focusing on war preparation one can furthermore analyse cases where interstate wars have been of a very short duration – such as the wars between Israel and its Arab neighbours in June 1967 and in

[3] Hence, it is misleading to refer to state formation only by way of predatory state theory. We should rather focus on a combination of contract theories, and their focus on rights, economic welfare, and the scope of the state, as well as on predatory theories of state-making.

[4] Problems may arise, if one considers that states may choose to levy fewer taxes than they actually can. Some scholars have therefore used the notion of 'tax effort indices' that measure the ratio of actual tax share to the predicted tax share based on a set of economic variables (see Fauvelle-Aymar, 1999: 393; Hood, 2003: 216).

October 1973 – or even to cases where interstate conflict remained rare or absent or where the state had been reluctant to fight wars despite a high degree of militarization of society, as in Syria (Perthes, 2000).

State formation and the Middle East

The Middle East has witnessed many wars and domestic conflicts and violence. War may perhaps even be a defining feature of the region (Waterbury, 1998: 168). Indeed, few regions of the world have been so profoundly shaped by war as the Middle East. Regional scholars have therefore pointed towards the many possibilities of combining insights from research on state formation processes and Middle Eastern politics (Anderson, 1990). Apart from the well-studied cases of the Arab–Israeli conflict, the Iran–Iraq war, and the Gulf wars, there is surprisingly little research into how states and societies in the Middle East have been formed and reformed by wars.[5] Few academic studies analyse state formation processes in the Middle East *and* at the same time take the effects of rentierism into account. Hence, there seem to be ample reasons to consider the Middle East as a region *par excellence* to apply insights from research on war and rentier state-making.

Seventeen states of the Arab Middle East will be taken as a case study to test the applicability of the FSP to the Middle East and to develop future theoretical propositions. These 17 states of the Arab Middle East share a similar political culture and similar societal norms underlying the functioning of society and politics, as well as a common language. With regard to level of war-making, two types of states were distinguished: war-making states and non-war-making states. By classifying the 17 states of the region into 4 ideal types (see Table 1), I chose one case from each of the four types in order to play the two theories against each other – Tilly's 'war makes states' and standard rentier state theory. I avoided looking in detail at Saudi Arabia and Yemen (Chaudhry, 1997), Qatar (Crystal, 1990), Kuwait (Moore, 2004), Algeria (Bennoune, 1988), Libya (Vandewalle, 1998), Syria (Perthes, 1995), and Egypt and Israel (Barnett, 1992), which have all been analysed thoroughly through the lens of state formation. In fact, whether one studies the United Arab Emirates (UAE) or other Gulf states like Saudi Arabia, Kuwait, Bahrain, or Qatar, one can still detect similar patterns: they have not all formed through war-making and none of them relies on the state's ability to extract tax revenues from their populations. Similarly, whether one studies Jordan or comparable taxation states, such as Egypt, Tunisia, or Morocco, one can observe similar patterns of regime co-optation, again not based on the effects of war-making. And finally, the experience of Iraq is perhaps symptomatic for other rentier states that have experienced wars and internal armed violence (upper left field in Table 1) and which share similar patterns of public spending, such as

[5] The exceptions are Barnett (1992), Sadowski (1993), Gause (1994), Krause (1996), Gongora (1997), Lustick (1997), and Heydemann (2000).

Table 1. Typology of Middle Eastern states

Form of state war-making	Rentier states	Taxation states
War-making	*Iraq*, Algeria, Libya, Oman, Palestine, Saudi Arabia, Syria, Yemen	*Jordan*, Egypt, Lebanon, Morocco
No experience of war	*United Arab Emirates*, Bahrain, Kuwait, Qatar	*Tunisia*

Note: A high level of military preparedness is counted here as a high level of war-making, as argued above. Libya is thus included in the category of war-making, since in addition to a high degree of military preparedness Libya also fought a short war with Egypt in July 1977. Saudi Arabia is also included as a state that experienced war-making due to the domestic coercive measures employed to pacify certain regions of the kingdom, which led one regional expert to conclude that the 'patterns of Saudi state-building matches the broadest sequencing patterns of state making in early modern Europe' (Chaudhry, 1997: 98), and to its high degree of war preparedness. Oman follows Saudi Arabia and was also involved in war-making during the Dhofar Rebellion from 1964 to 1975. Finally, Yemen and Lebanon are included as war-making states because of the internal wars that characterize these states, as argued above.

Algeria, Libya, or Syria. The fact that Iraq failed in its project of state-building and that these others did not should not be taken as an indication that state failure is beyond the horizon.

Obviously, states may change their position in Table 1 over time, as state formation is a constant process. For instance, a state like Jordan has moved to the bottom right field since it has not been involved in war since 1973. It can also be argued that Iraq was not involved in full-scale wars in the years 1920–80 (its involvement in the war against Israel was marginal) and yet it built relatively strong state institutions that stabilized a segmented country until the collapse of the Saddam Hussein's regime. In that sense, state collapse was induced externally and prior to this, state institutions were relatively viable. Kuwait, for its part, was invaded in 1990 by Iraq and its infrastructure largely destroyed. But Kuwait was not a war-making state, it was simply subjected to its devastating consequences. Although it suffered high consequences from the war, it did not employ war-making as a state-making strategy, neither before nor after the invasion. Examples apart, Table 1 is meant as a heuristic device to analyse different paths of state-making. Jordan and Iraq obviously differ in that path, but these variations cannot be explained by a simple logic of war and state-making.

