The Impact of Privatization on the United Arab Emirates (UAE) Federal Public Sector

Ahmed Mustafa Elhussein Mansour

ABSTRACT

It is widely believed that since privatization involves the transfer of public ownership to private sector, it thereby reflects a contraction of public administration role in society. Despite the rights and wrongs of this assertion, the 1980s and 1990s have witnessed the hegemony of the anti-government political and economic thought. This hegemony has resulted in policies directed mainly toward strengthening the market and reducing the public sector role (In this article the terms public administration, public sector and government are used as synonymous). But not all types of privatization policies affect equally the size of the public sector. However, the major theoretical contention of this article is that privatization does not necessarily and inevitably leads to reduction in government size or its scope of public administration as measured by the resources put at the disposable of government.

INTRODUCTION

It is widely believed that since privatization involves the transfer of public ownership to private sector, it thereby reflects a contraction of public administration role in society. Despite the rights and wrongs of this assertion, the 1980s and 1990s have witnessed the hegemony of the anti-government political and economic thought. This hegemony has resulted in policies directed mainly toward strengthening the *market* and reducing the *public sector* role (In this article the terms *public administration*, *public sector* and *government* are used as synonymous).

To be sure, not all types of privatization policies affect equally the size of the public sector. However, the major theoretical contention of this article is that privatization does not necessarily and inevitably leads to reduction in government size or its scope of public administration as measured by the resources put at the disposable of government. This is so because certain government functions and social services, which represent the traditional target of privatization polices, are politically and socially entrenched. This is especially true in societies where traditional forms of government, characterized by patron-client relationships, coexist side by side with modern forms of public administration.

In these societies there is no clear boarder line between private and government ownerships and the relationship between ruler and ruled is based on the distribution of wealth and resources through government services and government jobs. This means that the public sector in these societies represents the power base of the ruling elite. Since public sector services and government jobs are the main targets of privatization programs, therefore, privatization in these societies may disturb the equilibrium of the traditional patron-client relationships which constitute the foundations of government's natural legitimacy and elite power base. In fact it may boil down to asking governing elites in these societies to pass over their political power and legitimacy to other contending elite groups.

To discuss these issues in the experience of the UAE federal government, the article is divided into two main parts. The first part defines the concepts of the public sector and privatization to facilitate the empirical analysis undertaken in the second part which concentrates on the impact of the UAE privatization program on selected federal government's sectors.

THE OBJECTIVE OF THE STUDY AND METHODOLOGY

The objective of this article is to investigate and analyze the impact of privatization on the size and the role of the public sector in the UAE federal government. The intention here is not to examine and trace the UAE privatization program in details but rather to identify and explain the general trend in this program in its relation to the size of the public sector.

To realize its objective, the article uses a qualitative and analytical methodology to answer the question: has the privatization policy reduced the size of the federal public sector in UAE? In other words, has the UAE privatization policy reduced the resources (labor and money) of the UAE federal public sector?

The size of the public sector is often measured in the literature by the government share from the Gross National Product (GDP). This approach, though useful in projecting the overall size of government, is not useful to the purposes of this article which attempts to portray not only the overall impact of privatization on government but also its impact on specific public sector programs.

Other economic measures of` the size of governments includes comparing of government purchases of goods and services (i.e. goods and labor) as well as government transfer payments (McConnell, 1987, 123-124). The two items together represent the government budget. As Rosenbloom and Kravchuk (2005, 261) explain it, "…Government spending is an indicator of the extent of governmental involvement in the life of society". Therefore the size of the budget is a good measure of the relative magnitude of the public sector albeit it does not tell us much about the degree of government involvement in social life and the effectiveness and efficiency of this involvement. Nevertheless, measuring the magnitude of the public sector is relevant to the objective of this article which seeks to know how privatization affects this magnitude.

Moreover, since one of the targets of privatization is to reduce the size of government by reducing the resources available at its disposal and make it available for the private sector, it is logical to use the course of annual budget allocations to answer the above mentioned questions. This approach may not be helpful in comprehending the real scope of the public sector nor does it tell us how the budget money is spent. Nevertheless, the budget longitudinal evolution is a good indicator of how public sector operations are affected by privatization policies. Therefore, this article uses (1) the costs of labor and (2) the trends and levels of public funding of selected UAE federal government programs to answer the above mentioned research questions.

PRIVATIZATION AND THE PUBLIC SECTOR: A THEORETICAL FRAMEWORK

The objective of this part is to provide a theoretical framework to guide our discussion and analysis in the next part. To achieve this goal the section starts with briefly discussing the definition the public sector and then defines privatization as a tool of market enhancement and classifies it into types to see the possible impact of these types on public sectors size and their role.

The definition and boundaries of the public sector

The public sector is the entity that is entrusted with the delivery of goods and services by and for the government at the national, regional or local levels. Its activities may vary from delivering social security, managing public utilities and providing health services. Although it is obvious that the public sector is the realm of public policy as distinct from private policy but defining it and determining its boundaries is not always an easy job. This difficulty is partly explainable by the private-public sectors partnerships and the existence of grey areas between them. In the case of tribally-based or traditional societies, (though some of them experienced in modern times substantial modifications), whose government system is based on paternalistic patron-client relationships and traditions, the border lines between private and public sectors are even more blurred because public ownership is not clearly distinct from rulers' private ownership (Elhussein, 2007, :286)

However, certain organizations like government departments, ministries and local government institutions are obviously part of the public sector. Nevertheless, there are grey areas; "for example is an industry in the public sector, if the government owns 51 per cent of its shares and in the private sector if the government owns 49 per cent of the shares?" (Lawton and Rose, 1994: 9). Moreover, in many traditional societies there are informal organizations, such the *majlis* (chamber) in Arab Gulf states, or to use Rigg's jargon (1961and 1964) the *sala*, that function as public sector organizations and exert considerable influence on the formal public sector operations.

These grey areas include the practices of partial outsourcing as well as complete outsourcing or contracting out, with privately owned companies delivering the entire service on behalf of government. In spite of their name, public companies are not part of the public sector because they are particular kinds of private sector companies that can offer their shares for sale to the general public. Moreover, they are managed and treated as private companies under the umbrella of the commercial law and not civil service laws and regulations.

