David Wearing’s fine book provides a very thorough dissection and analysis of Britain’s long relationship with the Gulf states, one which goes back a long way. Well aware of this history, Wearing explains that British influence there went through three phases. The first started in the heyday of Empire, when Britain was the world’s superpower and influence over the Gulf was essential for the protection of the route to India via the Suez Canal. At the start of the twentieth century, Britain’s commitment to the region deepened, thanks to the discovery of extensive oil reserves there. These were vital to the modernisation of the Royal Navy during the era of Anglo-German rivalry prior to the First World War, with ships increasingly powered by oil-fired steam turbines rather than reciprocating steam engines. Encouraged by the government in London, oil corporations established themselves in Persia and Mesopotamia (then part of the Ottoman Empire and now Iraq). The largest of these (with 51 per cent of the shares purchased by the British State), was the Anglo-Persian Oil Company (now BP). The defeat of Turkey and collapse of the Ottoman Empire in 1918 left Britain as the hegemonic power not just in the Gulf but across the Middle East, running a puppet government in Cairo and responsible for ‘mandated territories’ on behalf of the League of Nations such as Mesopotamia, Transjordan and Palestine. The interwar years, however, saw the beginnings of a challenge to British supremacy, as US oil interests – notably ARAMCO – gained concessions in Saudi Arabia.

This was a portent of things to come. When the second phase of Britain’s transition began after 1945, its position had been eclipsed by US power and influence. However, thanks to support from Washington, London hung on to its role in the Gulf, where extensive oil reserves had been discovered in Bahrain, Kuwait and Qatar. The US Government did experience some frustration with Britain, due to commercial rivalries and the need to provide ongoing financial
assistance (which was all greatly exacerbated by the 1956 Suez Crisis). In spite of that, the USA found the UK to be a very useful junior partner in the Cold War: its network of bases and interests in the Middle East (oil being the most significant) assisted in the containment of the Soviet Union. Overall though, and US backing notwithstanding, this was a period when Britain gradually wound down its involvement in the Gulf, in the face of radical Arab nationalism and pressures on the foreign exchange reserves (often intensified by political instability in the region). Eventually, by the late 1970s, there were no British bases in the Gulf. A British presence endured, however, thanks to London’s support for the ruling families in states such as Saudi Arabia, Bahrain, Oman and Qatar. This was driven by a determination to ensure pro-Western governments remained in power and thus guaranteed security of oil supply and the investment of Arab petrodollars in London banks. British assistance generally took the form of British support, in terms of personnel (many of them seconded from the civil service) and equipment for internal security (i.e. against political opposition). There was also military hardware (tanks, armoured cars, aircraft) and staff (this included contingents from the RAF and the SAS), along with training for the armed services of the Gulf states (both in their home countries and at establishments such as Sandhurst). Notwithstanding the political and military withdrawal from east of Suez during these years, Britain continued to wield considerable influence in the Gulf, though this was certainly a good deal more informal than it had been in the pre- and early post-World War Two era.

The third phase started during the 1980s and continues to the present day. It has been characterised by ongoing UK backing for the local regimes in the Gulf and a willingness to continue providing them with the means to secure their position against radical challenge, whether that comes from within or from external powers such as Iran. Britain’s commitment has been driven by concern to guarantee a steady and predictable flow of oil to the West at prices which may vary but which do not threaten to plunge the developed economies into recession as the oil crisis of the mid-1970s did. Wearing shows that British governments regard security of access to the Gulf’s oil (and, increasingly, to its gas reserves) as fundamental: any disruption or price instability resulting from war, political upheaval, deliberate price manipulation or accident is regarded as a ‘tier three’ threat to national security requiring a response from the British government.¹ The oil trade is seen not only as a condition of western

¹ This is from the Cameron government’s 2010 document on UK National Security Strategy. On p. 63 of his book Wearing provides further details: ‘Tier one’ risks ‘include direct terrorist attacks on the UK’ and ‘tier two’ risks include ‘a civil war overseas which terrorists are able to exploit to their advantage’.

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prosperity in general terms but of particular interest to Britain, given that a large part of the money paid to Arab states for this (and for exports of gas from the region) has then been placed in the British financial system and handled by banks in the City of London.