I chose four states (Iraq, Jordan, the UAE, and Tunisia) in order to illustrate the differences in state-making across the region. Two of these (Iraq and Jordan) experienced war-making, while the other two (UAE and Tunisia) lacked the experience of wars. Following the Tillyan approach, we would expect the emergence of an institutionally strong state in those states that experienced war-making. However, the contrary occurred, since war-making led to state failure in Iraq and to

https://doi.org/10.1017/S1755773911000014 Published online by Cambridge University Press

Table 2. Percentage of taxes of total state revenues

	Year							
State	1999	2000	2001	2002	2003	2004	2005	2006
Iraq								
Direct taxes	NA	NA	NA	NA	NA	0.5	0.5	0.7
Total taxes	NA	NA	NA	NA	NA	1	1	1
United Arab Emirates								
Direct taxes	–	–	–	–	–	–	–	–
Total taxes	13	10	9	12	9	10	5	4
Jordan								
Direct taxes	9	9	10	9	10	9	9	12
Total taxes	55	57	62	57	65	67	69	67
Tunisia								
Direct taxes	23	23	26	26	28	27	31	29
Total taxes	85	83	88	82	85	83	85	80

the emergence of a weak state in Jordan. In the case of states without the experience of war-making, the Tillyan approach would expect the emergence of weak states but again the contrary happened: the development of a legitimate and sustainable rentier state in the UAE and an institutionally strong state in Tunisia. Again, a simple logic of 'war makes states' cannot account for this.

All four states thus stand in contrast to the states that emerged in early modern Europe. Legitimacy is lacking and the state remains a hollow shell. The infrastructural power of the state is limited to providing domestic security and, in times of oil booms, general welfare. With the exception of Tunisia, the remaining three states do not rely on domestic resource generation (see Table 2) and therefore share a structural weakness.

In Table 1, Syria and Yemen are labelled rentier states despite the apparent differences with the oil exporting countries from the Gulf or with Algeria and Iraq. Yemen and Syria possess natural resources but they have comparably small populations. This increases the ratio between state revenues and the number of beneficiaries of rent distribution. Thus, states like Yemen and Syria increase the distribution effect of rents and can be considered rentier states.[6] In that sense, Palestine is also a rentier state, as only a small portion of state revenues come from taxation and a much larger part from rents (Brynen, 2000), and also because those taxes that are collected are levied by the Israeli authorities and then transferred to the Palestinian Authority.[7]

[6] Following our indicators above, both Syria and Yemen can properly be called rentier states as rents contribute more than 40% of state revenues (see also Table 3).

[7] The numbers here are misleading with regard to the nascent Palestinian state's infrastructural power, since the state of Israel in fact collects income tax for the Palestinian authority (PA) from Palestinian

Table 3. Tax revenues in the Arab Middle East (as percentage of state revenues)

State	1999	2000	2001	2002	2003	2004	2005	2006
	Year							
Algeria	33	22	27	24	24	28	21	20
Bahrain	–	–	–	–	–	–	–	–
Egypt	66	66	59	65	66	68	65	63
Iraq	NA	NA	NA	NA	NA	1	1	1
Jordan	55	57	62	57	65	67	69	67
Kuwait	2	1	2	2	3	3	15	9
Lebanon	68	61	64	68	68	69	66	60
Libya	NA	NA	NA	NA	NA	NA	NA	NA
Morocco	76	76	70	88	84	83	84	NA
Oman	NA	7	5	5	5	6	7	7
Palestine	26	26	26	24	37	20	19	NA
Qatar	–	–	–	–	–	–	–	–
Saudi Arabia	8	5	NA	NA	NA	NA	NA	NA
Syria	32	31	36	54	51	52	50	44
Tunisia	85	83	88	82	85	83	85	80
United Arab Emirates	13	10	9	12	9	10	5	4
Yemen	25	18	20	22	23	22	21	18

Note: Authors calculations based on Schwarz (2008).

Table 3 shows how oil states (Algeria, Bahrain, Kuwait, Oman, and UAE) set considerably lower taxes than non-oil states.[8] Syria, Palestine, and Yemen stand apart as rentier states as described above. Non-oil states differ between those that rely heavily on taxation (Tunisia, Morocco, and Lebanon) and those that rely on both taxation and external rents (Jordan and Egypt). Only in those states that rely solely on taxation (Tunisia, Morocco, and Lebanon) is the state's infrastructural power well established. This suggests two general trends within the Middle East and with regard to rentierism: oil-exporting states (pure rentier states) have had the privilege of not having to tax their populations, while other states have relied on a mixture of rents and taxation for their state revenues. These states (Jordan and Egypt) have not, however, relied on direct taxation, but on indirect means of levying resources (e.g. tariffs, sales taxes, and licensing) in order to cover structural weaknesses. Where taxation occurred, it was mainly levied on state-owned

workers in Israel. It can keep 25% of these earnings, but has to forward the rest to the PA. The income from this clearance revenue system is the most important source of finance for the PA besides foreign grants. Estimates place it at over 60% of total revenues.

[8] The low level of taxation in oil rentier states may actually indicate that the state does not have to tax its people. Hence, the need for taxation is low, but not necessarily the capacity to tax (although this may incidentally also be the case). More obvious is the case of states that rely on both taxation and rents, but which use indirect measures for raising revenues. Here the state clearly lacks capacity for it has to revert to indirect measures.

companies (mainly the oil industry) and foreign companies. In other words, the state levied taxes from itself and foreigners, not from society.

This short summary of state taxation efforts in the Middle East shows that a focus on the war-making strategies of a country alone is insufficient. In fact, the extraction of revenues can be induced not only through actual war-making, war preparations, and external rivalries, but also through internal rivalries and domestic challenges (Thies, 2004: 62). And it can follow a political logic of regime survival where states avoid direct taxation for fear of alienating society and creating instability. No real bargaining over rights takes place – rather, an elite consensus is in place through which domestic peace is assured through the allocation of rents. All four states analysed below thus fall short of theoretical expectations linked to the 'war makes states' theory.

