

THE RISE AND FALL OF BAHRAIN'S MERCHANTS IN THE PRE-OIL ERA

By

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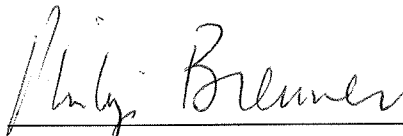
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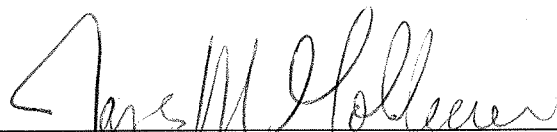
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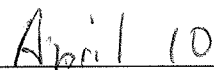
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“We cannot fight for our rights and our history as well as for the future until we are armed with weapons of criticism and dedicated consciousness.” – Edward Said

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## ABSTRACT

This study is concerned with the how Bahrain's merchants shaped the island's political history in the pre-oil era. It argues that the interdependent relationship between the merchants and the ruling family was interrupted by a severe structural crisis in the 1920s, which invited Britain to heavily intervene in Bahrain in order to centralize the state and empower the Sheikh's administration. The study concludes by raising questions about the integration of various merchant groupings into the new rentier economy during the difficult years of the Great Depression and the changing power dynamics since this critical juncture.

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# **CHAPTER 1:**

## **THESIS OUTLINE AND STRUCTURE**

### **1. Introduction**

The Gulf Arab states have been profoundly transformed since the advent of the oil era, a testament to which their state-of-the-art skyscrapers stand today. Of these transformations, this paper addresses the distribution of political power among various sociopolitical and economic actors in Bahrain. More specifically, this paper examines how the merchants, as a key section of the island's elite, contributed to shaping its pre-oil history; i.e., before power became concentrated in fewer hands due to the influx of oil monies into the state's coffers.

The significance of the merchants has been demonstrated in the work of Jill Crystal, where the cases of Kuwait and Qatar were studied before and after the advent of the oil era.<sup>1</sup> The case of Kuwait is especially interesting because its merchants have managed to preserve a degree of their political influence and cohere into a class despite the rise of the rentier state. The case of Bahrain is equally interesting because the island had once represented the hub of the pearl diving activity in the Gulf; indeed, as we shall see in chapter 2, Bahrain-based merchants controlled the richest pearl banks in the region. The island was also strategically located along the important trade route between India and Iraq. These two factors attracted capital as well as labor to the island during

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<sup>1</sup> Jill Crystal, *Oil and Politics in the Gulf: Rulers and Merchants in Kuwait and Qatar* (New York: Cambridge: University Press, 1995).

the decades of the pearl boom. For many, in other words, accumulating wealth in Bahrain was clearly a worthwhile endeavor.

Bahrain's commercial significance begs the question: how did these resourceful individuals behave politically? Indeed, how can we explain their political behavior (i.e., activism/ quietism) at a time when the state's revenue depended on their commercial activities and has yet to be centralized? Did these wealthy individuals project their influence into the political arena? If so, when did they cease to be a feature in Bahraini politics? Further, to what extent can one refer to Bahrain's merchants a "class"? Can we identify the factors that reinforced or hampered these individuals' ability to cohere into a socioeconomic class à la Kuwait?

Historian James Onley maintains that merchants played an important role in the political economy of the pre-oil Gulf Arab states.<sup>2</sup> For Onley, the merchants represented a pillar in "collaborative power triangle" alongside imperial Britain and the ruling families in the nineteenth century.<sup>3</sup> But despite its imagery of a triangle, Onley's study *The Arabian Frontier of the British Raj* is primarily concerned with the relationship between a handful of merchants in Bahrain and Britain, which was characterized by these select merchants' role as "native" Political Agents. The collaborative triangle model is nevertheless useful as a point of departure for the purposes of our study because it recognizes a certain complexity in the power arrangement between Britain and its informal imperial projection in the Gulf. This complexity is traditionally

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<sup>2</sup> James Onley, *The Arabian Frontier of the British Raj Merchants, Rulers, and the British in the Nineteenth-Century Gulf* (New York: Oxford University Press, 2007).

<sup>3</sup> Ibid., 40.

overlooked by historians, as exemplified by the very title of Mahdi al-Tajir's study, *Britain, the Sheikh and the Administration*.<sup>4</sup> This study, on the other hand, concerns itself with the merchants' pole in this triangle, which has hitherto been underemphasized in the literature.

## 2. The Merchants in the Literature

References to Bahrain's merchants in the literature are far from scarce. Aside from Onley's study *The Arabian Frontier of the British Raj*, as noted above, shows how various merchants in Bahrain entered into a close relationship with Britain by playing the role of Political Agents.<sup>5</sup> Various accounts, including those of Fuad al-Khuri, Muhammed al-Rumaihi and Nelida Fuccaro, have discussed the great degree of autonomy that the pearl merchants enjoyed. Al-Tajir provides us with the most detailed account of how some pearl merchants became highly active on the political scene when Britain decided to impose a range of administrative reforms in the 1920s, which abolished the tributary arrangement between the ruling family and the *Baharnah* and greatly increased British influence on the island.<sup>6</sup> Prominent merchants appear again as

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<sup>4</sup> Mahdi Abdulla al-Tajir, *Bahrain 1920-1945: Britain, the Sheikh and the Administration* (New York: Croom Helm, 1987). Other works place a similar emphasis on Britain and "the Sheikh." See: Muhammad Ghanim al-Rumaihi, *qaḍaya al-taghyir al-siyasi wa-al-ijtima'i fi al-Baḥrayn, 1920-1970* (Kuwait: Mu'assasat al-Waḥdah lil-Nashr wa-al-Tawzi, 1976); Saeed al-Shehabi, *al-Baḥrayn, 1920-1971: qir'ah fi al-watha'iq al-Baritaniyah* (Beirut: Dar al-Kunuz al-Adabiyah, 1996); Fuad Ishaq al-Khuri, *al-qabilah wa-al-dawlah fi al-Baḥrayn: taṭawwur niẓam al-sulṭah wa-mumarasatuha* (Beirut: Ma'had al-Inma al-'Arabi, 1983); Husayn Musa, *al-Niḍal al-waṭani al-dimuqrati al-ḥadith li-sha'b al-Baḥrayn 1920-1981* (Beirut: al-Ḥaqiqah Press, 1987).