The easiest way to overcome this boundary and definitional problem is to define the public sector operationally as including all organizations that are funded by the government public budget. This is the operational definition adopted by this article. Some government institutions, though funded from the public budget, are not technically considered part of the public sector. These include legislatures and some special purpose organizations. However, the definition includes in the public sector all government agencies that are funded from the public purse and are involved directly in providing some sort of goods or service. In this limited sense the public sector does not coincides with the meaning of public service whose organizations include military, foreign relations and other core functions of government. The dividing line, however, is not as clear as the previous sentence may suggest and there are common grounds between them i.e.; they are not required in the past to apply any market criteria, and their production decisions were determined by government public policy decisions.

The definition also includes public corporations or state-owned enterprises although they differ from traditional government agencies in that they have, at least in theory, greater freedom from central government control and are expected to operate sometimes according to market and profit criteria, and their production decisions are not generally taken by government (although their goals may be set for them by government). These are part of the public sector in many developing countries and their budgets are, in many cases, authorized by legislative and executive bodies.

Privatization: A Tool for Market Enhancement

The term "*privatization*" represents the most visible sign of the hegemony of the New Right and especially the rational or public choice approach to public and private sectors role in society. The public choice school diagnosed the problem of increasing public expenditures as a problem of bureaucratic over supply (Lane, 1987, : 13). Niskanen as a leading scholar in this school argues that:

"Bureaux specialize in the supply of those services that some collective organization wishes to augment beyond that supplied by the market and for which it is not prepared to contract with profit seeking organization" (Niskanen, 1971: 20).

Consequently, privatization is seen by public choice theorists as a positive policy tool that could be used to enhance the market at the expense of the public sector. The most important justification for privatization is the efficient use of social resources. There are two approaches within the public choice school that attempt to explain inefficiency of the public sector. The first approach is the managerial approach initiated by Niskanen's critique of bureaucracy (see, Niskanen, 1971). This approach argues that the incentive structure which is faced by bureaucrats and politicians within public sector's organizations leads to inefficiency in the production of government goods and services. Politicians and bureaucrats have no incentive to achieve efficiency and they interfere in the day to day management to achieve personal political and economic benefits (Cullis and Jones, 1998). Consequently the costs of producing goods will be higher in the public sector especially because public companies usually rely on government subsidies. This approach received many criticisms that holds that, although comparative studies suggest lower costs of production in the private than in the public sector (for a review see Mueller, 1989, 262-5), the conclusion that provision of service by public sector *per se* reduces efficiency may be difficult to prove (Mueller, 1989, : 266),

The second approach is the 'property rights' approach which explains inefficiency in the public sector by the absence of property rights (Parker, 1993). Private property is assumed to constitute an incentive for utilizing private resources efficiently. It is argued that a company owned by shareholders, who unlike voters have stakes on the success of the company, would give incentive to management to use resources efficiently. Reviewing available evidence. M. Jackson concludes that despite the theoretical evidence that shareholding is an important discipline on private firms management, the empirical evidence to support this argument is weak (Jackson and Price, 1994, : 10).

Although empirical evidence substantiating the arguments of these two versions of public choice is weak (Cullis and Philip, 1998, 114-116), privatization has become a catch word and a universal policy for reforming the public sector. The Declaration of the World Business Council asserts that "…The world is moving towards deregulation, private initiatives, and global markets" (Munn, Riviere, and Campagne eds. 1996: 109).

One of the consequences of the different diagnoses of public sector ills is that the term privatization is overburdened with many meanings. It is used to refer to many and diverse types of policies ranging from market solutions to public sector oversupply problems to policies of restructuring and franchising. Therefore, privatization embraces "a host of policies all sharing the common aim of strengthening the market and reducing the role of the public sector". (Cullis and Philip, 1998: 114). It is exactly for this encompassing nature that the definition of privatization has always been surrounded with ambiguity that qualifies many types of varied and different policies to coexist under its umbrella. (Weimer and Vining, 1999 : 201).

In the political rhetoric privatization is associated mainly with the transfer of public sector assets to the private sector companies (Cullis and Philip, 1998: 114). This popular meaning, though partially correct, does not tell the whole story. It is common (though *unpopular*) because the popular mind, especially in many developing countries, associates privatization with some perceived negative impacts on certain segments of society. More specifically these negative impacts are related to declining rates of social services provisions, government benefits and employment which are perceived to be the direct consequence of the expanding role of the market. Despite differences on definitional issues and negative or positive consequences, some privatization policies are specifically designed to strengthen the market against public sector expansion and roles in social and economic life.

In journalistic and public debates, which are more or less influenced by the popular meaning of privatization, privatization is often seen as primarily concerned with industrial or service-oriented enterprises, such as mining, manufacturing or power generation, yet it is also associated with any type of enterprises, such as land, roads, or even rights to water. However, recent experiences of privatization in many countries have targeted even traditional government services such as health, sanitation, security and education. It is the introduction of the market to these traditional government services that spark wide resistance to privatization especially among poor segments in developing countries.

Notwithstanding these facts, the 1980s and 1990s, particularly in the USA and UK, witnessed a determined movement to reduce the role of the public sector by governments inspired by the New Right priorities and believes or pressured by international organizations like the WTO, the IMF or the World Bank. In some cases pressure for privatization originates within the business elite inside the country. This situation led to a "rolling back of the state through policies such as deregulation, privatization and the introduction of market reforms in the public services" (Heywood, 2002: 100). An increasing number of industrialized countries shifted some of their economic sectors to privatization and liberalized trade policies (Pearson and Payaslian, 1999:103)

The disappointing performance of public sector enterprises in newly independent states has accelerated the process of privatization in them. In 1980s, state-owned companies in some African countries such as Nigeria, Senegal, Sudan and Zaire, experienced enormous financial losses and failed to promote economic development and social welfare. This disappointing performance of public enterprises caused many frustrations and accelerated the process of privatization which started in these countries as early as the 1980s (AAPAM, 1987: 8-14). This trend was further enhanced by the efforts of the World Bank and the IMF to liberalize the economies of these societies. However privatization's experiences achieved different levels of success, but they invariably met with strong popular resistance.

The collapse of communism in Soviet Union and East Europe and the failure of Keynesian pro-state thought in market economies spread the anti-sate philosophy of 'private, good; public bad', in almost all countries of the world through the process of globalization. The trend toward privatization is further enhanced by the increased global economic competition and the need to develop more efficient and responsive tools to manage public sector and delivering government services. In the academia, this latter trend is closely linked to the shift from government to governance and from public administration to new public management. The emphasis on governance is evident in many developments. These include:

"…the growing trend to finance public programmes through private investment, the reinvention of government through a move away from direct service provision to an enabling or regulating role, the increased use of quasi-government and private organizations to deliver public services, and the advent of the new public management, which has seen private-sector management techniques more widely adopted within government" (Heywood, 2002:100).

