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The integration of the kafala system into Dubai’s institutional organization of the immigrant labour market

Introduction:

‘We live in a globalized neoliberal world’, a statement that may be true as a description of the market oriented aspects of our societies today, but not to Geography or to the diverse nature of neoliberalism. Neoliberalism has different strategies, multifarious institutional forms, developmental tendencies, diverse socio-political effects and multiple contradictions, reflecting the particularities of context (Brenner et al. 2010). Hence as geographers, we must study “the manner in which the economic process is instituted at different times and places” (Polanyi 1957:249) because neoliberalism is geohistorically specific and normatively controversial. Failure to do this or if we view neoliberalism as “an all-encompassing entity” will result in empty analysis and ineffectual politics (Ferguson 2009:171).

The utopian ideal of the free market has many problems, as “the role of the state in neoliberal theory is reasonably easy to define but the practice of neoliberalism has, however, evolved in such a way as to depart significantly from the template that theory provides” (Harvey, 2005:64). In the preface to the volume on *Spaces of Neoliberalism*, Brenner and Theodore address the “extraordinary malleable character of neoliberal statecraft “(2002:345). The volume follows with various discussions of how new geographies of state regulation are emerging all of which involve reorganization rather than any rolling back of the state. Rather than being an entity separate from the rest of society, the market is an intrinsic part born out of its historical embeddedness in these broader processes. By adopting a Polanyian approach to understanding the market and its role in society I acknowledge the trident nature of a society, the relationship which places the economy, the state and the society as contributing equally to the process and consequence of marketization. In order to understand these relations in context, “neoliberalism is better to be seen as part and parcel of the broader historical processes of marketization and its periodical reversal” (Zhang 2013:1606).

In recent years many labour geographers have begun to address local labour markets in different contexts and the need to move away from a Western centric analysis of the economy, a need that Arendt (1998) indicates in her discussion of scholarly work which looks at the Gulf cities in a more holistic and historically contextualised way. This paper looks at the context of the sheikhdom country of the United Arab Emirates (UAE) and specifically the emirate or city of

Dubai. Dubai is selected as in emerging economies, cities become particularly important as engines of economic growth, and Dubai has developed global fame since the opening of the Burj al Arab in 1999. Since the foundation of the UAE in 1971, economic activity in the Emirate of Dubai has expanded dramatically, not just in comparison with the other six Emirates in the Federation but also in relation to other high-growth, city-states such as Hong Kong or Singapore (Elbadawi and Soto 2011). Such fast economic growth has been largely the result of massive investment and a substantial inflow of low-cost migrant workers to be employed in construction, manufacturing and service sectors.

The analysis in the paper aims to illustrate the relationship between the historically derived *kafala* or foreign worker sponsorship program as a means of illustrating the contextually and chronologically specific nature of neoliberalism in Dubai. Specifically, how does the traditional *kafala* system interact and integrate institutionally with a capitalist driven approach to immigration? In addressing any immigration policy there must be an acknowledgement of the role of the state not as the background observer or traditional neoliberal beliefs but as part of Polanyi's trident introduced above. This is specifically so in the context of Dubai with claims of its neoliberal approach to the economy and capitalist ideals, but at the same time providing no freedom of movement, of labour, of hiring, and no market-led salary structure. The need hence is to address the *kafala* system and neoliberal regimes of extraction not as two distinct entities coming together but rather as intrinsically linked in shaping the structure of the labour market. With origins in historical hospitality and societal reciprocity, the *kafala* system was a means of welcoming travellers through the region with no intention of anyone remaining long-term. The embedding of the *kafala* system into immigration policy and hence the market came as a result of historically recent nation building where it "takes on a highly specific form, being built upon postcolonial remnants of reinvigorated and regrouped tribal formations" (Khoury and Kostiner 1990:124). I return to a more detailed discussion of the *kafala* system and the state in a later section.