<sup>5</sup> Onley, 133. Other works that discuss the activities of the merchant class in Bahrain include Michael Field, *The Big Business Families of Saudi Arabia and the Gulf States* (New York: The Overlook Press, 1984); and Khalid M. Kanoo, *The House of Kanoo* (Dubai: Oriental Press, 1997). The latter work traces the commercial development of the Kanoo family in the twentieth century as well. The latter two works are useful as they identify and provide a detailed biography of important merchants and shed light on the business climate in Bahrain during various moments in Bahrain's twentieth century history.

<sup>6</sup> Al-Tajir, 54-70.

community leaders in the 1930s as they take charge in attempting to build a coalition of social movements and demanding wide-ranging reforms.<sup>7</sup> The early chapters of Fuccaro's book provide the most extensive discussion of the merchants in Manama (henceforth "urban merchants"); it demonstrates how the privatization of land in Manama and the institution of the Municipal Council anchored the urban merchants deeply into Bahraini political and economic life – whereas many (including the tribal merchants) were once highly mobile and loosely connected to the island.<sup>8</sup>

However, none of these accounts trace the development of the merchants thoroughly or systematically. What, for example, drove some merchants to resist – in some cases rather violently – the reforms imposed by Britain in the 1920s? What was the nature of their alliance with the administration of Sheikh Isa bin Ali al-Khalifa? Indeed, why did Britain intervene in the way that it did? Further, how did the merchants fare under the reforms? And at what point did they cease to play a role on the political stage? None of these questions have been addressed; instead, the merchants were included as part of the historical narrative when they were politically active and overlooked when they retreat into the background. They have not, in other words, been treated as a key factor in Bahrain's political life.

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<sup>7</sup> See chapter 4 for a detailed discussion.

<sup>8</sup> Fuccaro, 103.

### 3. Delineating the Contours of British Power

Fuccaro's work is outstanding in its emphasis on the development of the city of Manama "as an *organic entity* and as the point of intersection of the political, social and cultural universe of the Gulf coast [emphasis mine]." <sup>9</sup> Consequently, the urban merchants for Fuccaro are critical in making Manama into a modern, cosmopolitan city. This aspect of Fuccaro's approach informs mine in this paper, as I have conducted this study with the assumption that the merchants (with an emphasis on the tribal merchants in particular) hold the key to understanding Bahrain's domestic elite relations in the pre-oil era.

The footprint of the British colonial administrators in this swath of Britain's informal empire can be found in many places. Indeed, Britain's presence on the island was crucial in maintaining, intensifying, undermining and terminating myriad pre-existing relations among various sociopolitical actors (i.e., ruling family, merchants, judges, workers, tributaries, shopkeepers, artisans, etc.). But it is equally true that these sociopolitical actors operated along the logic of their own set of incentives, disincentives and threats – alongside, of course, their worldview, which color their perceptions of and reactions to these surrounding forces. In short, Bahrain's relationship with Britain is not a unidirectional one in which British diktat determined the island-nation's course of history; rather, it is a dialectical one at every level. Therefore, to capture the web of social relations, this historical inquiry is informed by the necessity to take study the subject against the totality of its social processes – notwithstanding a host of obvious constraints, such as the existing knowledge and its availability as well as the

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<sup>9</sup> Fuccaro, 2.

and the limitations of researcher's discipline. It follows, then, that our study entails an examination of the salient macro socioeconomic processes that involve and surround the operations of the merchants.

#### 4. Theoretical Tools

In *Overstating the Arab State: Politics and Society in the Middle East*, Nazih Ayubi has developed a useful theoretical tool to disentangle the web of social process during this era in Bahrain.<sup>10</sup> According to Ayubi's model, various modes of production (which theoretical constructs that delineate the logic along which production is organized) are often "articulated" in the Arab states (i.e., "two or more modes can often coexist and interlink").<sup>11</sup> This concept helps us to discern the two intersecting modes of production in pre-oil era Bahrain; namely the tributary mode under which the bulk of the rural *Baharnah* population paid tributes to their respective *amir*, and the capitalist mode under which pearl industry workers (henceforth "pearl workers" for short) of various cultural backgrounds sold their labor power, and which their employer would then sell into the global economy.

These theoretical constructs, as I show in chapter 3, offer us an insight into the position of the ruling family before the oil era: on the one hand, the notables of this family (including Sheikh Isa bin Ali) were the direct recipients of tributes. On the other

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<sup>10</sup> See chapter 2 in Nazih N. Ayubi, *Over-Stating the Arab State: Politics and Society in the Middle East* (New York: I.B. Tauris, 2009). While constructing his theoretical model to suit the specificities of the Arab world, it is important to note that Ayubi treats modes of production as ideal types that do not exist in their purest form. Also, Ayubi's model contains three levels of analysis: social formation (by which he means society's various social groupings) – modes of production – world system (i.e., global economy).<sup>10</sup> Without losing sight of the pressures coming from above, this study focuses on the first two levels of analysis of this model.

<sup>11</sup> Ibid., 26.

hand, these key ruling family members were also financially dependent upon Customs House's taxes on imported commodities. Further, as we shall see in chapter 2, the Sheikh also acted as the overseer of the pearl industry.

## 5. Methodology

Tracing and analyzing the development of Bahrain's merchant class in the twentieth century entails, for this paper, a historical, empirical and theoretical approach. While secondary literature has guided me throughout my research, I have relied on a number of primary sources. The *Political Diaries of the Persian Gulf 1904-1965*, for example, has provided me with invaluable data, as it comprises fortnightly reports written by the Political Agent to his superior in Bushehr, the Political Resident. These regular notes offer us a window into the day-to-day life in Bahrain, albeit from a British point of view.<sup>12</sup>

I have also consulted the India Office Record archive at the British Library in London, where I found detailed correspondence between the Financial Advisor Charles Belgrave, the Political Agent, the Political Resident and, in some cases, the representative of the Government of India. I have resorted to other primary sources to supplement my work wherever possible such as the *Bahrain Government Annual Reports 1924–1970*, *Records of Bahrain 1820–1960* and a Bahrain government publication *tis'una aman min masirat al-amal al-baladi* (roughly translates to “90 years of municipal work”).