This trend towards enhancing the market at the expense of the public sector is further enhanced by international factors. The International Monetary Fund and the World Bank policies of structural adjustment, which include *inter alia* privatization, are directed towards reducing the role of the public sector and enhancing the market. The World Bank encourages the market through its structural adjustment loans that finance and provide technical assistance for policy reforms in developed and developing countries. The thrust of these reforms is the adoption of market-oriented and liberal economic policies. Along the same lines the International Monetary Fund stresses the importance of privatization and greater restrictions on government spending on employment and wages. This situation explains the bad reputation of these two organizations in many developing countries.

Types of Privatization: Macro and Micro Privatization

The attempt to find a comprehensive and exhaustive definition of "privatization" is not only difficult but sometimes useless. In its narrowest sense, privatization means simply the transfer of government assets or service delivery from the government to the private sector. In its widest sense it includes almost any process that involves the private sector in operating or investing in publicly-owned assets or providing services previously provided by government or using business management tools in public sector bodies. In reality, privatization involves a broad spectrum of activities with all the shades of the rainbow colors. Thus the methods of privatization range from various forms of public assets sale to the introduction of private management skills and disciplines to the public sector without any change in ownership. It also includes the process of contracting out of services previously provided by the state (Ward, 1999: 40).

Privatization doesn't always mean the reduction of public sector activities. It sometimes allows very limited government involvement, and in some other times it helps creating dual partnerships schemes between government and private sectors in which the public sector still retains the upper hand. Thus according to Andrew Ward privatization can take any of the following forms:

1. 'The unbundling of a vertically integrated state owned monopoly utility and the sale of the shares in the various resulting companies to the public by way of one or more initial public offerings (IPOs)
2. The sale of shares in existing government-owned ventures to private investors by way of private contract
3. The philanthropic transfer, free of charge, of shares in state-owned companies to less wealthy nationals
4. The financing and operations of infrastructure projects through the BOOT (Build-Own-Operate-Transfer) schemes
5. Introducing private sector management to a state -owned enterprise through management services agreement (whether with or without the management acquiring a stake in the enterprise itself)
6. The contracting of services to the private sector, such as hospital cleaning or laundry services, previously carried out by public servants' (Ward, 1999: 40-41)

As all of these types reflect an attempt to strengthen the market, there is then more than one way to privatize. The above six possible forms of privatization support this conclusion. These types have different impacts on the public sector especially with regard to public expenditure and public employment. Therefore, and since the focus of this article is on the impact of privatization policy on the size and role of the public sector, it may be suitable to classify privatization into types according to their possible impact on public sector size and roles. In the literature many types of privatization are easily distinguished. However this article adopts the classification developed by Elhussein (2007), which classifies privatization into two types: macro and micro privatization according to the nature of ownership. Both types are mainly concerned with the goal of efficiency and seek to realize it through market mechanisms. Nevertheless, they are based on two different conceptions of how to bring about efficiency.

1. Macro Privatization

The first type of privatization involves the complete transfer of government assets to the private sector enterprises through direct sale. The meaning of privatization in this type coincides with its popular meaning. This type is rooted in the "property rights school' which believes that private ownership of public sectors encourages the pursuit of profit and the realization of efficiency, The school proponents argue that if public companies are owned by share holders in the private sector, they will have an incentive to ensure that managers make efficient decisions. Similar incentives are not encouraged by voters in the public sector because voters do not recognize their ownership interests in public enterprises (Bishop, et al. 1994).

Macro-privatization takes place in two major methods (1) the sale of all or a percentage of state ownership rights to private sector companies (2) transferring certain public sector operations to private companies ((Pearson and Payaslian,1999: :260). The second method is referred to sometimes as restructuring. Restructuring involves the transfer of some public sector activities when these involve the production of private goods and when they are more likely to be exposed to competition.

The methods of macro-privatization include the privatization forms from 1to 4 in Ward's list above. It also includes the practice of complete outsourcing or contracting out, with a privately owned corporation delivering the entire service on behalf of government. The latter may be considered a mixture of private sector operations with public ownership of assets, although in some forms the private sector's control and/or risk is so great that the service may no longer be considered part of the public sector.

It is noteworthy that macro-privatization has, at least in theory, tremendous impact on public expenditure and public employment. It is assumed that owners of the privatized public organization usually begin by downsizing. At least in theory, the removal of this organization from government public budget tends to decrease the volume of public expenditure. However, the impact of macro-privatization on overall public employment and public expenditure may be offset by the expansion of the public sector in the provision of public goods such as defense.

Since privatization lacks a concise legal or political definition and has many senses, some writers prefer to distinguish macro-privatization from micro-privatization by reserving the term 'privatization' to the actual and legal transfer of public ownership to the private sector and invent other terms, such as *internal markets*, *commercialization, and deregulation* to describe other forms of privatizations that do not involve real transfer of public ownership (Cullis and Philip, 1998: 114).

2. Micro Privatization

Micro-privatization, which includes privatization methods 5 and 6 in Ward's list above, has its roots in rational or public choice school which uses economic theory to explain public sector inefficiency by bureaucrats' and politicians' behavior and its influence on day to day management of public enterprises. It is argued that the incentive structure faced by bureaucrats and politicians in the public sector leads to inefficient intervention with day to day management to achieve personal, political, electoral interests (Parker, 1993). Hence, the main thrust of this school is to reform the public sector by changing this incentive structure introducing competition to public sector operations. The basic argument here is that, it is competition and not ownership that matter as far as efficiency is concerned. State-owned enterprises may become more efficient if they face competition. It is not the transference of ownership that is likely to increase efficiency but exposure to competition (Millard and Parker, 1983). The school addresses the question of the public sectors reforms by two methods (1) establishing *internal market* operations to facilitate competition and (2) introducing private management practices to government operations and activities.

The roots of the first methods can be traced in the writings of W. A. Niskanen and his attempts to introduce internal competition to public sector operations. Niskanen, argues that, given the demand for service represented by the collective organization, all government institution are two large, that is the budget of these institutions are larger than the level required to maximize the net value for society (Niskanen, 1971: 50). Accordingly, he developed alternative forms of government service provision such as competitive bureaucracy under which bureaux would compete to provide services. He also invents some market solutions such as "the provision of services by non-governmental agencies financed by per unit subsidies or vouchers for, for example, education, or private supply of services such as telecommunications" (Lawton and Rose, 1994 : 39).