The paper begins with an outline of the context of the UAE and Dubai as the focus of the research. The theoretical premise for the paper is discussed in the second section outlining a Polanyian view of the role of the market and how this can be applied in the context of Dubai. A discussion of the use of a substantivist approach to understanding economy and the specifics of my methodology form the third section. The fourth section of the paper discusses the role of the state, specifically the Dubai government with regard to the nature and use of the *kafala* system linking it with a theoretical view of how the market has drawn on traditional forms of reciprocity and redistribution in order to form. Discussions based on interviews with businesses and local Emiratis form the fifth section of the paper.

Context:

Until recently the politics and domestic events of the sultanates of the Persian (Arabian) Gulf were regarded as inconsequential to regional and global politics, and hence were largely ignored by academics as locales of in-depth study. Regionally, Egypt, the Levant, Iran and Iraq were the focus of global attention and scholarly study. This has changed drastically since the

middle of the 1990s as the world sees major shifts in both the political and economic powers of the Persian (Arabian) Gulf, not traditional industrial urban centres but as places which manage all aspects of political economy through their control of much of the world's oil supply. Scholarly attention has also shifted to the region often times facilitated by these states' efforts at positioning themselves as major global entrepôts¹, as regional hubs of education and innovation, and as advanced economies and globalizing pioneers. All of this growth and change is driven by the oil wealth which the countries have in vast quantities, and is happening at an immense speed, "for seldom has the world seen a more striking experiment in situ of instant urbanization and hot house forced social change" (Janet Abu Lughod, *Urbanization and Social Change in the Arab World*" pp.223-32 1983 Ekistics 50

One should not be misled into thinking that the 'time' of the region is only a recent one; rather the Persian (Arabian) Gulf region has always been at the crossroads of the human landscapes of movement and civilisation. Migration or the movement of people across and through the lands has always been a part of the social and economic 'structure'. What has indeed changed in recent history is the scale and sheer volume of this migration. The number of migrant workers in each of the countries is a reflection of the magnitude of their numbers when compared to the local nationals; table one below illustrates these figures

Table 1: National and Expatriate Population, 2013

Country	Total Population	Expatriate Population	% Expats to Total Population
Bahrain	1,234,571	568,399	46%
Kuwait	3.7 million	2.51 million	67.8%
Oman	3.83 million	1.68 million	44%
Qatar	1.8 million	1.5 million	83%
Saudi Arabia	27 million	8.4 million	31%
United Arab Emirates	9.2 million	7.8 million	85%

Source: The Economist Intelligence Unit, "Country Profiles" (2013) <http://www.eiu.com>

The stark contrast of the number of nationals versus expatriate populations should serve as an indication that local authorities in each of the six countries have long preferred and continue to regard expatriate workers as temporary workers. The presence of expatriate workers is tied to the provision of their labour within a particular job for a specific period of time; they therefore are classed solely on their 'value' as a commodified unit. Managing labour in the region has

¹The use of this term here is based on the recent moves by many of the sikhdoms, but specifically Dubai, to develop their Free Zones. These Free Zones represent areas where goods can be bought and sold without any duties. A term of old, it was common practice during mercantile shipping between Europe and its colonial empires in the Americas and Asia. When traders did not want to travel the entire route, they used entrepôts on the way to sell their goods. I would argue that the actions of some of the regions political leadership, especially Dubai, are to recapture a sense of their position as trading crossroads of the past with a particularly neoliberal flavour to it.

largely been left to private interests within the *kafala* or worker-sponsorship system, a system, which is born of historical social beliefs of how visitors in one's locale should be treated. There are indeed many more similarities between the six countries of the region, but as a geographer I want to outline to you why we should not look at the Gulf as a whole but each place as different especially when focusing on the immigration and the details of the kafala system. With the largest overall population after Saudi Arabia, the United Arab Emirates has become a global focal point of debate and discussion. The country is made up of seven emirates, each of which acts independently for the majority of the decisions affecting them. The country is home to two of the largest cities in the region, Abu Dhabi and Dubai and is one of the first in the region to take measures to diversify its economy. The awarding of the Expo 2020 to Dubai is an indication of the United Arab Emirates strategies, but also points to the uniqueness of the emirate and city of Dubai. Indeed Dubai has striven to place itself as a global hub for business, trade and travel with Dubai International Airport being the second busiest airport in the world in 2013².