This financial relationship goes back decades: in 1975 both Kuwait and Saudi Arabian held large portions of the revenue they derived from the quadrupling of the oil price after October 1973 in the form of sterling balances held in London. (Saudi assets in the British economy were worth £20 billion in today’s prices.) This connection is ongoing. Surplus funds are used to pay for British exports of educational and financial services; but they also pay for military hardware, building on the relationship which started in the 1960s. British governments since the Thatcher era have actively supported arms exports to the MENA (Middle East and North Africa) region which now accounts for 50 per cent of ‘all defence sales by value in the past 10 years’.  

The largest customer in the Gulf for UK arms exports is Saudi Arabia. The relationship centres on the Al Yamamah (ironically meaning ‘the dove’ in English) agreement between the governments in London and Riyadh. The major UK beneficiary is BAE systems, one of the UK’s leading corporations and the largest defence contractor in Europe, with a turnover of £16.8 billion in 2018. The contract for this deal was first signed in 1988 (the Memorandum of Understanding having been agreed between the parties in 1985) and has been renewed at intervals ever since. The initial agreement was worth £20 billion and was at the time the largest arms exporting contract in British history, a position it has retained as a result of the subsequent updates. In 2005 Mike Turner, the CEO of BAE Systems, said that the Al Yamamah contracts had been worth £43 billion to the corporation and had the potential to generate another £40 billion.

Footnote one continued:


Under this deal BAE systems has supplied the Saudi Government with Tornado and Typhoon fighter bombers (and bombs for the planes), Hawk trainers, minesweepers and missile systems. These have all been used in recent years by Saudi Arabia during its military intervention in Yemen. This has been characterised above all by a bombing campaign which has led to the deaths of at least 60,000 civilians since 2016, while an estimated 85,000 children have perished from starvation or preventable disease as a result of the damage done to Yemen’s infrastructure and a long-running blockade. Meanwhile, the UN warns that 14 million lives are at risk from the worst famine in the region for a century.\(^5\) The British government’s protests about this catastrophe have been rather muted. This is perhaps unsurprising given the highly lucrative nature of the Al Yamamah deal, along with the presence in Saudi Arabia of over 4,000 BAE staff, many of them engineers sent to assist in the servicing of the aircraft, as well as RAF personnel seconded to train the Saudi pilots. There are also reports that British special forces are on the ground there.\(^6\)

Wearing’s excellent, detailed and highly informed book shows how Britain’s entanglement with the Gulf today has changed from the era when it was the world’s superpower and sought to protect the flow of people, goods and capital to and from India. He argues persuasively that it remains of central strategic importance to the interests of the contemporary British State. First of all, Gulf oil and resources, along with friendly governments committed to providing Western nations with secure access to its resources, are deemed essential to global economic stability. Secondly, the region is a valuable market for British goods and services. Perhaps the leading sector involved is defence, given the scale of the arms trade. This sustains the long production runs essential to economies of scale, generating the profits (worth £1.03 billion in 2018) which finance BAE Systems’ expensive research and development programmes. There is also a (generally) buoyant share price – and associated rewards for the directors – with hundreds of thousands of jobs directly and indirectly linked to the corporation’s work. The sheer volume of business done under arms contracts, not only with Saudi Arabia but also with smaller Gulf nations such as Bahrain, Oman and Qatar, produces two key benefits for the British State. First, it underpins UK influence in the region; secondly and, even more important, it ensures that Britain retains a military-industrial base large enough to justify its status as a ‘tier-one military power’ with the ability to


\(^6\) Wearing, see note 5.
project influence globally and not simply in the European theatre.\(^7\)

Profound consequences follow from Britain’s relationship with the Gulf States. To begin with, it has led the UK, quite willingly, into supporting the conservative and repressive elites running the Gulf States against internal and external opposition. The Arab Spring of 2011 spread to the Gulf, with the greatest popular uprisings occurring in Bahrain and Yemen. In Bahrain a largely non-sectarian and peaceful protest movement against the ruling Al-Khalifa family called for constitutional government, an ending of human rights violations and free and fair elections. There was a dramatic popular mobilisation which at one point in March 2011 ‘saw up to one-third of the population on the streets demanding their rights . […] ‘the highest per capita involvement in any of the protests during the Arab Spring’.\(^8\) This peaceful call for liberal reforms was brutally repressed by the regime, supported by a GCC\(^9\) intervention force dominated by the Saudis. The GCC contingent, many of whom had been trained by the British, used British munitions all the way from assault rifles to armoured vehicles. London’s line has been to regret the extent of the force used against the demonstrations but congratulate the ruling family for facing up to its political problems and establishing a process of political reform. The British government knows very well, however, that these reforms are largely fictitious.\(^10\)

In Yemen, mass support for steps to reduce unemployment, tackle corruption and embrace liberalisation extended to the predominately Shia

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\(^8\) Wearing, AngloArabia, pp. 203-4. This is from testimony by Dr Kristian Coates Ulrichsen before the House of Commons Foreign Affairs Select Committee, December 2012. See <https://publications.parliament.uk/pa/cm201314/cmselect/cmfaff/88/88vw39.htm>.