Micro-privatization involves varied practices ranging from partial outsourcing (of the scale many businesses do, e.g. for IT services) to privatizing management or employing private business practices. The supporters of this type argue that the government should concentrate on steering not rowing (Rosenbloom and Kravchuk, 2005, : 368). The act of rowing sometimes referred to as 'third party government', can be arranged by several ways using market mechanisms (for more details see, Savas, 1987). In this respect micro privatization introduces two main interrelated approaches to the management of the public sector, which include (1) privatizing public management and (2) introducing internal markets.

The first approach involves the idea of applying the managerial methods of business management and other organizational tools to raise levels of performance and productivity in public organizations. The second approach involves applying market competition and mechanisms to government operations and enterprises (i.e. creating internal markets). This is specifically achieved by requiring governments' bureaux to compete with private companies through competitive bidding and tendering (Bendell and Kelly, 1994, 170-185). Both approaches of micro privatization do not require the actual transfer of public ownership to the private sector. Examples of the first approach include the attempts of many governments to reform their public sectors by introducing total quality management techniques (TQM), business philosophies and tools (see for example, Lawton and Rose, 2ond ed., 1994, 158-168). The earliest documented experiments in this type are the British administrative reform policies and the Citizen Charter, (see Bendell, etal. 1994, 9-31) and the audacious USA 'reinventing government' movement (Osborne and Gaebler, 1992).

In reality, privatization involves a combination of macro and micro privatization, with a series of contracts with private companies in various economic sectors ranging from the management of housing units, the management of prisons, and garbage collection to the total private ownership of transportation, communication, and utility companies (Pearson and Payaslian, 1999, :260). The specific blend of macro and micro privatization depends on political, ideological and level of development of the country concerned. This is clearly illustrated by the experience of the United Arab Emirates.

THE IMPACT OF UAE PRIVATIZATION PROGRAM ON THE PUBLIC SECTOR: MACRO AND MICRO PRIVATIZATION

The United Arab Emirates (UAE), which emerged as an independent country in December 1971, is relatively a very small country but a very rich one. It has a total area of 83.600 square kilometers, population of 4 million (approximately only 21% of them are UAE nationals and almost 80% are expatriates from Asian, Arab and other countries), and estimated GNP *per capita* of 23,290 US$ in 2007 (UAE Year Book, 2007, :14). The formal political system is a federation of seven emirates: Abu Dhabi, Dubai, Shargah, Ummelqwain, AI Fujairah, Ajman and Rasellkhaima. The Federation came into effect in December 1971. Before that, the seven emirates were ruled independently and continued to enjoy substantial autonomy after the federation.

The key factor to understanding the UAE privatization program is found in the dual or *prismatic* (to use Fred Rigg's jargon) nature of the governmental system in which modernity and traditionalism coexist comfortably in formal and informal structures.

The Federal Formal Public Sector

The UAE Constitution which is issued in July 1971 has provided for two formal layers of government: federal and local (*Emirate*) levels. It also gives Emirates local governments full control over their local economic resources and thereby making the federal government wholly dependent on Emirates financial contribution to the federal budget in addition to its self-generated revenues. In practice only the rich Emirates, Abu Dhabi and Dubai, make annual financial contributions to the federal budget. Whereas the oil-rich Abu Dhabi government contributes approximately 75% of federal revenues, Dubai government contributes about 15%. (Elhussein, 1990, : 285).

Under Articles 120 and 121 of the Constitution, the federal public sector's areas of responsibility include: foreign affairs, security and defense, nationality and immigration , education, public health, currency, postal, telephone and other services such as communications, air traffic control and licensing of aircraft, in addition to a number of other topics specifically prescribed, including labor relations, banking, delimitation of territorial waters and extradition of criminals (http://uaeinteract.com/government/political_system.asp#H, 25/10/2007, 9:30 pm).

These functions are performed by different ministries and organizations of federal government. According to the budget divisions, these organizations are grouped into sectors with each sector consisting of a number of government institutions and ministries that can be classified into two major categories according to the types of goods and services they provide.

The first category includes the core functions of government and provides what economists label as pure public goods. Public goods are goods that 'once provided for one user are provided for everyone, such as national defense or police services' (Birkland, 2005, : 67). In UAE this group consists of the following sectors: presidency affairs, legislative and control institutions, security and justice, and foreign affairs.

The second category provides goods and services that have the characteristics of private goods or quasi public goods and therefore can be provided by the private sector. This category includes the following sectors: social services, infrastructure, and economic affairs. The two categories are not actually completely independent and exclusive because within each category the two types of goods are produced. This article concentrates on three sectors in the second category; the social services, infrastructure and economic sectors for their direct bearing on privatization and the freedom of the market.

The Informal Public Sector

The operation of the formal sector UAE is influenced by the existence of a parallel informal public sector (the traditional system) in which…

"…the ruler of an emirate, the *sheikh*, was the leader of the most powerful, though not necessarily the most populous, tribe, while each individual tribe, and often its sub-sections, also generally had a chief or sheikh. Such rulers and chief maintained their authority only insofar as they were able to retain the loyalty and support of their people, in essence a form of direct democracy, though without paraphernalia of western forms of suffrage. Part of that democracy was the unwritten but strong principle that the people should have free access to their sheikh, and that he should hold a frequent and open *majlis*, or council, in which his fellow tribesmen could voice their opinions….Nevertheless, a fascinating aspect of life in the UAE today, and one that is essential to an understanding of its political system, is the way in which the institution of the *majlis* maintains its relevance. In larger emirates, not only the ruler, but also a number of other senior family members, continue to hold open *majlises* (or *majalis*), in which participants may raise a wide range of topics request for a piece of land, or scholarship for a son or daughter to go abroad, to more weighty subjects such as the impact of large scale immigration upon societies or complaints about perceived flaws in the practices of various ministries" (UAE Yearbook, 2006: 53).

This informal structure of relationships between rulers and ruled, which has similar versions in other Gulf Cooperation Council (GCC) states, constitutes a network of patron-client networks that encourage a welfare paternalistic state. Since many *sheikhs* and *sub-sheikhs* occupy official posts in government, the interaction of the formal (modern) and the informal (traditional) systems is subtle and continuous. The two sectors are in fact closely intertwined. This relationship is summarized in the simple words of a national job seeker who said: 'I am not desperate, because I know that the government does not forget its people' (Hamwai, 2007: 9). One writer summarized it as a social contract in which government allocates "economic patronage and goods in exchange for loyalty from citizenry" (Sfakianakis, 2005:79)

This unique and natural government system often helps to lubricate the wheels of formal bureaucracy and to achieve political stability despite the massive economic growth and the social dislocation caused by an explosion in the population. It is in fact the reason for the relative efficiency of the UAE bureaucracy, compared to other public administrations in the Arab World. Moreover, it helps to build a strong welfare state whose dismantling may endanger the traditional fabric of society, political stability and government legitimacy. Thus, the government is ambivalent towards some forms of macro privatization that endanger public employment and some social services like health and education that represent the core of the patron client relationship.