Recent media attention and scholarly focus has highlighted the growth of Dubai since the discovery of oil off its shore in 1966, and since the mid-1990s the growth of the property and service sectors. Dubai's importance in the region and its role as a destination for labour migrants is not a recent phenomenon but indeed it has a rich history as a port and crossroads. Dubai's modern history dates back to 1833 when a large section of the ruling Bani Yas family of Abu Dhabi split off to settle in Dubai; the Al Maktoums were the most important family within this splinter group. By the early 1900s Dubai had established itself as the main trading centre of the region through its establishment as a Free Port with no taxes. The ruler Skeikh Maktoum bin Hasher also promised traders' protections and land if they established themselves in Dubai. Prior to 1901 British cargo and passenger vessels visited Dubai no more than five times a year, but by 1903 steamships were stopping by twice a month. In the early 1920s the Iranian traders, who formed the largest number of foreign born, were invited to settle permanently. They brought with them a greater sense of education and technology of the time including the wind tower (Wheeler and Thuysbaert 2005). Before oil, there were pearls and in 1897 the Gulf region's exports were worth three-quarters of a million British pounds or 95% of the economy of the region, with a quarter of this trade coming from Dubai (Wilson 2006). Dubai was dependent on the pearl industry almost entirely in terms of income and the trade ships it brought to the city, but services were needed and so came Indian migrants to fill this gap especially in retail (Vora 2008).

The British isolated the Trucial States, as the modern UAE was known, and took control of the pearl industry as well as controlling foreign affairs for the sheikhs. With the Great Depression in the 1920s and the discovery of cultured pearl technology in Japan, the pearling industry in the Gulf suffered hugely and left local people very badly off. With little diversity in the economy the role of those Iranian and Indian traders was ever more important for the local economy. The

² <http://english.alarabiya.net/en/business/aviation-and-transport/2014/01/30/Dubai-airport-to-challenge-Heathrow-as-world-s-busiest-hub.html> accessed 15th September 2014

1950s brought the gold trade to Dubai and led to the dredging of the creek to facilitate access to larger ships to dock. Then in 1966 oil was discovered in Dubai and with it an explosion in the economy and the number of expatriate workers. The traditional kafala system was adopted as a means of organising relations between citizens, expatriates and the state, and it is this system that I wish to unpack. First, I offer an overview of the methodological approach taken to the study.

Disembedded economy:

The disembedded economy of the classical economists vision is impossibility, something that can never exist, “our thesis is that the idea of a self-regulating market implied a stark utopia. Such an institution could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed man and transformed his surroundings into a wilderness” (Polanyi 2001:3). Hence the premise of Polanyi’s argument and this paper is that one must study the processes of the economy in a holistic manner, looking at society more broadly as the market is embedded in broader modes of integration.

The state plays a major role in any economy in processes such as controlling inflation and deflation, and most apt for this paper is the role the state plays in managing employment in a society specifically through managing migration flows. Political decisions are the realm of the state and regulating labour is a political process. State interventions through direct policies or through institutions of society, influence this regulation. Analysis of the results of labour regulation requires assessing the roles of the state, as well as processes involved in demand and supply. The attempt to separate the market from the rest of society has been identified by Polanyi as the major shortcoming of the market economy approach to economics (Polanyi 2001), “labor is only another name for a human activity which goes with life itself, which in its turn is not produced for sale but for entirely different reasons, nor can that activity be detached from the rest of life, be stored or mobilized” (Polanyi 2001:75). In the Polanyian view, the events of the middle of the 19th century in the UK³ involved, “smashing up of social structures in order to extract the element of labour” (Polanyi 2001:172). Through these processes of extraction of individualism and equating each person with his/ her economic worth, the market becomes the organising element. At the same time society cannot simply become the aggregates of respective forms of individual behaviour, and therefore societal effects depend on the presence of definite institutional conditions (Polanyi 1977). Institutional conditions in the Polanyian respect are similar to Giddens's concept of the “*duality of structure,*” which maintains, “the structured properties of social systems are simultaneously the *medium and outcome of social acts*” (Giddens 1981:19).