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<sup>12</sup> Relying on British sources is a limitation that all virtually Bahrain scholars face, as alternative sources are largely unavailable.

## 6. Thesis Structure

This paper is organized chronologically. It begins with what I call the long nineteenth century, which includes the first 23 years of the twentieth century. During this period, the pearl-producing merchants enjoyed near-total independence from Sheikh Isa bin Ali's administration. But, as I argue in this chapter, this privilege is only extended to merchants of certain ethnic and sectarian backgrounds; barring this standard, British protection, too, played a role in shielding merchants from arbitrary dispossession at a time and place where the private property regime was weak. The purpose of chapter 2 is to provide a background on the topic and trace the contours of each social grouping as they relate to each other within and without the realm of production and exchange.

Chapter 3 deals with the period leading up to the British intervention in 1923, which deposed Sheikh Isa bin Ali from power, created a number of new state institutions, curbed the tribal merchants' autonomy and, on the whole, greatly expanded British influence on the island. My contribution here is highlighting the structural crisis that preceded Britain's intervention. In other words, I address the puzzle of why, knowing that Britain was becoming evermore intrusive in his administration's affairs, Sheikh Isa did not placate the *Baharnah*. Here, Ayubi's theoretical model of articulated modes of production become useful in explaining the structural contradictions that underpinned the behavior of various sociopolitical agents. The crisis resulting from these contradictions contributed to making Bahrain exceptionally prone (that is, in relation to the other Gulf states) to British interventionism.

Chapter 4 deals with the collapse of the pearl industry as demand for Bahraini pearls dwindled since the New York stock exchange crashed in 1929. More than the

collapse of the industry, I argue that the merchants who relied on pearl production for profit did not find new avenues to reproduce themselves as capitalists. Meanwhile, a parallel development was unfolding in the urban center of Manama: urban merchants – most of whom were pearl traders (as opposed to producers), landlords and moneylenders managed to weather the ravages of the crisis by using the Manama Municipal Council as a forum to express their interests and cushion themselves against the harsh economic climate. This study concludes as the merchants disappear from the political scene as the oil industry quickly replaced the pearl industry – and thereby making the state, instead of the merchants, fiscally autonomous for the first time.

## Chapter 2

# BAHRAIN'S MERCHANTS IN THE LONG NINETEENTH CENTURY (1800-1923)

The ports looked like beehives as they were overrun with divers. Some were loading the boats with supplies of rice bags and date baskets; some were fixing the sails; some were exchanging notes with pilots and merchants on unpaid bills, debts, contracts and the like. Crowds of women and children stood by the shore waving hands and handkerchiefs, bidding goodbye to husbands, brothers and sons at the rhythm of sea waves and the tunes of pearl-songs mixed with cries of babies. A young man who did not have the opportunity to take part in pearl fishing found himself homebound – a victim of lonesomeness and boredom.<sup>13</sup>

### 1. Introduction

The island of Bahrain had known pearl production since the most ancient of civilizations. But never in its history had it depended so overwhelmingly on this industry as it did in the latter half of the nineteenth century and the first few decades of the second.<sup>14</sup> This chapter aims to outline the operations of the merchants and their relationship with the state. Emphasis on pearl production is warranted not only due to its historic prominence during this era, but also due to the fact that the “richest pearl banks were in Bahraini waters.”<sup>15</sup>

This chapter begins by introducing the historical background against which trade – and most prominently pearl production – had flourished. I will argue that this newfound prosperity was largely due to the consolidation of Pax Britannica, which, by

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<sup>13</sup> Fuad al-Khuri's interview with a “notable *nakhuda*.” See: Al-Khuri, 92-93. This translation is based on the one provided in the English translation of the same book.

<sup>14</sup> Ibid, 89.

<sup>15</sup> James Onley, "The politics of protection in the Gulf: The Arab rulers and the British resident in the nineteenth century." *New Arabian Studies* 6 (2004): 36.

the turn of the century, had turned the Gulf into a “British lake.” Then, the chapter lays out the division of labor, the sociological and political economic implications of which are discussed under the sections that follow. This chapter concludes by arguing that ethnicity and religious sect largely shaped the commercial prospects of a given merchant; and that the operations of the tribal merchants were organically tied to the ruling family.

## 2. Background: Toward Pax Britannica

The greater part of the nineteenth century was a time of instability and uncertainty for the fledging tribal settlements along the Arab littoral of the Gulf. The ruling al-Khalifa tribe took control of the already pearl-producing Bahrain in 1783. But the tribe had struggled to maintain its rule, let alone its autonomy. One source of threat came from external powers. At different times, the ruling family was made to pay tributes to and seek protection from the ruler of Oman, Persia and the Saudis of the Arabian hinterlands.<sup>16</sup> Another source of threat came from al-Khalifa’s ally-turned-foe, Jabr bin Rahma of the Jalahma tribe. The latter tribe, in alliance with the Saudis, continued to threaten the al-Khalifas until their ultimate military defeat in 1826.<sup>17</sup>

The status quo was such that boundaries and, thereby, tribute revenue, were in constant flux. These conditions were not conducive to trade. James Onley describes the prevailing order thus

Rulers and tribes who controlled the maritime and overland trade routes connecting Eastern Arabia’s towns with distant markets often levied tolls on

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<sup>16</sup> Al-Rumaihi, 25-26.