MACRO PRIVATIZATION: FREEDOM OF THE MARKET OR SOCIAL SERVICES?

The choice of specific approach or, in most cases, blend of approaches to privatization by different governments depends upon the political power configuration among the interest groups (ethnic groups behave like interest groups albeit in a different way), bureaucracies and policy makers in the principal institutions. It also depends on economic imperatives as dictated by domestic and financial conditions, debts and the overall ideological and historical context of privatization ((Pearson and Payaslian, 1999: 260).

In the United Arab Emirates, this choice is greatly influenced by the realities of the political system and international obligations. The major concern of UAE federal government here is that the privatization policy should not disturb the close ruler-ruled ties by disrupting the provision of social services to nationals and their job security. The discussion of macro-privatization in UAE federal government will be conducted in relation to three dimensions. These are: (1) the size of the public sector and market freedom, (2) the sale of all or a percentage of state ownership rights to private sector companies (3) transferring certain public sector operations to private companies.

In the of context of UAE, and other GCC states, public employment of nationals in the public sector is seen as a means to distribute wealth and achieve social equality and public welfare. (Rutledge, 2005: 89). The UAE nationals, especially graduates of the educational system at all levels, continue to rely heavily on a bloated public sector for employment, subsidized services, and government handouts. With 15% unemployment in 2007, the government is under pressure to find jobs for the educational system outputs.

In this context, macro-level privatization which involves the actual transfer of public assets to the private sector has an ambivalent status not only in the UAE but also among other Gulf Cooperation Council States (GCC) (See Elhussein, 2007). This is because it requires the dismantling of the welfare state by reducing social services and public employment and thereby endangers government legitimacy and security. (See Rutledge, 2005: 87-91). Therefore the freedom of the market is not always observed in areas that may affect these aspects. These facts are reflected in the size of the public sector and the freedom of the market.

The size of government in UAE as depicted by formal total government expenditures as a percentage of GDP is moderate. In recent years, government spending equaled 24.3 percent of GDP, and the government received 77.7 percent of its revenues from state-owned enterprises and government ownership of property. However, these statistics reflect the expenditure of the formal public sector and if the informal expenditure of the informal sector is added the size of government will appear really far bigger than the official statistics show.

This situation makes the UAE government adopt a selective approach to macro privatization in which policies that affect social services and employment of nationals are avoided. In fact, the government sometimes breaches the market freedom to observe these issues. With regard to market freedom, the Index of Economic Freedom assessment in 2007 ranks the UAE as the world's 74th freest economy with an index of 60.4 percent of freedom. In this assessment the UAE is ranked 8th out of 17 countries in the Middle East and North Africa region, and its overall score is higher than the regional average.

In the Index, the UAE scores well in fiscal freedom, labor freedom, freedom from corruption, and trade freedom. These freedoms represent the interest of the national business which constitutes an integral component of the traditional patron client system. However, in many cases the government interferes in the labor market to safeguard the interest of its nationals by obliging private companies to employ certain nationals' quota as part of its manpower nationalization program. (Al-Shamsi, 2005: 64). The private sector prefers to employ cheap expatriate labor to national labor because the latter demand high wages and fringe benefits.

The Index finds the UAE weak in business freedom, freedom from government, investment freedom, financial freedom, and property rights (Index, 2007). These results reflect the intervention of government in the market to protect nationals from foreign competition in the field of investment, economic activity and the provision of subsidized social and welfare services.

The Sale of State Ownership Rights to Private Sector Companies

No significant macro privatization in the area of social services took place with the exceptions of electricity, water, public transport and telecommunication. With regard to water and electricity the government subsidizes the nationals' consumptions and they pay fewer rates than non-nationals. Public transport is not used by UAE nationals.Telecommunications services, which were provided before by a public utility (*Etisalat*), is run now as a public corporation on commercial bases. *Etisalat* has worked for sometime as a public monopoly but the government in 2006 licensed other private companies to compete in providing mobile phone services.

Instead of privatizing existing public sector organizations, the government adopts a policy of economic diversification. Thus free zones have been established to attract foreign investment. For example laws have been passed to convert Dubai to a prestigious e –Commerce City. A Securities Market was established in UAE to widen nationals' participation in the national economy. Foreign investment is presently hindered by UAE laws that require that foreign investors should find a national sponsor. The move to reform these laws originates in international organizations pressure. The UAE is a member of the WTO, and therefore is expected to comply with the terms and conditions of the WTO. Accordingly, laws and regulations had been reviewed in order to abide by these conditions.

Transferring Certain Public Sector Operations to Private Companies

The social services sector, which is normally targeted by macro privatization, is a well-entrenched sector in the United Arab Emirates government system. The United Nations Human Development Index (HDI) is a good measure of the level of social services in a country. The HDI measures overall achievements in 174 countries on the basis of life expectancy, education and general standard of living. The HDI for United Arab Emirates in 2005 is 0.868, which gives the country a rank of 39th out of 177 countries. The HDI (2006) ranked the UAE fifty in its list of countries with high human development and the fourth most developed of Arab states (UNDP, 2005 and 2006). Since its inception, the UAE has been remarkable for providing free public health care, free general education and free higher education to its nationals.

Today, the UAE has a comprehensive free health service and free public education for nationals. Federal hospitals, public schools and universities provide free healthcare and education for all UAE nationals. The government permits the private sector to invest in education and health sectors. Private hospitals and clinics are also available for nationals and non-national under government financed healthcare insurance companies. However, the introduction of private healthcare institutions does not constitute a real competitive threat to public hospitals, which are highly equipped and their high salaries attract highly qualified medical personnel.

State-funded educational opportunities have also blossomed since the establishment of the federation, when only a tiny minority of the population had access to formal education. A comprehensive free education system is now available to all national students, male and female. In addition, the UAE's youth have ready access to higher education; both federally funded and at the many internationally accredited private institutions that are being established throughout the UAE. Generous grants are also available for those wishing to study abroad (UAE Study Abroad, 2008).