³ See Chapter Seven in Polanyi’s ‘The Great Transformation’ (2001, pp. 81-89) where he discusses at length the specific events which changed rural society in order to facilitate the Industrial Revolution of 1795-1834. Polanyi specifically indicates the Speenhamland Law or in effect the introduction of an “allowance system” as fundamental to changes in how labour was organised. Under the Speenhamland Law every worker was guaranteed a minimum income irrespective of his or her earnings. Speenhamland was introduced as an emergency act but soon became the common practice across the UK and further afield, and it is this ‘minimum income’ that Polanyi cites as preventing the establishment of a competitive labour market.

If we are to understand society as a concrete set of social relationships, cultural understandings and institutional and organizational forms that shape possibilities for economic action, then we must see society as having a history and human agency as an active component of institutions which penetrate the market and vice versa. In order to unpack these social relations and the role of human agency I focus on Polanyi's analysis of traditional societies that has been based on modes of integration. Modes of integration in a Polanyian view involve reciprocity, redistribution, exchange and sometimes the household (Peck 2013). The supposition is that the notion of the market has always existed in human society and that it "was no more than incidental to economic life" (Polanyi 2001:45). In fact an individual's economy is submerged in the social relations in which he/she participates on a daily basis. This is because a person does not behave solely in his/her own material self-interest but rather also wants to maintain a position in society including social standing, social claims and social assets. Material good may serve a means to an end but inevitably this means will involve many other processes all rooted in societal processes.

Reciprocity is based on family and kinship, involving the recurrence of social relations and based on the social logics of give and take. Redistribution involves appropriational movements to and from a recognized central authority whether this be tribal or governmental, or the case of Dubai a hybrid of both. House-holding is closely connected to reciprocity and involves the principles of 'own-use' or group provisioning for immediate domestic use or kinship. Finally there is the mode of integration known as exchange or the 'market'; this is poly-directional meaning that it stems outwards from processes of reciprocity and redistribution and may involve short-term and random social relations. Its basis in reciprocity and redistribution mean that price-making is also organized on these lines and hence they are variably institutionalized. Exchange or the market does indeed create economic institutions but these are based on connections with the other modes of integration. Exchange or the market is therefore not and should not be superior to the other two, and in order to have a just and effective economic system it needs to be a "mixed economy with private property, public ownership and worker democracy, since each form of ownership creates certain options while blocking others" (Kymlicka, 2001:187). Indeed there is not a singular right combination of the modes of integration but rather heterogeneous combinations. These hybrid combinations are the "basis for the organization of (re)productive and (re)distributive capacities in different societies, which reflect and normalize patterns of belief and behaviour, and which are stabilized through processes of institutionalization" Peck 2013:1555).

It is hence then through an understanding of the institutions (broadly defined) of a society that a Polanyian substantivist approach is most pertinent and not as descriptive categories as such, reciprocity, redistribution, house-holding and exchange, to provide an analytical purpose. This is because economies are internally heterogeneous and hybrid, and hence markets coexist with other modes of integration in often awkward and contradictory ways. As modes of integration are socially embedded they are therefore also political and can coexist at the same time rather than being in different stages of development. The khafala system's basis in reciprocity and redistribution modes of integration, therefore, must be understood in order to fully grasp its role in the market as a means of organising labour.

I return once more to the role of the state as a fundamental aspect of institutionalization, which is the foundation of a Polanyian analysis. In adopting a Polanyian analysis of the economy in Dubai and specifically the *kafala* system, the analysis focuses on the institutionalized state-society nexus. It is important not to construct the state as a uniform entity either but rather as a qualitative state whence it is qualitatively different in constituting economies in different places and based on the various roles of the modes of integration (Block 1994). The state has been deeply implicated in the so-called liberalisation of the markets, managing both economic development but also importantly in this paper, the welfare state. Actions on the part of the state 'stake out a place for themselves within the institutions of embedded liberalism by aggressively mobilizing society to compete in international markets, while retaining a high degree of on-going coordination of market strategy through state-society ties' (Ó Riain 2000: 196). The institutions of the state must therefore be understood within the context of society and based on the complex arrangement of the modes of integration.