<sup>17</sup> Al-Khuri, 44.

those who used them in the form of *khuwah* (a ‘brotherhood fee’ for protection) or *buwayzah* (a fee for free passage). A merchant who travelled along controlled routes had to call at the principal towns of the controllers and pay a fee to guarantee his safe passage. If he did not, and was subsequently intercepted by one of the controller’s patrols, his ship or caravan would be raided. Such raids could be fatal... a successful raid on a peeling fleet could plunge a sheikdom into deep recession.<sup>18</sup>

Imperial Britain was interested in establishing hegemony in the region primarily in order to keep rival imperial powers out of India’s reach. This necessitated maritime freedom of movement for its commercial as well as military ships. But conditions under the existing order of the early nineteenth century was not conducive for Britain to achieve its objective in the region. Thus, Britain came into conflict with existing as well as potential challenges. One notable example of this was Britain encounter with the Qawasim tribe of Ras al-Khaima, whose fleet had patrolled the strategic Strait of Hormuz to extract tolls from passing ships. Declaring them pirates, Britain warred with the Qawasim for years, ultimately destroyed its sizable fleet and subordinated the tribe.<sup>19</sup> British gunboat diplomacy found its first legal and permanent expression in the General Treaty of 1820, which had stipulated that ruling tribes would refrain from “plunder and piracy by land and sea, from slave traffic, and from inter-tribal war, and peace with the British government.”<sup>20</sup> In return, the ruling tribes would receive military protection from Britain against any foreign aggression.<sup>21</sup> This treaty had opened the door to a series of

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<sup>18</sup> Onley, politics of protection, 36.

<sup>19</sup> At least two books have questioned Britain’s narrative of combatting piracy. See: Sultan bin Mohammed Al-Qasimi, *The Myth of Arab Piracy in the Gulf* (London New York: Routledge, 1988); Charles Davies, *The Blood-Red Arab Flag: An Investigation into Qasimi Piracy, 1797-1820* (Exeter, England: University of Exeter Press, 1997).

<sup>20</sup> The Persian Gulf Historical Summaries 1907-1953, Vol. 1. (Cambridge: Cambridge University Press, 1987), 166.

<sup>21</sup> Al-Rumaihi 31-32

direct British interventions (see Table 1), as it became apparent that the General Treaty was not sufficient in bringing inter-tribal wars to an end. It is noteworthy that, as Table 1 shows, most instances when Britain felt the need to employ direct coercion took place before 1869.

<b>Method</b>	<b>Employed</b>
<b>1. Firepower</b>	1821, 1841, 1861, 1868, 1895
<b>2. Threat of firepower</b>	1829, 1836, 1858, 1859
<b>3. Deposing rulers</b>	1868, 1869
<b>4. Imprisonment</b>	1869 (5 Bahrainis, including 2 rulers)
<b>5. Public flogging</b>	1834 (3 slaves of the ruler's son)
<b>6. Confiscation of property</b>	1861, 1865, 1888
<b>7. Destruction of property</b>	1868, 1995
<b>8. Blockades</b>	1829, 1858, 1859, 1869

Table 1: British imperial projection 1820–1900<sup>22</sup>

The decline in direct intervention after 1869 was the product of the new Perpetual Truce of Peace and Friendship treaty, signed with Bahrain in 1861, primarily because it took away the ruling tribe's right to wage war by sea.<sup>23</sup> While this treaty had largely ended inter-tribal warfare in the region, it failed to put an end to intra-al-Khalifa tribe rivalry, which resulted in a civil war in 1841–42 and another in 1869. The source of the rivalry in both cases stemmed from the power structure of the al Khalifa regime; in theory; tribal customs privileged seniority; in practice, each ruler (Bahrain had multiple rulers at a given time until Britain's 1869 intervention) actively promoted his sons at the expense of the tribe's next-in-line senior. Of course, the civil wars brought ruin to

<sup>22</sup> Onley, 131.

<sup>23</sup> Ibid., 46; The Persian Gulf Historical Summaries, Vol. 1., 166.

Bahrain's merchant community: during that of 1842-43, the commercial fleet was reduced to a quarter of its size as the merchants of Manama fled to the port cities of Kuwait and Lingah and greatly disrupting the livelihoods of many.<sup>24</sup> Notable tribes who did not migrate were compelled to constantly shift alliances with different warring factions of the al-Khalifa family.

Turmoil peaked in the 1860s, when a second civil war broke out and the al-Khalifas invaded and sacked Doha. By then, Britain, with its power on the rise and the limits of its tolerance stretched, had decided take drastic measures by ousting the rival factions and installing Shaikh Isa bin Ali al-Khalifa into power. This intervention would prevent similar conflicts from arising again by concentrating power in the hands of the individual ruler and establishing the institution of primogeniture.

The ensuing stability coincided with a key development in the region: British steamers would sail in Gulf waters for the first time in the 1860s. The route connected Iraq and India and brought into its fold the port cities of Basra, Manama and Bushehr. These port cities now became key intermediary links along the British imperial trade routes and thereby integrating them into the global economy.<sup>25</sup> This development, coupled with the post-1869 stability, brought to Bahrain rapid economic growth (see Graph 1). When Britain had first began keeping a record in 1875, Bahrain's pearl industry was worth 180,000 pounds sterling; within fifteen years, its size would quintuple to over a million sterling pounds per annum.<sup>26</sup> Further, the estimations of a

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<sup>24</sup> Fuccaro, 57.

<sup>25</sup> Ibid., 50.

<sup>26</sup> Al-Khuri, 90.

French merchant, who frequented Bahrain during the early twentieth century, show that pearl production along the Arab littoral of the Gulf had by far exceeded other pearl production centers in the region.<sup>27</sup> Another indicator of this rapid prosperity is the population boom: largely owing to labor migration from Iran, East Africa, Qatif and al-Ahsa, Manama's population saw a threefold increase during the last quarter of the nineteenth century.<sup>28</sup> Regional circumstances had also contributed to the fortunes of the Arab Gulf port cities – to the detriment of their Persian counterparts.<sup>29</sup>