Private schools spread all over the country under government supervision. Locally sponsored universities and branches of foreign, especially American, British and French, universities operate freely in the market of education. However, competition between government and private educational institutions is limited. The latter compete for non-national students. Compared to public schools, the private schools terms of employment are on average far below government institutions.

MICRO-PRIVATIZATION: A SAFE OPTION

Micro privatization programs provide safe options for the UAE federal government because they involves minimal or no impact on nationals' employment and expenditure on social services. Micro-privatization includes two main approaches: (1) privatizing management and (2) introducing market operations and competition.

Privatizing Public Management

To downsize public administration to cut down its costs without jeopardizing nationals' employment and social services, the government has embarked on massive manpower nationalization (*Emaratization*) of expatriates in government ranks and the extensive use of e-government tools and information technology to reduce government dependence on expatriates. Table 1 below shows that the numbers of nationals in the federal labor force is increasing in term of absolute figures and percentages in relation to expatriates.

Table 1: The evolution of the numbers of nationals and expatriates in the federal government ministries (Selected years between 1972 and 2003)

Year	Total	Nationals	%	Expatriates	%
1972	10575	7962	74.90	2649	25.10
1975	18562	7101	38.30	11461	61.70
1978	29627	10341	34.90	19286	65.10
1981	40112	12632	31.50	27480	68.50
1984	39380	12214	31.02	27166	68.98
1987	41882	14485	34.60	27397	65.40
1990	47072	17276	37.70	29796	63.30
1093	52466	20512	39.10	31954	60.90
1996	57596	22334	38.80	35262	61.20
2000	56084	25126	44.8	30958	55.20
2003	54975	27390	49.80	27585	50.20

Source: Annual Statistical Reports/ Civil Service Council for years noted, compiled by author, 2007.

The UAE public administration has already started adapting itself to the economic globalization needs. Pubic management programs to introduce private management tools are still in their infant stage. In these programs the federal government has placed special emphasis on the efficient and effective performance of public administration to attain excellence and quality service in public organizations. For example the government has embarked on reforming the federal budget system by replacing the traditional line-item budget by a comprehensive system of program budgeting which emphasizes efficiency and result oriented performance. However, evidence from the evolution of budgetary allocations so far suggests that traditional incremental budgeting persists as a style of budgetary decision making.

As part of its attempts to employ private management tools, the federal government introduces information technology to the operations of government. The General Information Authority was established to promote the introduction of computers within government organizations and to provide the necessary advice and help. *Computers* are now used frequently in most of the governmental units. Their usage covers planning and wide areas of government operations like accounting, inventories, storage, personnel administration, etc. The most commonly used ICT's include computer linking, multimedia and Internet. The government introduces e-government and establishes an electronic gate to provide government services to the business and citizens. However, the willingness of the citizen to use the e-government system is still not up to the level. This is perhaps because they are accustomed to direct informal contacts with their leaders through the informal patron-client contacts.

There are also ongoing discussions about excellence and projects to introduce *total quality management* (TQM) concepts to the public sector. Training systems and policies have been reviewed to integrate these concepts in government operations. Competition between organizations (both public and private) for government quality awards has been introduced. However, it is too early now to evaluate the impact of those experiments on productivity and performance of the public sector. The outcomes so far are modest but noticeable.

Establishing Internal Market Operations to Facilitate Competition

The most important and interesting micro- privatization tools used at this level are the introduction of limited market-oriented techniques to government operations. Though there are no as yet substantial experiments with internal market methods, the trend is gaining momentum in the federal ministries and corporations. The specific internal market technique that requires government bureaux to compete with private companies through competitive bidding and tendering is not introduced yet. This is may be explained by entrenched bureaucratic cultures and empire building.

However, the government encourages market operations by financing the provision of health services to its expatriate employees through contracts with health insurance companies. It also fiancés employees' children education by paying their schools' tuition fees directly to the selected school. In addition to that most services of cleaning, maintenance, sewage and transport in federal ministries are contracted out to small companies run or sponsored by nationals.

THE IMPACT OF PRIVATIZATION ON THE UAE PUBLIC SECTOR: ANALYSIS OF BUDGETARY DATA

In this section the article analyses budgetary data about public expenditure and labor costs to see the impact of privatization on the federal government as a whole and on selected government sectors. The latter include social services, infrastructure and economic affairs sectors.

The Overall Federal Pattern

The four tables below use data from the federal budget (1990-2007) related to total expenditures and cost of labor in the federal government as a whole and other three sectors to trace the impact of privatization on the federal government. Specifically, the objective is to see the impact of privatization on employment and social services. The chosen sectors include social services, infrastructure and economic affairs.

Table 2 below shows the evolution of total annual expenditures on all federal government's ministries and institutions and the total costs of federal employees. It is clear from the table that the overall level of funding federal government' programs has not witnessed substantial changes in the period 1990-2007. The annual percentage change of total federal expenditures shows a smooth incremental course with a positive average of 3.61% indicating an overall increase in the annual budgetary allocations.

The cost of labor figures in the federal government budget constitute approximately one third of the federal budget with an average percentage of 34% and they also show a smoothly positive annual incremental increase with a percentage average of 3.5%. It seems that the costs of labor are progressing at the same rate of public expenditures. The overall federal picture shows no significant reductions in federal expenditures and labor expenses and therefore the overall size of the public sector remains intact.

Table 2: Total Federal Expenditures and the Cost of Labor (1990-2007)

Year	Total Annual Expenditure (millions AED)	Annual % Change	Total Labor Cost (millions AED)	Annual Percentage Change	% of total labor cost from federal total
1990	15645419	00	5003986	00	32
1991	16413740	05	5313240	06	32
1992	17376900	06	5578407	05	32
1993	17630900	01	5740719	03	33
1994	17630900	00	5740719	00	33
1995	17949000	02	6071519	06	34
1996	18254200	02	6343506	04	35
1997	19863000	09	6948150	10	35
1998	21393000	08	7117739	02	33

1999	22910000	07	7124000	00	31
2000	23117300	01	7552888	06	33
2001	22663000	-02	7785486	03	34
2002	23156000	02	8157543	05	35
2003	23280000	01	8358015	02	36
2004	23884000	03	8736169	05	37
2005	22703000	-05	8393118	-04	37
2006	27878000	23	8393118	00	30
2007	28425000	02	9221338	10	32
average	21120742	3.61	7087759	3.5	34

Source: UAE official Gazette, Budget Laws (1990-2007). Calculations of percentages and averages computed by author, 2007.