\(^9\) Gulf Cooperation Council is an alliance of Gulf State governments established in May 1981 to promote economic and security co-operation.

\(^10\) The Bahraini government set up an independent inquiry to investigate the unrest, a move for which it was praised by many western governments, including the UK and the United States, along with human rights organizations such as Amnesty International. But many of the subsequent report’s recommendations have not been implemented, including permission for human rights organizations to enter the country and observe and report what they find. Censorship continues, freedom of association is restricted and in June 2017 the National Democratic Action Society party was banned (‘terrorist activities’ being the justification). The ban was criticized by Amnesty International and the Bahrain Institute for Rights and Democracy, with Amnesty’s Middle East Research Director Lynn Maalouf calling this suspension ‘a flagrant attack on freedom of expression and association’. (See <https://tinyurl.com/y5gx6rel> or

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Houthi community from the north of the country, whose distaste for the government had sparked off a long-term insurgency as far back as 2004. Attempts at a political compromise collapsed and the nation lurched into civil war. The Sunni Islam Saudi regime feared that victory on the part of the Houthi rebels, who were receiving assistance from the Shia Islamic Republic of Iran, would lead to the extension of Tehran’s influence into the heart of the Gulf. What had started out as a secular protest became part of the Sunni-Shia power struggle within Islam. The Saudis therefore entered the conflict on the side of the Yemeni government. As containment of Iranian expansion in the region has been a major objective of the US and UK governments since the 1979 revolution which overthrew the Shah and brought the Ayatollah Khomeini to power, both London and Washington have backed Saudi Arabia’s participation in the Yemen conflict. It has been good business and serves a wider strategic purpose, the resulting suffering and carnage notwithstanding. As with the example of Bahrain, British government protests at Riyadh’s bombing of the Yemeni civilian population do not carry very much conviction.

The second major consequence of Britain’s relationship with the Gulf States has been, as Wearing very perceptively notes, to bolster the turn to neoliberalism made by the Thatcher governments after 1979. During this time the UK economy has become increasingly reliant on the wealth generated by its financial and services sector, while manufacturing as a share of the GDP has collapsed from 25 per cent of GDP in 1979 to little over 10 per cent by 2015.\(^\text{11}\) The Conservatives under Thatcher encouraged this process, using the proceeds of North Sea oil to cushion the British economy and society against the shock of a strategic shift away from industry (although the results, seen most starkly in the rise of unemployment to over 12 per cent of the workforce by 1986, along with social disorder and bitter class conflict, were still traumatic). Thatcherite reforms sought to weaken organised labour but empower the City through the famous ‘Big Bang’ of 1986, which led to the internationalisation the financial sector – in so doing enabling it to take full advantage of the accelerating globalisation of capital flows.

Banks and firms based in the City have been able to exploit this process, attracting inflows of foreign money and recycling it to fast-growing economies

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\(^{11}\) Newton, The Reinvention of Britain (see note 3), p. 245.
abroad. According to research by Tony Norfield, which Wearing cites, the UK possesses the world’s leading financial sector, measured ‘by the size of international assets and liabilities of banks operating in the UK’ (with the qualifier that many of these ‘are not UK-owned or controlled’). The oil exporting nations, which became the biggest source of global savings by 2007, have played a full part in this development. The flow of wealth from them has increased markedly since the turn of the century thanks to the activities of their Sovereign Wealth Funds (SWF: state-owned investment funds). London banks have profited from their ability to recycle SWF capital into tax havens and a range of commercial activities, including investment in sport (football being a leading example), property development in the UK and beyond, leisure (the Travelodge chain is owned by Dubai holdings) and infrastructure projects. By 2018 the Gulf Cooperation Council (GCC) region was as important to British capitalism as China and India, ‘and sometimes more so’.