War and no state formation: Iraq and Jordan

The Iraqi state was created in 1920 under a British mandate and its history of state formation followed the path of many developing states in terms of its struggle against a major foreign power and the attempt to create modern state institutions through war-making. Iraq was engaged in the 1948 War with Israel, the June War of 1967 with Israel, the Yom-Kippur War in 1973, the Iran War (1980–88), the First and Second Gulf Wars (1990–91 and 2003), and the subsequent insurgency (since 2003). The modern state that eventually emerged was defined by personalized rule, informal relations, and the abundance of oil revenues. These three elements were inherently linked as oil revenues and the distributive capacities of the state allowed for political rule to be personalized and based on patronage networks. Much of Iraq's modern history (1958–80) has followed the rentier state paradigm, until the onset of the Iran–Iraq war in 1980, which started a new era in the state's history that was characterized by the unmaking of the state. The disposition of the belligerent Iraqi state to war-making in 1980, marked by an overestimation of its military strength, proved to be particularly catastrophic to state-making.

While Iraq's early years were characterized by a reliance on domestic resource extraction, the discovery of oil in 1927, and its subsequent development and the nationalization of Iraq's oil industry in 1961, placed Iraq on the path of a rentier state. The fiscal nature of the state changed in the 1950s as oil royalties were no longer treated as extra-budgetary receipts but were incorporated into the budgetary process (see Table 4). This gave the state considerable financial resources, which it ploughed into social welfare through a newly created state agency (the Iraq Development Board) that was given the task of coordinating spending. The change in the fiscal nature of the state brought about the first signs of a rentier state. Subsequently, taxes were only collected from salaried employees of the state and taxation became a burden of the middle class working in the state administration (Batatu, 1978: 105–108). The state's arm was short and extended only to its own salaried personnel.

Table 4. Oil revenues in Iraq as percentage of total revenues

Year	1950	1962	1970	1973	1977	Average
	17.3	64.1	53.7	80.9	85.5	60.3

Source: Waterbury (1997: 155).

This drastic increase of additional resources allowed the Iraqi regime to embark on a state-making project based on large-scale spending implemented in a top–down fashion and divorced from societal demands. The massive influx of oil revenues during the 1970s enabled Iraq to pursue a policy of 'guns and butter' – extravagant spending on expanding its military-security machinery and on welfare benefits. These benefits mainly came in the form of state-provided jobs. At the end of 1991, the civilian branch of the state employed 21% of the working population and 40% of Iraqi households depended directly on government payments (Dodge, 2003: 107).

Given the massive flow of oil revenues, the costs of a war with Iran seemed easy to bear. During the first 2 years of the war, Iraq's economic position was comfortable. It used its oil exports and an annual oil income of US $30 billion to finance the war effort (Al-Khafaji, 2000: 273). However, as the war dragged on, Iraq's economic position began to deteriorate as a result of the partial destruction of its oil-exporting facilities and a decline in world oil prices in 1985. In addition, Syria (allied with Iran) closed the pipeline to the Mediterranean Sea and thereby reduced Iraq's export capabilities to less than 30% of its production capacity.

During the war, the failing Iraqi economy was initially maintained by political rents from Saudi Arabia, Kuwait, and the UAE. In public rhetoric, this foreign aid was downplayed by the Iraqi regime, and official reports of the Baath party stressed the boldness of the Iraqi leadership in standing alone against Iran. This official propaganda explains why Iraq prolonged its war effort despite growing human, economic, and fiscal losses, and even after it had lost the support of its Gulf allies. The Baathist regime under Saddam Hussein was convinced that it would achieve victory single-handed, while the costs of the war were shared by neighbouring oil monarchies in the Gulf. Iraq insisted that no official debt arrangements should be made to accommodate the war effort. In short, war seemed an economically rewarding activity.

By the end of the war, Iraq was faced with many economic difficulties, not least the problem of demobilizing about 200,000 soldiers (Chaudhry, 1990: 155). The state was not able to accommodate such a large number of soldiers dependent on government guaranteed jobs and welfare benefits. The state could no longer deliver on its social contract established during the boom of the rentier years. War had fundamentally altered the situation and redefined the terms of normality. Unemployment, already felt during the war due to the privatization measures enacted in 1986–87, but aggravated thereafter, became widespread in Iraq and young people were deprived of previously guaranteed careers in the civil service. The only solution seemed to keep them in the service of the state, not in a civilian function but in the military service.[9] The Iran–Iraq War eroded the fiscal basis of the state. A few years of peace and normal oil production would have probably brought Iraq back to pre-war levels, but instead of using an inward-looking strategy of coping with the fiscal crisis brought about by the Iran–Iraq war, the regime chose an extroverted and belligerent strategy of rent acquisition by invading Kuwait in August 1990.

The case of Iraq demonstrates how a chain of reactions caused state failure: Initial war-making (the Iran–Iraq war) led to the overstretching of state capacity; the ensuing fiscal crisis led to a further weakening of the state and pushed the regime to bellicosity – the annexation of oil-rich Kuwait to shore up Iraq's rentier resources. The concerted military action by the international community and the subsequent regime of UN sanctions left the Iraqi state crippled. Having lost the first Gulf War to the United States led United Nations multinational force, the regime of Saddam Hussein was hamstrung with multiple international sanctions and could only exercise limited state functions. State failure was thus the result of more than simple defeat in war. The failing of the Iraqi state had more to do with the declining state capacity to fulfil core functions. Its full collapse came with the US invasion in 2003 and the dismantling of state institutions and what little had remained of statehood during the sanction regime.[10]

Jordan, like Iraq, has been engaged in war-making since its independence. It was involved in the 1948 War with Israel, the June War of 1967 with Israel, the military campaign against the Palestinian Liberation Organization (PLO) and Syria in September 1970, and the Yom-Kippur War in 1973.[11] From a 'war makes states' perspective one would again expect the emergence of a strong state. The opposite is however the case: Jordan shows clear elements of an institutionally weak state in the domains of representation and welfare, similar to Iraq prior to the invasion of Kuwait in 1990. Although Jordan has managed to avoid state failure (unlike Iraq), it remains characterized by weak statehood.