Methodology:

The basis of my paper is that the traditional *kafala* system, having been adopted in the 1960s as the 'formal' Immigration policy, has its roots in reciprocity and the larger processes of society. I am hence basing my analysis on a substantivist view of the economy or a need to understand the economic and the social processes because "process and institutions together form the economy" (Polanyi, 1960:329). Based on traditional practises around exchange and labour mobility, the *kafala* system was very much based on how economics is the way society meets material needs as outlined in the contextual back ground to the growth of the city of Dubai and its relationship with its 'expatriate' traders. By adopting a substantive approach to studying the *kafala* system and its role in the economy of Dubai I can contextualize events and processes in both place and also in time as I look at the development of the system, "the substantive economy is situated in both time and place. The formal economy, by contrast, operates in a time and space vacuum" (Halperin 1994:209). By adopting a historical approach I facilitate the placing of the economic back in the context of the social whole and challenge the disembodiedness of the *kafala* system from its broader societal processes (Block and Somers 1984).

Taking a substantivist approach to the analysis of the *kafala* system or any economic system or process does not offer a fixed framework or template but instead requires me to take a reflexive methodological approach. I understand this in the case of my research context and question to allow me to adopt an ethnographic approach to the understanding of the role of the *kafala* system, specifically deconstructing the aspatial and timeless constructions of it in most discussions. Instead, I examine its rootedness in Dubai's history as well as in the development of the economy as it is today. The reasoning being that one must look at the differences within local economies, how modes of integration intersect, interact, contradict and compliment in order to understand the alternative (Peck 2013) or Dubai specific socioeconomic arrangements, its own version of neoliberalism. By extending the ethnographic reach of the field (Dunn 2007), a substantivist analysis enables the research to move beyond a Western

centric view on how the *kafala* system operates or why it should be abolished. Instead it speaks to the coexistence of multiple capitalisms but analysing “institutionalized patterning of economic relations and their historical evolution” (Peck 2013:1563).

Details of the methods used:

The research began with a historical overview of the development of the *kafala* system and its link with labour market growth and the expansion of immigration into Dubai. Figure 1 below provides a visual of the elements which constitute Dubai’s labour market today and the significant dates and processes associated with its change over time. The figure also indicates the centrality and embeddedness of the *kafala* system in this labour market structure. In order to go beyond the *kafala* system as an immigration policy, semi-structured interviews were conducted with Emirati-Dubai nationals and with expatriates who own businesses in Dubai. A total of five interviews with Emirati-Dubai nationals were completed and ten interviews with businesses.

The Kafala system and the state:

In 1966, oil was discovered in Dubai and the already booming economy as outlined in the contextual section, exploded especially after the oil crisis in 1973. Even as far back as 1968, the Emirati nationals were in a slight minority in Dubai, and the wealth of oil dramatically changed the relationship between this minority and the expatriate migrant workers. The labour market in Dubai has a structural dependency on migrant work force, which is governed by a unique political structure and a sponsorship system - the *kafala* system. Under this system, the employer is also the sponsor of the worker and takes on the legal and economic responsibility for the worker during the renewable contract, which is usually for two years.

Me: “So with the kafeel it's like you get money from them but if anything happens to them you are responsible?”

Ahmed: “Yeah, but I'm not allowing them to take any loan.”

Me: “So are you able to control that?”

Ahmed: “Yes because they have to open a bank account in my name and I don’t want this.”