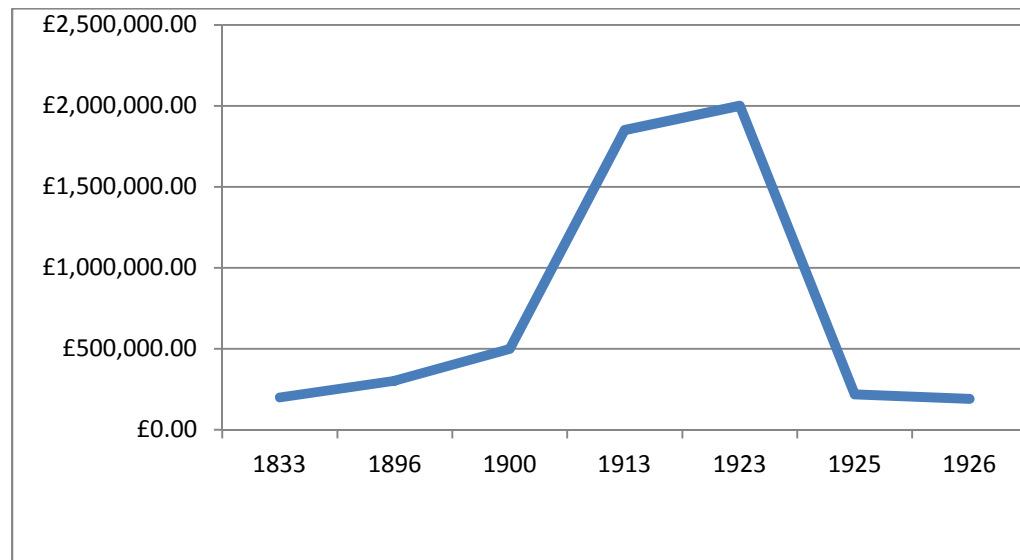


Figure 1: The pearl industry boom<sup>30</sup>

<sup>27</sup> Ibid.

<sup>28</sup> Fucarro, 54.

<sup>29</sup> Ibid., 58.

<sup>30</sup> The figures indicate the revenue generated in pearl production at a given year. The figures are based on Al-Rumaihi, 91. The author does not indicate that these figures are adjusted for inflation. Another caveat is that, as al-Khuri points out, purchases of exceptionally large and valuable pearls were often not recorded. Further, pearl merchants had speculated over pearl prices by stockpiling during a bad season and selling in large amounts during a good one. This means that consistency in sales cannot be assumed. It is doubtless that this feature skewed the figures seen in this table. See: Al-Khuri, 90. Nevertheless, the trend the graph shows is consistent with other evidence, such as the size of the pearl fleet. Anecdotal evidence, too, corroborates this trend. See: Rumaihi, 93.

### 3. Pearl Production

The division of labor in pearl production was a fairly complex one. It divided pearl merchants into the *nakhuda* (boat captain), the financier and international brokers with direct connections with the global economy. Economically speaking, all parties involved in pearl production and circulation are relevant; sociologically and politically, only the *nakhudas* and their financiers are directly relevant to the Bahraini context as brokers who directly circulated the pearl commodity into the global economy were not closely connected to Bahraini society; those based in Bahrain lived in separate quarters but were highly mobile and had travelled constantly, while the rest would simply visit from Europe or India for the purpose of buying pearls at the end of the season.<sup>31</sup> Therefore, emphasis is placed on the operations of the *nakhuda* (and, by extension, his workers) and his financier in the following sections.

#### 3.1. The *Nakhuda*, His Workers and His Financier

The *nakhuda* is the name given to the captain of the boat.<sup>32</sup> He advances (or, as we shall see, borrows) his capital and earns a larger share of the profit margin than the rest of the crew. The *nakhuda* is also responsible for acting as a mediator in the event of conflicts on board. Wealthier *nakhudas* did not participate in pearl production, as they

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<sup>31</sup> This is perhaps the same reason why there is scarce discussion of these international brokers in primary and secondary sources on Bahrain. Exceptions to this are cases where the financier also operated as an international broker.

<sup>32</sup> The word *nakhuda* is commonly pronounced as *nokhedha* in Bahrain. I choose to use the former spelling and pronunciation as it is found in various primary sources. The former spelling is also closer to the word's original form in Farsi language, in which *nakhuda* literally means "the lord/ god of the sea." See: Ranabir Chakravarti, "Nakhudas and Nauvittakas: Ship-Owners Merchants in the West Coast of India (C. AD 1000-1500)," *Journal of the Economic and Social History of the Orient*, Vol. 43 No. 1 (2000), 37. Also note that the plural form applied here is *nakhudas* (i.e., the plural "s" of the English language).

hired an experienced boat captain in their stead (called *ja'di*). Pearl workers were likewise divided along task lines: the *ghawwas* (the diver) carried out the arduous task of collecting pearls from the pearl banks by blocking his nostrils using a fishbone called *fatam*, tying a rope to his ankle and diving into the sea. After collecting pearls from the seabed for over a minute, the *ghawwas* would send a signal to the *seeb* (the puller), who would pull the former back onto the boat. A skilled *ghawwas*, according to al-Khuri, would repeat this process a hundred times a day.<sup>33</sup> The two positions of *ghawwas* and *seeb* were staffed based on the build of the worker; the *ghawwas* had to maintain his lightweight build by surviving on a very poor diet.<sup>34</sup> Working conditions for the *ghawwas* were especially precarious, as the frequent contact with seawater had often caused ruptured eardrums and blindness.<sup>35</sup> The boat is also staffed with the *radhif* (the apprentice – who usually a son of a *ghawwas* or a *seeb*), would assist with various tasks, including cooking for the crew. The *ghawwas* was the highest paid among the above at three shares; the *seeb* received two and the *radhif* one. After production, the *nakhuda* would very thoroughly search his entire crew lest anyone smuggle a valuable pearl.<sup>36</sup> The ethnicities that worked in the pearl industry were disparate: they included African slaves (later freed under the provisions of the treaties with Britain), Baluchis, Persians and Nejdi Arabs from lower-rank tribes.

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<sup>33</sup> Al-Khuri, 95.

<sup>34</sup> According to al-Rumaihi, the diet of the *ghawwas* consists of one light meal every night. This author describes this variety of pearl workers as looking closer to a bare skeleton than an adult human being. See: al-Rumaihi, 87.

<sup>35</sup> Al-Khuri, 95.

<sup>36</sup> Al-Rumaihi, 87.