[9] Deputy Prime Minister Taha Ramadan described this threat to regime security as follows: 'How were we going to maintain the loyalty of the people and their support for the leader, if they saw the inability of the leadership to provide a minimal standard of living in this rich country?' (Gause, 2002: 59, 63).

[10] Some observers have argued that there was little Iraq could have done to prevent its invasion and destruction by outside forces in 2003, and that the decision was taken elsewhere.

[11] In September 1970, Syrian troops entered Jordanian territory and advanced as far as the northern city of Irbid before eventually withdrawing (Razoux, 1999: 20–21). In 1973, two Jordanian armored brigades (the 40th and the 60th) participated in the war as well as three artillery units to support Syria. Ironically, it was the same Jordanian 40th armored brigade that had in 1970 rebuffed the Syrian army as it had crossed into Jordan, destroying more than 100 Syrian vehicles and forcing them back into Syria. In the 1973 war, the Jordanian support provided to the Syrian army came without great enthusiasm as King Hussein had only reluctantly agreed to join the Arab war effort against Israel by dispatching on 14 October the elite 40th armored brigade under the command of Brigadier General Al-Majali and then on 23 October by dispatching the 60th armored brigade (Razoux, 1999: 134–143).

Table 5. Rent revenues in Jordan, as percentage of total revenues

Year	1921	1931	1941	1967	1970	1973	1979	1981	1982	1994	1995	1997
	50	34	43	57	48.7	40	44.9	33.4	30.5	44	47.7	42.7

Sources: Amawi (1993: 275), Central Bank of Jordan (1999); Tell (2000: 185), Robins (2004: 143).

The Emirate of Transjordan (later the Kingdom of Jordan) was created in 1921 with new boundaries and state institutions. For the British and the Hashemite rulers, the creation of Transjordan involved the simultaneous creation of a nation to constitute the state. Unlike most other states whose creation is preceded by a nationalist movement or a sense of national identity, no such thing existed in this area. There was no country, territory, or people called Transjordan (Massad, 2001: 27–28), only 'rudimentary and fragmented governmental structures' existed in Jordan prior to 1921. Modern state institutions and a nation had to be built from literally nothing. The pillars of the new state were British advisors who gave advice and protected the Hashemite regime until well into the 1950s. Tribal elements also contributed in Jordan to stability in the path to state formation in Jordan (Peake, 1958; Vatikiotis, 1967; Tell, 2000). Political control over the tribes was achieved in Jordan through a mixture of coercion and conciliation. The pacification of the tribes was particularly conducive to state formation in the early years in that it helped to control the borders of the new state and maintained the domestic monopoly of violence within the country. The political support of the tribes in subsequent years contributed greatly to the survival of the Jordanian state (Susser, 2000).

Outside support was equally fundamental for stability in Jordan's state formation. Transjordan was already 'a rentier state in embryo' (Tell, 2000: 182) during the Mandate era. The state received large sums of strategic rents (see Table 5), which created a linkage between welfare and representation. Initially this came from Great Britain in the form of a monthly subsidy, later supplanted by military aid from the United States. The resulting availability, not only of a powerful security guarantor, but also the possibility of acquiring weapons, provided the Jordanian state with security from abroad and with the financial means to allocate welfare benefits domestically. By 1970, Jordan ranked second only to Israel in terms of per capita American military aid.

Revenues that accrued directly to the state were not, as they were in Iraq, spent on militarization but redistributed and allocated to strategic groups, thereby creating new rentier alliances (Knowles, 2005). The Jordanian state incorporated strategically important social groups and sectors into the state apparatus and employed a strategy whereby political legitimacy was achieved through the allocation of public resources. In Jordan, this occurred primarily through employment in the state administration and in the public sector. Between 1970 and 1985, the number of civil servants grew by 300% (Jreisat, 1989: 98–99). By the 1980s, civilian employment in the state bureaucracy reached the same level of importance as a source of employment as the army had done during the Mandate era. Four groups in particular were incorporated into the state: Jordanian landowners, the financial and commercial bourgeoisie of Palestinian origin, parts of the educated middle class, and the Bedouins. The state created large settlement programmes based on irrigation schemes, thereby cultivating its legitimizing Bedouin heritage. Finally, the incorporation of social groups into the state also occurred through the assignment of Palestinian elites to senior positions in the ministries of agriculture, economics, education, development, and foreign affairs (Mishal, 1980). Although conscription in the army was used to bolster the regime's legitimacy, the higher echelons of the latter remained in the hands of loyal Bedouins (Mishal, 1980: 177; Migdal, 2001).

Jordan is characterized today by an institutionally weak state that does not rely on domestic resource extraction but on external rents. Yet Jordan also possesses characteristics that compensate for this frailty through state-provided welfare, thereby forging strong nation-building. The social origins of Jordan and the attachment of key social groups to the state through material benefits date back to the Mandate era. Not 'blessed' with abundant oil revenues like Iraq, Jordan had to earn its rent revenues and was consequently less tempted to overspend on military capacity. A key factor in Jordan's avoidance of state failure has been this social contract. While projecting stability, it does not indicate state strength nor does it guarantee absolute domestic control. It is a bargain that has to be negotiated over time. During times of declining revenues especially, when economic boom turns to bust and over-spending threatens fiscal crises, this contract is put into question. Austerity measures demanding cutbacks in welfare benefits and entitlements occasionally led to protest. The gasoline riots that occurred in Ma'an in 1989, the bread riots in Karak in 1996, and the bread protests in Amman in 2011, are political signals that point towards a change in the social contract brought about by the economic situation. They also point to the neglect of certain groups or certain regions in the state's distribution policies (Tell, 2000: 17 and passim). The linkage between welfare and representation has to be constantly re-negotiated (Brand, 1992). The prime consideration in this context becomes budget security (Brand, 2001), the acquisition of new rents, and the maintenance of the state's allocation power in the face of weak infrastructural power. Institutions of statehood exist but serve the purpose of allocation, patronage, and the distribution of welfare (Kilani and Sakijha, 2000). They are informal in nature and describe tacit social rules that structure social, economic, and political interactions. Informality does not entail any judgement on the legal and non-legal nature of the rules. But it highlights that while seemingly similar, institutions function differently. In all this, the Jordanian state differs from the European experience of state formation.