Social Services Sector

This sector consists of the services provided by the ministries of higher education, youth and sports, education and instruction, health, public works, communications, electricity and water, agriculture and fishery and labor and social affairs. This is the largest and the most important sector in UAE government sector because it is directly related to the socially expected role of the state as a distributor of wealth and services. It constitutes almost more than two thirds of federal expenditures with a percentage average of 69% and its labor costs represent 43% of the sector total expenditures. Although the parentage share of this sector from total federal expenditures declined from 89% in 1990 to 38% in 2007, indicating considerable reductions in its size, this change has no impact on the services delivered to nationals.

The reduction in the size of this sector is largely due to two factors: macro privatization of the services of the ministries of communication and electricity and water and the transfer of the budget the ministry of the public works to the infrastructure sector in 2002. But the reduction is also due to the changes in the methods of services delivery in which non-nationals, especially those working in the private sector, pay for education and health services.

Although the government has allowed the private sector to operate health, public and higher educational facilities, the government hospitals, public schools and public universities remain intact to serve nationals for free. The private facilities also serve nationals as well under a generous government health insurance which also covers expatriate government employees.

The services of water and electricity have undergone macro privatization (complete transfer of the service to the private sector) but a mechanism of price discrimination was introduced whereby nationals continue to pay low rates as before privatization. The services of the ministry of communications (telephone and post services), which are not considered as basic necessities, were transferred into independent public companies and therefore their expenditures were removed from the budget in 2002.

Table 3 below also shows similar pattern for labor costs. The significant reductions in labor costs in this sector after 2002 are explainable by the wide practice of contracting out (micro privatization) of cleaning and other similar services to the private sector and the introduction of e-government and *Emaratization* practices to decrease dependence on foreign labor especially at lower levels of government. This policy does not affect nationals' employment in the public sector.

Table 3: The Impact of Privatization on the Social Services Sector (1990-2007)

Year	Total Annual Expenditure (millions AED)	% from federal total	Annual Percentage Change	Total Labor Cost (millions AED)	Annual Percentage Change	% of labor costs from sector total
1990	13881303	89	00	5003986	00	36
1991	15161143	92	09	5313240	06	35
1992	15815450	91	04	5578407	05	35
1993	16060494	91	02	5740719	03	36
1994	16060494	91	00	5740719	00	36
1995	15930050	89	-01	6071519	06	38
1996	15943300	87	00	6343506	04	40
1997	17260746	87	08	6948150	10	40
1998	18003476	84	04	7117739	02	40
1999	17748270	77	-01	7124000	00	40
2000	17238174	75	-03	7552888	06	44
2001	17622986	78	02	7785486	03	44
2002	8677271	37	-51	4514988	-04	52
2003	8904224	38	03	4649138	03	52
2004	9048400	38	02	4751744	03	53
2005	8421331	37	-07	4446696	-06	53
2006	8421331	30	00	4446696	00	53
2007	10680913	38	27	5341286	20	50
Average	13937742	69	00	5803939	01	43

Source: UAE official Gazette, Budget Laws (1990-2007). Calculations of percentages and averages computed by author, 2007.

Infrastructure Sector

The activities of this sector are performed by two ministries and two public agencies. These are the ministries of public works, environment and water as well as Sheikh Zayed Housing Program and the Federal Environmental Agency. Table 4 below show the total expenditure and the costs of labor in this sector. This sector is relatively small and its size shows an increasing trend. Whereas its expenditures represented only 1% of federal expenditures in 1990 it went up to 6% in the period 2002-2005 with a percentage average of 3%. Its labor costs which represent 17% show a relatively small decline reflecting the wide practice of outsourcing and contracting out of programs as well as wide partnerships with the private sector.

Table 4: The Impact of Privatization on the Infrastructure Sector (1990-2007)

Year	Total Annual Expenditure (millions AED)	% from federal total	Annual % Change	Total Labor Cost (millions AED)	Annual % Change	% of labor costs from sector total
1990	96740	01	00	43765	00	00
1991	179383	01	85	43410	-01	45
1992	276813	02	54	43205	00	24
1993	408411	02	48	47704	10	16
1994	408411	02	00	47704	00	12
1995	288863	02	-29	47478	00	12
1996	196739	01	-32	48104	01	16
1997	185680	01	-06	53222	11	24
1998	280469	01	51	53900	01	29
1999	434930	02	55	51569	-04	12
2000	311425	01	-28	59270	15	19
2000	207800	01	-33	63300	07	30
2002	1376667	06	562	169477	168	12
2003	1346500	06	-02	174146	03	13
2004	1495769	06	11	164718	-05	11
2005	1383688	06	-07	147566	-10`	11
2006	1383688	05	00	147566	00	11
2007	1496988	05	08	162961	10	11
Average	653275.8	03	41	87170.28	11.41	17.11

Source: UAE official Gazette, Budget Laws (1990-2007). Calculations of percentages and averages computed by author, 2007.

Economic Affairs Sector

This sector is composed of three important ministries and two public agencies. These are the ministries of finance and industry, economy, and energy. The two public agencies, which are affiliated to the ministry of finance and industry, are the agency for specifications and measurements, and the federal customs agency. This sector seems to be funded at a constant level of 1% from the federal budget. Table 5 shows that the course of total annual expenditure is progressing at an annual average of 7% and total labor costs at an average of 6%. Therefore, this sector does not experience any reduction in its size.

Although this sector does not provide any direct services to citizens, it is very important for employment purposes. Its labor costs, which show a declining trend between 2002 and 2006, represent 60% of its budget on average. The declining in labor costs is partly due to the massive *Emaratization* of the labor force.

Table 5: The Impact of Privatization on the Economic Affairs Sector

Year	Total Annual Expenditure (millions AED)	% from total federal budget	Annual Percentage Change	Total Labor Cost (millions AED)	Annual Percentage Change	% of labor costs from sector total
1990	119120	1	00	80836	00	68
1991	157266	1	32	81134	00	52
1992	118572	1	-25	82506	02	70
1993	127198	1	07	82506	00	65
1994	137208	1	08	87631	06	64
1995	151333	1	10	93461	07	62
1996	144206	1	-05	95283	02	66
1997	158433	1	10	106871	12	67
1998	158017	1	00	106072	-01	67
1999	150425	1	-05	103624	-02	69
2000	179530	1	19	122422	18	68
2001	199181	1	11	127677	04	64
2002	256336	1	29	129024	01	50
2003	288392	1	13	132426	03	46
2004	295200	1	02	135653	02	46
2005	286500	1	-03	141800	05	49
2006	286500	1	00	141800	00	49
2007	339398	1	18	191927	35	57
Average	197378.6	1	07	113480.7	06	60

Source: UAE official Gazette, Budget Laws (1990-2007). Calculations of percentages and averages computed by author, 2007.