Various types of contracts governed the relationship between the *nakhuda* his workers and, when applicable, his financier: *khammas* (fifth), *azil* (separation) and *salafiyyah* (debt).<sup>37</sup> *Khammas* and *azil* strictly had to do with the *nakhuda* and his workers, the *salafiyyah* the *nakhuda* and the financier (with implications on the workers' pay, as we shall see.) Under the *khammas* system, the *nakhuda* would finance his own boat and would not offer a *salaf* (a fixed advance loan made to the worker before going to sea, which was used to support the workers' families during their absence) to his workers. After selling the pearls, the *nakhuda* is entitled to one-fifths of the profits and is liable to distribute the rest to the workers. The *azil* system was designed for *nakhudas* who sought out the services and of exceptionally skilled and experienced workers. *Azil* is therefore a one-to-one *nakhuda*-worker contract. Under this contract, the worker was expected to bring all of the supplies he would need (food, production tools) and would not receive an advance loan. In return, this experienced worker would receive one-fifths of the profit after the sale.

The *salafiyyah* system was the most commonly applied one in pre-1920s Bahrain. The word *salaf* means "loan"; accordingly, this is a system of debt between a *nakhuda* who is unable to finance his own boat and a wealthier sedentary merchant (henceforth "the financier"). According to an unnamed "official source" cited by Fu'ad Khuri, over 90% of *nakhudas* needed assistance in financing their boat and were therefore compelled to operate under one of the two *salafiyyah* arrangements shown in Table 2. Note that the financier does not charge interest to the *nakhuda* under the

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<sup>37</sup> A discussion of all three systems is relevant to this study because the reforms of the 1920s would ultimately phase out the *Salafiyyah* system in favor of *Khammas*. This will be discussed in the next chapter, which will deal with the post-reform era.

*madyan* arrangement, but to the workers directly. Under the *Amil* system, however, the financier extracts his profit directly from the *nakhuda* by having him agree to sell his pearls under the estimated market prices. This latter arrangement, then, only affects the workers' *tisqam* (their percentage share from the profit margin), but not their *salaf*. The implications for the workers were as follows: *madyan* was rigid and non-negotiable because the *nakhuda* here acted as a broker for the financier rather than a wage-paying employer. This rigidity was maintained by the fact that, regardless of the contractual arrangement, only the *nakhuda* would deal with the workers. Under the *amil* arrangement, on the other hand, the financier extracted his profits from the *nakhuda*, while the *nakhuda* had to pay his workers a fixed wage. This, perhaps, was the reason behind the workers' preference for working with *nakhudas* who applied the *Amil* system.<sup>38</sup>

Financier- <i>nakhuda</i> arrangement	1. <i>Madyan</i> (debt)	2. <i>Amil</i> (agent)
<b>Interests on loans (to purchase supplies)</b>	Up to 20% on <i>Tisqam</i> (profit margin) and up to 10% on <i>Salaf</i> (advance payment)	No interest charged.
<b>Post-production obligations</b>	<i>Nakhuda</i> is able to sell to any merchant at market price	<i>Nakhuda</i> obligated to sell pearls at 20% under market value

Table 2: Labor and debt arrangements under the pearl industry<sup>39</sup>

But it was not the workers' preferences that conditioned the availability of one arrangement or another. The contracts on offer had to do with the social standing of the

<sup>38</sup> Al-Khuri, 98.

<sup>39</sup> This table is based one developed in al-Tajir, 107.

*nakhuda*, his social ties to his financiers and, consequently, his access to and terms on loans. It was common that the *nakhuda* and his financier would belong to the same tribe, and would therefore be inclined to defer the burden of the interests onto the workers. The less common non-tribal *nakhudas*, on the other hand, were troubled with lack of access to loans, which meant they were unable to attract the skilled and competent workers necessary to make a handsome profit.

A culture of debt was pervasive: workers were indebted to their *nakhudas*, and (most) *nakhudas* to their financiers. Being in debt but enjoying considerable authority over his workers, the *nakhuda* found other ways (that is, besides production) to extract profit. This mainly took the form of offering loans. One was *salaf*, which has already been discussed above. Another form of loans was called *kharjiyyah*, which was offered to workers during the winter season on the promise that they would repay them after the next pearling season is concluded. It is striking that these loans did not take a monetary form; the *nakhuda* would instead give the worker basic commodities, such as rice and dates, in return for interest rates as high as 50%.<sup>40</sup> This indicates that the *nakhudas* had regularly purchased consumer goods from import merchants for the purpose of making a profit. As for workers under the *azil* system, the sought-after skilled and experienced worker was better paid and relatively privileged. Paradoxically, such workers were even deeper in debt because they were offered bigger loans. Debt, in this way, tied the worker to his *nakhuda*; the latter would only release the former when all outstanding debts were paid back – an impossible task for the vast majority.

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<sup>40</sup> Al-Khuri, 100. The inflated interest rate owed less to the contractual relationship between the *nakhuda* and his workers and more to the former's manipulation of the records, especially given that workers were illiterate. See: India Office Records (I.O.R.) 5/2/122.

In sum, wealth was siphoned from the worker upward through a number of ways: the worker creates value (at an exhaustingly high rate, as the latter shared his employer's interest in increasing the profit margin) for his *nakhuda* during production and receives *salaf* (loan) and *tisqam* (percentage share), over which he pays interest to the *nakhuda*'s financier; if these payments prove insufficient, as they often did, the worker is supplied with an off-season loan of basic commodities (*kharjiyyah*) with an expectation of high interest returns. As debt accumulates, the prospects of repayment vanish; the worker is then made to service his debt through unpaid labor at the *nakhuda*'s estate and date gardens. After the worker dies, debt would then be passed down his sons; in some cases, the *nakhuda* would marry the worker's widow and would confiscate his house and belongings.<sup>41</sup> A witness to the conditions of the pearl worker describes them as such

The diver is known as a slave for the rest of his life. It is probably easier for a Negro on the Pirate Coast to escape than it is for a Bahraini diver to regain his freedom. As long as he is debt he cannot change his employer, no matter how badly he is treated, nor can he leave the town... he cannot read and write, there is no witness to the transactions that take place between the captain and himself... If necessary... false entries are written... In seven years of residence I have yet met [sic] a diver who had escaped from the account book.<sup>42</sup>

The notes of the British Political Agent in 1911 reveal that there were attempts to hire a "trusted person" on each boat to ensure that the workers would get their fair share. The attempt was extinguished with the *nakhudas*' threat of "quitting" Bahrain.<sup>43</sup> The workers themselves, being illiterate, did not leave any literature behind. But the

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<sup>41</sup> Al-Rumaihi, 95.