Table 6. Oil revenues in the United Arab Emirates as percentage of total revenues

Year	1971–77	1977–95	1995–2002	2002–06	2007
	93	90	55	74	77.1

Sources: Waterbury (1997: 155), Fasano (2003: 7), UAE Central Bank (2002, 2004), Shojai and Katz (1992).

No war yet still state formation: the UAE and Tunisia

The UAE and Tunisia stand in contrast to Iraq and Jordan; neither state has been engaged in war-making since its independence. The history of state formation in the UAE shows how oil revenues have produced state formation in the absence of both war-making and war preparation strategies[12]; the state embarked on economic diversification during the oil boom years and set in place a policy of capital acquisition based on the attraction of foreign direct investment. A sustainable rentier structure was thereby created. The welfare provisions in the UAE are today become sustainable to the point that even during periods of low world oil prices the state is able to fulfill its welfare commitments. Similarly, Tunisia has also created stable state structures. The process of state formation in Tunisia relied on domestic resource extraction (taxation) and the attraction of foreign direct investment. Both states underwent state formation without the experience of war-making.

The process of state formation in the UAE witnessed a close relationship between rulers and merchants (Crystal, 1990; Heard-Bey, 1996; Al-Sayegh, 1998). Since independence in 1971, oil has come to play the key role in the process of state formation. The UAE received large amounts of revenues from oil exports (see Table 6), which it was then able to allocate as welfare benefits. This wealth was used to develop modern public infrastructure, transform municipalities, and build extensive state apparatuses. Rather than investing in the military-defense complex as did Iraq, the UAE embarked on a policy of economic development by emphasizing economic diversification.

State formation in the UAE was characterized by the redistribution of existing oil revenues, investment in national infrastructure, and the attraction of new capital investments. Among the policies pursued during the boom years, we find a political leadership committed to trade and equitable growth between the seven emirates (trade openness), investment in social policies, and the diversification of exports and foreign investment through free zones (favorable business climate).

[12] The UAE spent only about 5% of its GDP on defense related issues during much of the late 1980s and 1990s, and in recent years (since 2003) only around 3% of its GDP. Saudi Arabia and Oman, two regional neighbours and also rentier states, spent about 15% of their GDP during the same period; with Saudi Arabia peaking in some years at just above 30% of GDP, and thus being properly classified as a state with a high degree of war preparedness (author's calculations based on IISS, *The Military Balance* (various years). London: International Institute for Strategic Studies).

https://doi.org/10.1017/S1755773911000014 Published online by Cambridge University Press

State formation in the UAE combined the positive attributes of a rentier state (huge oil investment and revenues) with those of a production-oriented welfare state. The state attempted to diversify its economy and attract foreign investments as part of its plan for the post-rentier era. The foundations for lasting stability and prosperity were thereby laid. Per capita GDP in purchasing power parity has risen considerably since the late 1980s. Real GDP growth has averaged 7% a year since 1993. This is due to rapid diversification to non-oil sectors (energy-intensive petrochemicals, fertilizers, cement, and aluminium) and more recently, to tourism, re-export, trade, and manufacturing. While these non-oil sectors accounted for 70% of GDP and 43% of exports in 2000, the country's economy grew at 9% a year in real terms in the 1990s. Economic reforms have created diversification in the economy based on creating new rents and a favorable investment climate.

While the country has not moved completely away from its status as a rentier state, it finds itself in a transition period from the latter to a production-oriented state. It shows that rentier states will not necessarily suffer from institutional frailty and inefficiencies. Indeed, states like the UAE and the small Gulf states (Bahrain, Qatar, and Kuwait) have strengthened their regimes and institutions – in no small part thanks to rent revenues – and demonstrate the positive side-effects of state formation. According to many international rankings, they have attained a high level of rule of law and governance.[13] The ostensible frailty of rentier states is thus not an inescapable, 'natural' fate of oil exporting countries, but rather a stage in the process of state formation.

Tunisia's history of state formation has been a long process of domestic resource extraction supplanted, in the past 20 years, by the generation of foreign direct investment. Having long been a unified country possessing all the institutions of a viable society, Tunisia did not have to discover that it was a state and could thus concentrate on the task of becoming a *modern* state (Brown, 1964). Meeting the task of developing a modern state providing and facilitating welfare for its citizens occurred in Tunisia through a process of top–down modernization. In its first 5 years of independence (1956–61) Tunisia followed a liberal economic policy. The Destour party concentrated on building the state and a Tunisian administration, and left the task of economic modernization and development to the private sector. In subsequent years, the Tunisian state reverted back to state-led economic policy, partly because private investment had been attracted to insufficient levels, and partly due to growing discontent among the landless peasantry. It was not until the mid-1980s that Tunisia fully changed its economic policy towards a liberal, market-driven one, in view of a looming fiscal crisis. The key event that set state formation on this path was the bread riots of January 1984. The lifting of subsidies on bread and semolina in late 1983, under pressure from the International

[13] Barro (2000); see also the *Freedom House Index* (various years) and the *Polity IV Index* (various years). Problems remain however with regard to good governance as opposed to effective governance (See World Bank, 2003; UNDP, 2005).