“At the beginning it was very difficult for me. Coming from the States everyone is equal and you come here and you are not. You have to have a *kafeel*. You cannot move without a *kafeel*. You cannot do anything without - to get a driving licence back then. And even now you have to have a letter from your *kafeel* to get a driving licence. This was a bit difficult for me at the beginning but again, I guess I get used to it.” (Ayman Restaurant owner)

Along with employment, the residency of the worker is also dependent on the sponsor, and enforces the dependency of the worker. The relationship between the *kafeel* (sponsor) and the worker then defines identities, rights and obligations between the migrant and the state. Under the *Kafala* System, four types of visas are made available to migrants – House Visas, Company Visas, Sponsorship by state institutions, and Sponsorship for business partnership under which all migrants enter the country (Blanchet 2002, cited in IOM 2005; Jarallah 2009). Migrant

workers are seen as guest workers with a residence visa that allows them to live in Dubai for a period of time, usually 3 years between renewals.

In addition to the sponsorship of the migrant workers the *kafala* system also provides Emirati nationals with a way to get incomes as business partners with an expatriate worker without putting up any capital of their own. They receive money for the use of their name on the business,

“Yeah, I have a restaurant by my name and I have a salon under my name. I just give them my name and, you know, they work for the salon, they get all the business and they give me money. For me I'm not putting any capital, any money on it. So usually we will get like AED 10,000 just for the name, buying the name.”

The *kafala* system can therefore be viewed as a means by which the state allows the wealth of oil to make its way down to the general Emirati population (Kapiszewski 2001). Even the most minor of Emirati families in Dubai has the opportunity to transform themselves into ‘business’ people.

“You know, Emirati people, rarely you will find that they are interested with doing the business. Mostly expatriate are the ones who are interested with business, and all kind of business. An Iranian gives me a gift of AED 30,000 for my name.” (Aysha Emirati national)

As Dubai's oil revenues have begun to dwindle since the early 1990s, the government of Dubai has looked to the *kafala* system even more as a means of managing its public finances. Land was distributed to the indigenous families of the emirate, which land they could in turn rent out to expatriate workers through the *kafala* system. Hence “reaping the rewards from a feudal-capitalist system while still maintaining a certain separation from the wealth creation process” (Davidson 2012:8). Hence by opening up to globalization and the ‘neoliberal’ market, the rulers of Dubai (the same is true for the other emirates as well as for other Gulf countries) are able to remain undemocratic through the protectionist elements of the *kafala* system. Redistribution is hence operating through the institutional pattern of centrality characteristic of the state and the *kafala* system is acting as a welfare system of sorts.

The *kafala* system depends on a system of elites, a feudal state created very much within the historical grasp of the British colonial period in the then called Trucial States. As discussed above, Dubai was a busy port city long before the discovery of oil or even the role of pearls and the British capitalised on this as a location on their trading routes to India and China. Interactions with the British state shaped the political and economic structure with governing institutions set up along tribal lines of the families with whom the British made trade agreements. The continuation of the survival of the ruling families in all of the Gulf countries has hence depended on “unwritten, unspoken ruling bargains or social contracts that exist between the ruling families and their populations” (Davidson 2012:49). As long as the ruling family can provide economic well-being and some manner of social welfare their control will be maintained. Reciprocity defines socially obligatory gift giving relationships of kinship and

friendship, the basis of the historical *kafala* system. The traditional acts of giving gifts agreements and protocols for welcoming visitors have thus become the foundations of official documents. The social agreements, however, still continue even if now they are presented in an official capacity, and these agreements depend on the maintenance of a divide between Dubai nationals and expatriate workers. Dubai and the UAE more broadly then can never achieve a limitation of state power because the state is heavily intertwined with the social relations and modes of integration that shape the market.

The social welfare dimension of the *kafala* system has changed since the late 1990s particularly around the diminishing oil revenues and growing public costs. Another social Arabic term has come to heavily influence the *kafala* system. *Wasta* is broadly defined as who-you-know and is based in the emirate of Dubai on kinship and family lines. *Wasta* is a relatively closed and hierarchical upward system relying heavily upon the cultural capital of lineage, name and substantial connections. The role of *wasta* is hence at the state (emirate) level and the changing nature of the *kafala* system since the late 1990s. The roles of social networks are important in global capitalism everywhere, but with the *kafala* system they are readily named and acknowledged as a feature of economic life. I would hence make the argument that we cannot judge the existence of a *kafala* system embedded in a liberal Western theoretical because the problem is not the system itself but the fact that there is not equal access to *wasta* or controlled and tight circles. Indeed one could draw parallels to problems elsewhere due to capitalism including citizenship rights, accommodation, healthcare, and education due to unequal access. The *kafala* has hence become a system maintained and protected under a global capitalist regime of privilege for a minority (Kathiravelu 2012).