<sup>42</sup> P. W. Harrison, *The Arab at Home* (London: Hutchinson, 1925), p. 80.

<sup>43</sup> *Political Diaries of the Persian Gulf, 1904–1958*, Vol. 4. (Farnham Common: Archive Editions, 1990), 402.

surviving oral tradition is insightful. The exhibit below is a song which the divers' wives and children, while waiting for their husbands to arrive, would sing at the shore:

Don't you fear *Allah, nakhuda*?  
The rope tore their hands, *nakhuda*.  
Don't you fear *Allah, nakhuda*?  
Sixty rupees, *nakhuda*.  
Don't you fear *Allah, nakhuda*?  
Dates and rice, *nakhuda*.  
Don't you fear *Allah, nakhuda*?  
May you be blinded, *nakhuda*.<sup>44</sup>

This *nakhuda*-worker relationship was not an entirely capitalist one: on the surface, the worker sold his labor-power (i.e., his ability to work) as a commodity in return for a wage. The pearl production was, furthermore, integrated into the global economy. But this relationship was also one of bondage, where labor was not free. In this sense, it shared more features with the means of livelihood of the indigenous *Baharnah* peasantry than it did the factories of the industrialized world. Aside from growing food to feed the feudal sheikhs and caring for their estates, the peasantry was made to pay arbitrary taxes, such as *ragbiyya*, and were forced to work whenever the feudal Sheikh deemed it necessary (that latter practice was called *sukhrah*). Likewise, the pearl worker was made to attend to his *nakhuda*'s date gardens and estates to service his debt. The primary difference that stands between the conditions of the peasantry and the workers was that the fortunes of the latter had largely depended on the global economy.

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<sup>44</sup> Waheed Ahmed bin Hassan Al-Khan, *aghani al-ghaws f'il bahrayn* (Doha: Markaz al-turath ash-sha'abi, 2002), 79. Perhaps it is worth noting that the conditions of pearl production had resulted in blindness among workers. See: Al-Khuri, 95.

For all parties involved in pearl production, supply and demand in the international pearl markets was key.<sup>45</sup> This was a highly volatile industry: bad weather conditions and recurring plague epidemics, for example, had greatly affected production and, therefore indirectly, supply of pearls. Another such factor is sheer luck: the skill of the employed labor notwithstanding, pearl producers may yield large and sought-after quality pearls in one season and a great many small and low quality ones in another. In short, the very conditions of production rendered its outcome unpredictable on a regular basis. For many *nakhudas*, demand from the international markets was also unpredictable. The markets of Bombay and Paris, from which much of the demand came, were prone economic crises of their own.<sup>46</sup> In short, the totality of these factors *plus* the activity of the forces of production dictated the fortunes of pearl producers. When these market forces and their surrounding conditions had conspired to make a season a bad one, the population drops and crime increases markedly.<sup>47</sup>

### 3.2. The Merchants and the State

The pearl boom under the reign of Shaikh Isa bin Ali had attracted merchants from India, Persia, the Arabian peninsula, Iran and, seasonally, Europe. There existed a hierarchy among these merchant based on their ethnic backgrounds: those of Nejdi tribal backgrounds had dominated pearl banks and enjoyed close relations with the Sheikh while British subjects enjoyed legal protection and a high degree of mobility. Only the

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<sup>45</sup> Fucarro, 76-77.

<sup>46</sup> The Wall Street crash of 1929, as we shall see later, would deal a deathblow to the pearl industry in Bahrain. Within the dynamics of the world market, fashion trends among the upper classes of Western Europe and the United States were a key factor behind demand for pearls.

<sup>47</sup> Al-Khuri, 91.

*Baharnah* merchants, as we shall see, continued to experience extortion at least until the administrative reforms of the 1920s were enacted.

Merchant tribes had historic ties to al-Khalifa; their ancestors had formed the entourage, which had helped conquer the island in the late eighteenth century. Socially, tribal leaders had direct access to the ruling tribe and were the only non-al-Khalifa group that was allowed to intermarry with the al Khalifa tribe.<sup>48</sup> Further, tribal merchants, whom were wealthier than the Sheikh, would extend donations to the latter whenever he had experienced financial difficulties.<sup>49</sup> The Sheikh (along with the rest of the tribal merchants) would return the favor if an influential merchant goes out of business.<sup>50</sup>

This elevated social position had helped turn prominent tribal leaders into pearl merchants in the nineteenth century. These social ties, as well as their subsequent commercial influence, won the tribal merchants a number of privileges. Though theoretically open to all pearl producers, pearl banks gradually became the turf of the richest merchant tribes – thereby limiting the prospect of competition. This privilege was granted directly by the British residency in Bushehr as part of its effort to delineate the territorial waters among the Gulf states – and possibly to maintain close relations with the influential tribes of the Arab coast.<sup>51</sup>

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<sup>48</sup> Interestingly, this would change later after the pearl economy collapsed and with it the prestige of the tribes

<sup>49</sup> Political Diaries of the Persian Gulf, 1904–1958, Vol. 1., 56.

<sup>50</sup> Ibid., 61.

<sup>51</sup> Fucarro, 60.

Tribal merchants were also exempt from taxation. The customs tax regime, which Shaikh Isa bin Ali had set up – and from which he had amassed the state’s revenue as well as his own fortune – was restricted to extracting a toll from import-export merchants, but had altogether excluded pearl production. The ruling family was absent from the process of pearl production as well. “The absence of a class of state-affiliated merchants,” writes Fucarro, “was a testament to the inability on the part of the al-Khalifa family to impose monopolies on the marketing of pearls.”<sup>52</sup> Consequently, the state, protected from foreign enemies by Britain as per the protection treaties, did not actively protect the maritime and land trade routes and did not have an interest in building one. This posed yet another advantage for rich merchant tribes, because they commanded tribal militias at their disposal to carry out such a task. Non-tribal merchants, on the other hand, had to pay a fee to tribes who interrupted sections of the trade route (i.e., “pirates”) for “safety of passage,” while others would hire tribal militias.<sup>53</sup> In this way, commanding a militia was yet another commercial asset in the hands of the merchant tribes.