Monetary Fund (IMF) and the World Bank, led to a doubling of the price of bread in January of the next year, triggering 2 weeks of anti-government social demonstrations throughout the country. Although other rentier states suffered similar levels of popular protest against cutbacks in welfare measures, the impact was much harder felt in resource-poor Tunisia. It had to take a drastic decision and embraced a structural adjustment programme negotiated with the IMF and the World Bank, which foresaw a reduction in government spending and the structural reform of the economy (privatization and the creation of a business climate conducive to foreign direct investment). Since 1986, Tunisia has transformed from being a state-led economy to a market economy and a production-oriented state.

The twin fiscal logic of state formation in Tunisia created an institutionally strong state without developing accompanying popular accountability. It is characterized by a state that closely resembles the European model of statehood in terms of security, economy, and welfare, and by a regime that is authoritarian and denies society full representation. While institutionally strong, it has only recently witnessed the same pressures for democratization and the civilianization of government as states in early modern Europe did. The Jasmine revolution that hit Tunisia in January 2011 and the events that led to the fall of the regime of Ben Ali, confirm standard rentier state theory: the protests were initially inspired by the increase in food and bread prices and by the lack of welfare provisions by the government and turned into legitimate political demands. Based on Tilly's theory of state formation, that states have first to form institutionally before they can democratize. one can therefore expect that the situation in Tunisia would turn into genuine democratization.

Applicability of the FSP to the Middle East

The theory of state-formation in early modern Europe developed by Charles Tilly (1975) served as the starting point for this article's focus on the Middle East. Indeed, the 'European state-building experience constitutes the only case of sustained political development comparable in scale and scope to the one unleashed by the recent wave of state formation' (Ertman, 1997: 1). Although Tilly (1990: 14) has since retreated from his claim of a universal theory of state-building (see also Heydemann, 2000: 7), he nevertheless acknowledged the value in comparing the contemporary experience of states in the developing world with that of states in early modern Europe (Tilly, 1990: 196). In this vein, and despite a growing awareness of historical and geographical differences, recent scholarship has followed a straight-forward Tillyan approach to the study of state formation in the non-European world (see e.g. Thies, 2004; Doner *et al.*, 2005; Ganev, 2005; Taylor and Botea, 2008).

Charles Tilly (1990) outlined the *conditions* under which war makes states. The balance of capital and coercion in the pre-state formation drove holders of capital and possessors of means of coercion to bargain over the rights and

https://doi.org/10.1017/S1755773911000014 Published online by Cambridge University Press

war-making ⟶ state-formation ⟶ strong state

Figure 1 War-making and State formation in Western Europe (1500–1900).

resources needed for war, and such bargaining gradually came to constitute representative institutions for the consultation of citizens. This was the case in early modern Europe and the development in Tunisia in early 2011 also confirm this. Capital without coercion led to the creation of decentralized states, again similarly to tribal states in the Gulf region. As many cases confirm, state rulers were able to bypass bargaining with their subjects by obtaining revenues from commodity exports (in Europe from colonial Spain and Portugal and in the Middle East through transnational aid payments; see also Karl, 1997) or by relying on capitalists to rent or purchase military force (the renaissance city state and similar to the example of the UAE). Under such conditions, weaker states were created. This is again reminiscent of the cases of Jordan and Iraq discussed above.

Although there are certainly some aspects of the European experience that cannot be generalized, there are 'some basic propositions that do make sense for all states existing in close proximity to others, no matter the time or place of their formation' (Thies, 2004: 61). Tilly's theory of state formation (see Figure 1 as an illustration) ultimately shows how external rivalry increased a state's ability to extract revenues and thus strengthen its capacity over society.

The activity of war-making was closely connected to the process of state formation, namely the emerging centralization of political power over a well-defined territory. The institutional mechanism that provided this link between the waging of wars and the expansion of states was the fact that wars need to be financed and hence taxes levied. This created a twin logic of revenue and rule. In this process, stronger states grew stronger, and weaker states disappeared. This is why one must ask how weak states[14] in the Middle East, such as Jordan and Iraq, would have performed in such a context. Would they have survived in a competitive international system? Would larger and stronger neighbouring states have conquered them or incorporated parts of their territory? Is Iraq's collapse in 2003 not an indication of how such a competitive system might work in all its cruelty?

While some have argued that the '*same* processes that ultimately led to strong states in Europe may be at work in their early phases in the post-colonial developing world' (Thies, 2004: 54), the same cannot be said of the Middle East. There, war-making (including war preparations and strategic rivalries) has not increased the state's infrastructural power, but to the contrary led to a decline of

[14] Weak states in infrastructural terms. This does not indicate regime type. It denotes the power of the state to extract resources (human or material) from society. Michael Mann has defined infrastructural power as 'the capacity of the state to actually penetrate civil society, and to implement logistically political decisions throughout the realm' (Mann, 1993: 55). This does not indicate regime type.

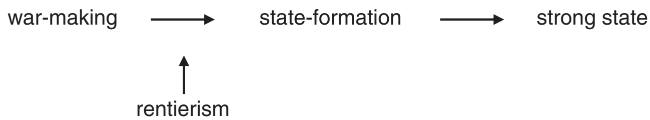

Figure 2 War-making and state formation in the Arab Middle East since 1945.

Figure 3 Rentierism and state formation in the Arab Middle East since 1945.

state power, as, for example, in Egypt (see Barnett, 1992), but also more generally throughout the whole region (Krause, 1996; Gongora, 1997: 324; Heydemann, 2000). In fact those that were most exposed to strategic rivalries and war-making even failed as states, as is obvious from the cases of Iraq and Algeria. One may therefore conclude that war-making has in the Middle East by and large not led to state-making in the Tillyian sense, that is, to the creation of legitimate and well institutionalized states.[15]

Why is this so? And what accounts for these different outcomes? I argue here that this is due to large amount of rents that offset the 'war makes state' process. This argument is compatible with Tilly's own work. The large and considerable amount of state revenues accruing to rentier states in the form of external oil rents gives the state additional resources, and thus serves to reduce the state's need to extract money from society. Based on the notion of 'no taxation without representation', the diminished need to levy taxes impedes the emergence of a strong state that legitimately represents its citizens (see also Luciani, 1988: 463). The process through which war-makers are civilianized due to their need to forge symbioses with civilian state makers therefore never materializes in rentier states (see Figure 2).