Me: “What makes you think the *kafala* system has changed?”

Hamda: “We always think it's American system, so they're following this and they like it. Because the *kafala* system was more I don't know...traditional” (Hamda is an Emirati)

When critics speak to the underlying failures of the *kafala* system in terms of the rights it revokes from migrant workers it does so through Western centric lenses with little understanding of the complexity of the system and its basis in traditional social relations.

“Too many people, honestly, make money in that system. I mean you're talking about the entire the labor market you're talking sort regulating the economy” (Mohamed Economic Dubai Emirati blog writer)

The control of the relationship is however very much in the hands of the *kafeel* and the expatriate business operator must maintain this relationship. The social processes and interactions hence expand beyond the immediacy of the Emirati population.

“I've been very fortunate, yeah. What I would really say is that my *kafeel* has never been very helpful, nor has he caused any trouble for me. So he's been very neutral in that sense.” (Raj Dental clinic owner)

“You see this is the *kafeel* he has nothing to do with what is going on in the business other than sign the visa application and all that stuff but again as I said, if your relationship with your *kafeel* is very good and he trusts you with this you can sign on his behalf. I sign on his behalf.” (Mohan Indian jewellers owner)

“If I wanted to change my *kafeel* I could but I don’t know how I would do that as I got mine through word of mouth and that is how most people do it. You come with a job or a visitor’s visa and then you try and find a *kafeel*. Usually you find it through your job and ask you Emirati customers” (Iman Egyptian beauty salon owner)

A *kafeel* can be very involved in a business or just be a name as evidenced by the quote by Aysa. In conversations with expatriate business owners it became clear that there is a lot of money to be made by the government through the *kafala* system in addition to the *kafeel* fees. In her quote, Raj is speaking about the fact that an expatriate owner may sponsor workers under their *kafeel* but they, the expatriates, are responsible for their cost.

“So this whole system is very, very lucrative for the government. I pay AED 25,000 every two years for each of my 4 employees and basically they do nothing, really, just a small bit of paper. This is different from the money I pay to the *kafeel* each year” (Raj Dental clinic owner)

“I think things move faster in Dubai because it is a one-man show⁴ compared to other Arab countries where I have worked. He controls the structure and not only that, the difference between Dubai and all other countries is he pays those people enough not to demand payouts and under the table things. There is *wasta* everywhere” (Ayman Restaurant owner)

Conclusions:

Despite its importance in shaping labor markets in the Middle East, the *kafala* has not been the subject of analysis and only a few papers have studied its nature or effects. Those that have provide a wealth of information on the living conditions of migrant workers but do not look at the institutional role of the *kafala* system. In this paper I have attempted to unpack some of the historical processes behind the role of the *kafala* system, and its deep rootedness in the social structure of the society in Dubai and indeed other Gulf countries. By applying a Polanyian reflexive methodology I am able to bring together a historical analysis of the relationship of the *kafala* system with the formation of the state and the then need for large numbers of migrant expatriate workers. The interviews conducted with Emirati nationals and expatriate business owners illustrate the continuing social embeddedness of the *kafala* system, but also how it has been adapted to suit the accumulation of those in power.

I opened with a discussion of how neoliberalism should be understood in context, and I would contend that Dubai has its very own specific flavor of neoliberalism based on this initial understanding of the role of the *kafala* system. I end on perhaps a darker note with Polanyi’s

⁴ Referring to Sheikh Mohamed bin Rashed Al-Maktoum the current ruler of Dubai

view that the self-regulating market and democracy are in the long run irreconcilable, and that either the free market economy would give way to a more cooperative social economy or the free market economy would become increasingly dependent on authoritarian or fascist protective rule (Baum 1996). Can we say that the system of feudally based Skeikdoms is a ground for new forms of neoliberalism?

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