Thirdly, as Wearing shows, the Anglo-Arabian economic and strategic relationship has sustained the UK as an imperialist power during the late twentieth and early twenty-first century. The definition of imperialism provided by historians John Gallagher and Ronald Robinson in their seminal 1953 article, ‘The Imperialism of Free Trade’, is useful here (though not referred to by Wearing). Gallagher and Robinson argue that the outflow of goods and capital and the size of the domestic market generated by industrialization in the UK during the nineteenth century led to ever widening and deepening development in overseas regions. Imperialism is seen as ‘the sufficient political function of . . . integrating [these] new regions into the expanding economy.’ In other words, imperialism was the process by which British power was used to integrate other nations into the world market its own economic transformation had created: tariffs and other barriers to trade were to be dismantled and these countries were to be opened up to British industrial exports and British finance. This could have happened peacefully; but if local

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12 See Wearing, AngloArabia, p. 112.


14 Wearing, AngloArabia, p. 110.


16 The text of the Gallagher and Robinson article is at <https://tinyurl.com/y4aotdoh> or <https://moodle2.units.it/pluginfile.php/101074/mod_resource/content/2/Gallagher-Robinson_Imperialism_of_Free_Trade_EHR_1953.pdf>, the specific quotation coming at the bottom of page 5.
elites refused to collaborate with London and there was resistance (as in China over the opium trade between the 1830s and 1850s, Egypt in 1882 and in West Africa and South Africa during the 1880s and 1890s), then the British would use military power. This is how the UK built its global empire and the network of financial *entrepôts* and military bases which held it together.

World War Two and its aftermath saw the retreat from formal Empire by Britain, which accelerated after the Suez fiasco. The twenty years from 1957 to 1977 were the years of decolonization, the end of sterling’s role as a global currency and a strategic turn to Europe.\(^\text{17}\) The first major steps in this transformation had started in 1949 with the formation of NATO and Britain’s historic commitment to a permanent military presence on the European continent for the first time. But although the decade and a half following this had seen British trade shift decisively to the European market and away from Commonwealth and Empire countries, the economic complement of the military turn to Europe was not formalized until 1973, when Britain entered the EEC (European Economic Community). This was the era of social democratic Britain, one in which governments of both major parties were committed to programmes of industrial modernization and sought to control the activities of the City in order to prevent these from being destabilized by capital outflows. Just as participation in NATO reflected the priority of a continental commitment over maintaining bases in parts of the world which used to be in the Empire, so membership of a fast-growing European market appeared to be an appropriate external economic strategy for a Britain in which the dominant social and political forces tended to be large-scale industry and organized labour, in other words what may loosely be called ‘Producers’ Britain’.

The era of neoliberalism and globalisation, starting in the late 1970s, has seen the erosion of this strategic synthesis. The deregulation associated with it has facilitated freedom of capital on a global basis. This, in turn, has dramatically altered the balance of social and political forces in the UK, undermining the power of large-scale industry and of organized labour but enhancing the power of the City of London. In particular this period has seen the rapid growth of private equity funds and hedge funds. Hedge funds make their profits through a series of bets on trends in the financial market, aiming to ‘hedge’ themselves against losses by ‘shorting’ assets. This involves borrowing assets such as shares or currencies, for example, which are expected to lose value and then selling them to investors who pay for them at the current market price, before it falls. When the fall does occur, the fund will

\(^{17}\) 1957 saw Ghanaian independence and 1977 the Basle Agreement, with the Bank of International Settlements and Group of Ten leading industrial countries establishing a safety-net of $3 billion fund to manage the rundown of sterling balances held in London.
re-purchase the assets at the lower price, with the difference between what it sold them for and what it bought them for constituting its profit. The bulk of the world’s hedge funds (some $2.6 trillion) are managed in the USA but the UK is, albeit by some distance, the second most popular choice, with firms in the City of London responsible for hedge funds worth $500 billion (equivalent to almost 20 per cent of the nation’s GDP). The sheer size of these funds gives finance a power and influence in the British State it has not enjoyed since 1914.