Rentierism abrogates the Tillyian process of state formation. The level of rentierism becomes a better indicator of whether state-making will occur and to what degree: whether the state emerges as strong and legitimate, as in the Tillyian analysis of early modern Europe, or as institutionally weak, as in the contemporary Arab Middle East (see Figure 3). It does not refer to regime type (democracy or authoritarian), which may vary in both cases.[16] It simply shows that most states in the Middle East are unable to accommodate growing demands for political

[15] Tunisia and pre-oil Saudi Arabia might be considered exceptions. In 1949-50 taxes accounted for 67% of Saudi state revenues, with 37% coming from direct taxes (see Chaudhry, 1997: 65) thus indicating infrastructural power. This has of course since changed and Saudi Arabia has followed the rentier path (Hertog, 2008). Tunisia thus stands apart, as argued above.

[16] Downing (1992) has shown that even in early modern Europe, war-making produced *different* regime outcomes, all while providing the same institutional outcome of a strong and bureaucratized state. While all Arab Middle Eastern states are non-democratic, variations in regime type do exist across the region (see Schlumberger, 2007).

participation and a more equal distribution of their national incomes. As a result, states have become dominated by a single group, which seeks (and successfully maintains) control over rival groups.

Rentierism should thus be a central factor in analysing state formation in the Arab Middle East. It explains the emergence of institutionally weak states, but does not hinder state making altogether; rather this differs in its process and outcome. While institutions might superficially look the same, they function differently and fulfill different roles (distribution and not extraction). The failure of the majority of Arab states to provide a level of representation that is genuine, representative, and legitimate in the eyes of society, does not relate to the question of democracy (or lack thereof), but more to the distributive role of the state and its fulfillment (or lack thereof).

Rentierism also leads to domestic coalitions *conducive* to stability of otherwise weak states (see Brownlee, 2002; Schlumberger, 2007; Smith, 2007). It contributes to the emergence of what has been called a 'state class' (Elsenhans, 1996), a 'state bourgeoisie' (Waterbury, 1991), or a 'rentier bourgeoisie' (Dodge, 2002). All these terms describe self-serving regimes, which govern without being fully embedded in society and without bargaining with rival groups. Rents have allowed the emergence of a social contract that substitutes political rights for state-provided welfare (Luciani, 1990). This contract is stable and allows otherwise weak rentier states to survive, as they can co-opt opposition groups into the regime. Nevertheless, this rentier contract is only sustainable as long as there are enough rents to be allocated to the 'state bourgeoisie' and society as a whole. If rents decline, then the chances for abrupt political change increase, as the state fails in its welfare obligations. The recent wave of protest across the Arab world, such as in early 2011 in Tunisia, Jordan, Egypt and Yemen illustrate this. This may lead to state failure. Iraq in the 1990s (see above) is a clear case in point, and other examples from the region including Algeria in the 1990s (Lowi, 2004) and Iran in 1979 (Skocpol, 1982) point in a similar direction.

State formation in a globalized world. The Middle East and beyond?

The analysis of state-making processes in the Middle East offers several theoretical propositions. I have shown that war and state-making have not generally appeared in tandem. Today, states compete in the international system for resources and revenues in terms of economic growth and economic development, and less so in terms of military might and war-making. This underlines the importance of analysing the revenue structure of the state (Rasler and Thompson, 1985; Thies, 2004). While in early modern Europe, revenue structures concerned war-making as the main state function, this has varied over time. Contemporary states compete primarily in terms of economic growth and development, and less so in terms of military might and war-making. Revenues have nevertheless remained important. Without them, states cannot fulfill their functions.

States in other world regions have experienced similar dynamics of rentierism. In Africa, state-making was driven through external revenue accumulation and the appropriation of development aid (Herbst, 2000). African states have lower levels of tax revenues than Europe, but the relationship between (low) extractive capacity and (low) state strength corresponds to the European findings. 'The only difference is that African states have lower levels of productivity, and therefore lower levels of tax revenues than in Europe, but the relationship is found in both cases' (Thies, 2004: 56). In many cases, in Africa this weakness has led to state failure and collapse. In Latin America, state-making was driven through 'blood and debt', and influential financial groups were less integrated into the state–society nexus, thus contributing to the emergence of limited, yet capable states (Centeno, 2002). When war-making took the form of a global war, it also had devastating consequences for the states in Latin America (Rasler and Thompson, 1985). In Asia, the absence of rentierism allowed for state-formation processes similar to those of early modern Europe; where states were faced with scarce natural resources (Korea, Taiwan, and Singapore), a developmental state emerged that was endowed with strong infrastructural power to push through necessary economic policies. In states, where natural resources were abundant (Malaysia, Indonesia, and the Philippines), state-making followed a much less ambitious path and led to weak rentier structures (Doner *et al.*, 2005), similarly to the Arab world. Finally, in Southeast Asia, war-making has contributed to two very different experiences in state-making. The strengthening of the state in Vietnam due to a core ethnic group that served as the basis for a relatively longstanding political community in the past, and the combination of war and revolution, which inspired state officials and facilitated the promulgation of a unifying national ideology; and to the collapse of the state in Afghanistan.