CONCLUSIONS

The key factor to understand the impact of the UAE privatization program on public administration is the paternalistic nature of the state which is based on strong tribal patron-client relationships. This factor led to the establishment of a dual system of government in which formal and informal systems of government coexist side by side. While the formal system is modern, the informal one is founded on kin and tribal direct contacts between the rulers and ruled. These contacts are institutionalized in the *majlis* form of government.

This situation helps to develop a welfare state and makes the government at all levels committed to provide nationals with free services and employment. Therefore, the federal privatization efforts sought to preserve the role of the public sector as a provider of social services and employment for UAE nationals. Hence, the privatization policy is designed to have minimal or no effect on these two elements.

The analysis of the data in part two of the article shows that the UAE privatization policy has had no significant impact on the size of the public sector in its totality; individual sectors such as social services, infrastructure, and economic affairs, portray both declining and increasing trends in their sizes. The decline in size of the social sector is only partially explainable by limited macro privatization efforts which involve the transfer of water and electricity as well as communication services to the private sector. In fact, it is largely due to government policy of *Emaratization* of government's jobs and administrative reorganization.

The fact that the federal government as a whole has experienced no reduction in size means that the loss of size in one sector has been gained by another, and this is clearly portrayed by the relative stability of total federal public expenditures and labor costs. These trends continue as the government continues to provide nationals with free services and employment opportunities.

Ahmed Mustafa Elhussein Mansour is Associate Professor, Program in Political Science, Division of Government Policy and Urban Studies, United Arab Emirates University: hamadna@yahoo.com

REFERENCES

Al-Shamsi, F. 2005. "Economic Performance and the Challenges of Non-Oil Economic Growth". In Gulf Yearbook 2004. Dubai: Gulf Research Centre, 57-71.

African Association for Public Administration and Management (AAPAM). 1987. Public Enterprises' Performance and the Privatization Debate. New Delhi: Vikas Publishing House.

Balaam, N., and Veseth, M. 2005. Introduction to International Political Economy. New Jersey: Pearson Education.

Bendell, T., Boulter, L. and Kelly, J. 1994. Implementing Quality in the Public Sector. London: Pitman Publishing.

Birkland, A. 2005. An Introduction to the Policy Process: Theories, Concepts, and Models of Public Policy Making. New York: M.E Sharpe.

Bishop, M., Kay J., and Mayer C. 1994. "Introduction: Privatization and Performance". In Bishop, M. and Mayer C. Privatization and Economic Performance. Oxford: Oxford University Press.

Cullis, J., and Jones, : 1998. Public Finance and Public Choice. New York: Oxford University Press.

Elhussein, A. 1991. "Manpower Nationalization in the United Arab Emirates: the Case of the Banking Sector". Journal of Developing Societies 7 (3 & 4): 282-292.

Elhussein, A. 2007. "Public Policy and Privatization: The Case of the Qatari Experience". Public Administration and Development (PAD) 27 (4): 283-292.

Hamwi, A. 2007. "Unemployment… Who is to blame?" Economy Today. 35 (July 2007): 8-11. Heywood, A. 2002. Politics. New York: Palgrave Macmillan.

Index of Economic Freedom, 2007. http://www.heritage.org/research/features/index/country.cfm?id=unitedarabemirates/ 2 accessed 29/10/2007.

Jackson, :M. and Price, C.M. 1994. " Privatization and Regulation: A Review of the Issues". In :M. and C. M. Price (eds.). Privatization and Regulation: A Review of the Issues, London: Longman, 1-23.

Lawton, A., and Rose, A. 1994. Organization and Management in the Public Sector. London: Pitman Publishing.

McConnell, C. 1987. Economics Principles and Policies. New York: McGraw-Hill.

Milward, R., and Parker, D. 1983. "Public and Private Enterprise: Comparative Behaviour and Relative Efficiency". In R. Milward et al. eds., Public Sector Economics. London and New York: Longman, 199-274.

Munn, R. E., Ia Riviere, J. W. M. and Campagne. 1996. Policy Making in an Era of Global Environmental Change. London: Kluwer Academic Publishers.

Niskanen, W.A. 1971. Bureaucracy and Representative Government. Chicago: Aldine-Atherton.

Osborne, D., and Gaebler, T. 1992. Reinventing Government. New Delhi: Prentice-Hall of India.

Rosenbloom D., and Kravchuk, R. 2005. Public Administration: Understanding Management, Politics, and Law in the Public Sector. New York: McGraw-Hill.

Rutledge, E. 2005, “Obstacles to Economic Reform in the GCC”. In Gulf Yearbook 2004. Dubai: Gulf Research Centre, 87-92.

Savas, S. 1987. Privatization: The Key to Better Government. New Jersey: Chatham House.

Sfakianakis, J. 2005. "An Overview of the Gulf Economies: Challenges and Prospects in a Global Marketplace". In Gulf Yearbook 2004. Dubai: Gulf Research Centre, 79-86.

United Arab Emirates Yearbook. 2006, London: Trident Press

United Arab Emirates Yearbook. 2007. London: Trident Press

United Arab Emirates Government. 2008. http://uaeinteract.com/government/political_system.asp#H, accessed 29/10/2007.

United Arab Emirates Study Abroad, 2008. http://www.government.ae/gov/en/gov/federal/overview.jsp, 25/10/2007.

United Nations Development Programme (UNDP). 2006 and 2007. United Nations Development Programme and Human Development Index, available at http://www.und:org/

Ward, A. 1999. “The Legal Framework for Privatization in the United Arab Emirates”. In Privatization and Deregulation in the Gulf Energy Sector. Abu Dhabi: The Emirates Centre for Strategic Studies and Research, 39-54.

Weimer, D., and Vining A. 1999. Policy Analysis: Concepts and Practice. Upper Saddle River New Jersey: Prentice Hall.

INTERNET REFERENCES

Index of Economic Freedom, 2007. http://www.heritage.org/research/features/index/country.cfm?id=unitedarabemirates/ 2 accessed 29/10/2007.

UAE Government. 2008. http://uaeinteract.com/government/political_system.asp#H, accessed 29/10/2007.

UAE Study Abroad, 2008. http://www.government.ae/gov/en/gov/federal/overview.jsp, 25/10/2007.