Hedge funds like the new Prime Minister, Boris Johnson, whose bid for leadership of the Conservative Party is known to have received backing from hedge fund managers such as David Lilley of RK Capital, Jon Wood of SRM Global, and Johan Christofferson of Christofferson, Robb and Co. They are especially keen on his support for ‘Brexit’, that is UK withdrawal from the EU, apparently at any cost. These individuals are characteristic of their colleagues in that they dislike the ongoing financial regulation introduced by the European Commission and the European Central Bank (ECB) after 2008 and designed to prevent another Crash. Due to the very nature of the way they make their money, the ‘Hedgies’ favour markets which are free and prone to volatility. Nor are they keen on the quantitative easing (QE) policies followed by the EU – as well as the USA and the UK – in a bid to sustain economic activity in a period of debt redemption, given its tendency to inflate the price of assets and reduce opportunities for shorting. Their preferences have helped to provoke a shift in British external policy away from Europe and in favour of Brexit.

Defence and security strategy has followed the money: the 2010 Conservative-Liberal Democrat document on UK National Security Strategy identified the promotion of the UK national interest with the ability to project power, military if necessary, globally. In 2015 construction was started on a UK naval base in Bahrain, providing the opportunity to deploy sea-based forces against hostile powers in the Gulf, the Red Sea and the Indian Ocean. (This can only mean countries such as Iran, Russia and even China and their proxies, which are not committed to the western liberal capitalist, free market model.) Before he was sacked as Defence Secretary earlier this year, Gavin Williamson spoke expansively of more new bases, in the South China Seas and the

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19 Kerevan, see note 18.

20 Both the USA and the UK also adopted a more regulatory approach to their financial systems, but with rather less stringency than the EU. See for example Howard Davies, ‘Why is Trump easing financial rules when Europe has opposing view?’, The Guardian, 5 April 2019, at <https://tinyurl.com/y6owpwrw> or <https://www.theguardian.com/business/2019/apr/05/why-is-trump-easing-financial-rules-when-europe-has-opposing-view>.
Williamson’s comments led to raised eyebrows in many quarters but should not have come as a complete surprise, since the rationale behind them was all of a piece with a ‘new’ Britain seeking to turn the clock back by over a century and once again commit itself to the path of free trade imperialism.

Wearing does not go quite as far as to say this, but it becomes evident from a close reading of the book that Britain’s presence in the Gulf has become indicative of a new direction for British capitalism. Albeit this being one that is driven by the old economic and social forces at the core of British imperialism during the nineteenth century. These are the City of London and the public schools. As we have seen, Johnson’s campaign to become Tory leader received much City backing. Both he and Cameron are old Etonians, as are some of the leading proponents of Brexit in the Conservative Party, such as Jacob Rees-Mogg (co-founder and co-owner of the hedge fund, Somerset Capital Management) and Kwasi Kwarteng. This group has used Brexit to stage a political and economic coup, as a result of which Britain will (so the perpetrators hope) shake off the remains of industrial capitalism and embrace a future supplying ‘business, technology and financial services to emerging markets such as China and India and as the financial manager of the world.’ If they are successful, only sufficient manufacturing capacity to build and service a military machine capable of protecting the new politico-economic configuration would be retained. This is not a strategy which needs Britain to be – in the words of John Major thirty years ago – ‘at the very heart of Europe’. It does, however, need a strong presence in regions such as the Arabian Gulf, whatever the cost to the local populations there, and the continuation of the ‘special relationship’, Britain’s close alliance with the USA,

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25 Major, of course, being a Tory from a class and tradition very different from Boris Johnson.
the chief guarantor and guardian of the international capitalist order. Of course, at the time of writing (July–August 2019) other forces inside the economic establishment continue to contest the issue of Brexit, and the outcome of this conflict is still uncertain. Yet Brexit or no, there has been movement over the past decade in favour of a national economic strategy prioritising the ability to move money around the world without intervention from State actors such as governments or central banks. The roots of this go deep into the history of British imperialism and at least one of them can be traced all the way back to when Britain signed its first Arabian Treaty, with the Sultan of Muscat in 1798.

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\[26\] By 2017, with over 1,500 military personnel and seven warships deployed in the Gulf, the UK’s regional presence was second only to that of the USA. In addition, ‘British forces have made good use of their access to Gulf bases. According to the British Ministry of Defence, the RAF has dropped “11 times more bombs than at the height of the Afghanistan conflict” targeting Islamic State positions in Syria and Iraq’. See Antoine Vagneur-Jones, ‘Global Britain in the Gulf: Brexit and relations with the GCC’, Fondation pour la Recherche Stratégique, Note de la FRS 13/2017, 19 July 2017 at <https://tinyurl.com/y6ovafv4> or <https://www.frstrategie.org/en/publications/notes/global-britain-in-the-gulf-brexit-and-relations-with-the-gcc-13-2017>.