War is clearly more likely to fail states in the contemporary Developing World than to make them (Taylor and Botea, 2008). This effect of breaking states is mitigated by the presence of rentierism, which allows state institutions and patronage channels to continue, and thereby serves as life support for potentially failed states. Where rentierism is present, as in Iraq during the 1990s, the state continued to exist, albeit in rudimentary form. Where rentierism is absent, as during most of Afghanistan's modern history, the state was unable to form a common identity. The combination of rentierism and war-making in the contemporary period thus produces a twin phenomenon of state weakness and life support for potentially failed states. Were it not for the availability of external rents, many weak states would probably have succumbed to state failure and institutional state collapse (like Afghanistan), even while maintaining a legal facade of statehood.

Taken together there is hence a need to extend the Tillyian argument of state-making through military competition. Just as war-making has historically produced strong states in Europe, it has also destroyed weak states that are not capable enough to survive alongside stronger states (think of Venice or Savoy). Following this logic, contemporary rentier states (in the Arab Middle East and in

Latin America) must not only be distinguished from the strong states that emerged in Europe, but also from failed states which abound in many parts of the world and particularly in Africa. Contemporary rentier states display elements of both frailty and stability: *they are weak but surviving*.

The analysis of state formation processes in the Middle East offers some theoretical conclusions. It questions standard assumptions about the emergence of the national states. A refinement of Tilly's approach to state formation therefore ought to include a critical awareness of different historical contexts (the early modern era in contrast to today's globalized world) and different spatial contexts (the cultural background of the Arab Middle East against which modern state formation occurs). While it is true that predatory states are today somewhat marginal in the world's geography, examples do still exist. Many of these modern predatory states are situated precisely in the Arab Middle East and thus raise a warning against dropping Tilly's approach to state formation completely. A straight application would falsely recommend giving 'war a chance in building states' whereas in most cases war has actually helped in their unravelling (Leander, 2004). The usefulness of Tilly's account lies exactly in the fact that it highlights the importance of institutions of organized violence for state formation. While only detailed empirical analyses can show to what degree war-making and war preparation influence state formation, it should not be discarded from the outset.

Tilly's approach to state formation ultimately underlines the importance of analysing the revenue structure of the state. While in early modern Europe, war-making was the main function for which revenues were levied, these functions will vary over time. Today's states compete primarily in terms of economic growth and development, and less so in terms of military might and war-making. Revenues have remained important. Without them, states cannot fulfill their functions. With them, the prosperity and improvement of nations increase.

Finally, time is an important factor in state-making, 'as Europe had four to seven centuries to develop, while modern developing states are attempting to consolidate at a much faster pace' (Thies, 2004: 59). The gradual formation of a national identity in all Arab states and the transformation from absolute monarchy to more consultative forms of government are taking place. Those that have advocated rapid change and reform through externally promoted democracy have seen the limits of their policies, as evident from post-2003 Iraq. Ultimately, state formation is a long and arduous process driven by domestic actors, and only *after* these two transformations have been completed, will genuine representative political institutions emerge.

Conclusion

This article has compared two states that have experienced high levels of warfare – one rentier and one not (Iraq and Jordan) – and two states that have not engaged in repeated war – again one rentier and one not (the UAE and Tunisia). It has

https://doi.org/10.1017/S1755773911000014 Published online by Cambridge University Press

applied Charles Tilly's 'war makes states' framework to the Middle East and has sought to perfect it rather than challenge it altogether. I have argued that the level of rentierism is an important indicator of the path of state formation, rather than a simple focus on the war-making capacities of states. While most academic work on state formation has stressed the overall importance of war-making on state-making – a process through which the state extracts resources from its society, builds a centralized bureaucracy, grows subsequently in strength, and finally grants political rights to society – this logic may hold true in Western Europe and Asia, but not in the Arab Middle East. Here the rentier nature of Arab states abrogates the process that links war-making to state-making: The large and considerable amount of state revenues accruing to rentier states in the form of external rents serves to reduce the state's need to extract resources from society. The process through which war-makers are civilianized due to their need to forge a symbiosis with nascent civilian state-makers thus never materializes.

This article has highlighted a second aspect with regard to state formation in the Middle East. Not only does the existence of a rentier state serve as a strong impediment to democratic rule, it also helps to conserve socio-political norms in Arab societies and polities, such as the patrimonial nature of social interactions and primordial loyalties. These aspects represent a second reason why the process of state formation in the Middle East has not followed the path of Western Europe.

Finally, I have shown that this has implications for debates on failed states. Predatory states are today somewhat marginal in the world's geography, but do still exist. Many of these modern predatory states are situated precisely in the Arab Middle East and thus raise a warning against dropping Charles Tilly's approach to state formation completely. Today's states compete primarily in terms of economic growth and development, and less so in terms of military might and war-making. Revenues have remained important. Where states manage to generate enough revenues for welfare, they survive. Where they lack adequate resources for welfare, they will fall apart from inside and succumb to state failure. States that spend on military armament and war-making run a higher risk of overspending than those that incorporate strategic social groups into the state apparatus. I have shown that rentier states can mitigate these effects, if they broaden state revenues in order to allocate enough resources and welfare benefits to both the state class and society at large. In that way, they can avoid state failure and create a stable path of state formation.

Acknowledgements

An earlier version of this article has been presented at the Fifth Pan-European Conference on International Relations, the ECPR Standing Group on International Relations, Section 34 'International Relations Meet Area Studies' (The Hague, September 9–11, 2004). My thanks go to Riccardo Bocco, L. Carl Brown, Miguel de Corral, Sandy Guptill, Grant Hammond, Sven Holtsmark, Keith Krause,

https://doi.org/10.1017/S1755773911000014 Published online by Cambridge University Press

Stephanie Mazzola, Marie Lafontaine-Schwarz, Pierre Razoux, Chris Schnaubelt, Sid Tarrow, Marzieh Talebi, and the late Charles Tilly for discussing earlier versions of this article with me.

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