There is evidence that Sheikh Isa bin Ali attempted to tax pearling boats.<sup>54</sup> This move was contemplated by the Sheikh when he ran into financial difficulties (the decline in trade brought the Custom House’s revenue down by 80%) during the First World War which the merchants were unable or unwilling to alleviate.<sup>55</sup> The Sheikh

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<sup>52</sup> Ibid, 77. [fucarro]

<sup>53</sup> Political Diaries of the Persian Gulf, Vol. 4., 137.

<sup>54</sup> Fu’ad al-Khuri has mistakenly reported the extortion of a *Baharnah* merchant as such an attempt. See the final section of this chapter for clarification.

<sup>55</sup> Political Diaries of the Persian Gulf, Vol. 5, 560. The Sheikh’s fiscal crisis and its implications will be

quickly backed down from this endeavor when he faced “much opposition” from the “pearling fraternity,” according to the Agent’s notes.<sup>56</sup> Instead, the Sheikh increased tariffs on goods that passed through Bahrain and provoked a tariff war of sorts with King Abdulaziz Ibn Saud.<sup>57</sup> This episode represents the lengths to which the Sheikh would go in order not to offend the tribal merchants. Onley summarizes why such considerations were warranted:

If a ruler... made excessive financial demands on them, the merchants would often migrate to other shaikhdoms. The threat of migration gave the merchants some political leverage to limit the power of the rulers and discourage them from levying an arbitrary general tax... or confiscating their property. As Lieutenant Arnold Kemball... observed in 1845, ‘the loss of authority and revenue consequent on their secession ... act ... as a salutary check on the tyranny and oppression of the respective chiefs.’<sup>58</sup>

Migration (or simply the threat of it) was essentially a form of capital flight. Jill Crystal reports an incident of merchant migration from Kuwait to Bahrain due to sheikh Mubarak al-Sabah’s policies.<sup>59</sup> Other such episodes can be found al-Khuri’s work, such as the migration of the al-Binali tribe in the late nineteenth century and that of al-Dosari in the 1920s (following the reforms, which will be discussed in the next chapter).<sup>60</sup> The existing literature has missed an episode in which the al-Dosari tribe had already

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the subject of the next chapter.

<sup>56</sup> Ibid., Vol. 6, 183. Shaikh Isa bin Ali had also invested in expanding the customs pier in order to process a larger volume of commodities at a time. See: Political Diaries of the Persian Gulf, Vol. 6, 380, 429.

<sup>57</sup> Political Diaries of the Persian Gulf, Vol. 6, 272, 311.

<sup>58</sup> Onley, Politics of Protection, 37.

<sup>59</sup> Crystal, 24. The Political Agent to Bahrain also reports this incident in 1911. See: Political diaries of Persian gulf, Vol 4., 403.

<sup>60</sup> See al-Khuri, 103.

attempted to migrate from Bahrain in 1912. The British Political Agent reports that the tribe's chief, Ahmed bin Isa al-Dosari, had set off to Dammam and had taken his relatives with him. Sheikh Isa's eldest son and future ruler, sheikh Hamad, followed the tribal merchant and ultimately persuaded him to return. "Some quarters," the Political Agent reported, thought that sending such a high profile delegation to be "undignified."<sup>61</sup>

The largely autonomous pearl industry did not entail that the Sheikh was oblivious to the trade and the activities of its merchants. Indeed, the Sheikh acted as an overseer of the industry; he officially announced the beginning and conclusion of the pearl seasons and monetarily penalized merchants who breached this regulation.<sup>62</sup> The Sheikh was also the overseer of the *salifah* courts, which mediated in conflicts among the parties involved in pearl production (i.e., among and between *nakhudas*, financiers and workers). The Sheikh's oversight also took the form of personally appointing judges, whom, curiously enough, came from the ranks of the financiers and owners of property (i.e., pearling boats and real estate in the town).<sup>63</sup> This phenomenon reflected the interlocking interests of the Sheikh and those of the tribal merchants.

Beyond the Sheikh's appointment of the *salifah* court and his oversight over the production process, Sheikh Isa also offered his personal mediation in more pressing conflicts. Two such episodes found in the Political Agents' records are worth

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<sup>61</sup> See Political Diaries of the Persian Gulf, Vol. 4, 594. The record to not show the motivation behind Ahmed bin Isa al-Dosari's attempted migration.

<sup>62</sup> Ibid., Vol. 3, 718.

<sup>63</sup> Al-Khuri, 100.

reproducing here because they demonstrate the concerns of the Sheikh and his relationship with the merchants. In 1912, the *salaf* (loan to workers) was increased by the *nakhudas* because the catch and sales were good in the previous year. In 1913, the *nakhudas* attempted to decrease the *salaf* to its former level due to low returns in the previous year. The workers resisted this move and threatened to strike. Concerned, the merchants had sent a representative, Sager Shahin al-Jalahma, to the Sheikh and pleaded that the latter intervene on their behalf. The Sheikh refused. He told Sager that since he was not consulted on raising the *salaf* in the previous year, he would not deal with its consequences this year. Another reason Sheikh Isa cited was an explicitly self-interested one: the Sheikh had nothing to gain – such a move would only make him unpopular. The “pearling fraternity” ultimately resolved this issue by coordinating a collective action: all agreed to decrease the *salaf* simultaneously and had demanded from those who refuse to go to sea to pay their outstanding debt.<sup>64</sup> Having no choice, the workers gave in. It must be noted that the merchants were able to coerce the workers into going to sea, as the *nakhudas* had the right to carry out corporal punishment (which took the form of public foot whipping, where the worker’s feet would be secured to a wooden plank and whipped with a cane.)<sup>65</sup> In other words, prompting the Sheikh was meant to secure his moral support above all else.

The other episode took place in 1913. Fifty to sixty boats, operated entirely by workers (i.e., without their respective *nakhudas* on board), went to sea before the main pearling season began. Producing pearls during this time of year was not unusual; what

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<sup>64</sup> Ibid., Vol. 5., 120.

<sup>65</sup> Al-Khuri, 102. A similar punishment was administered by the Sheikhs’ paramilitary security forces to the peasants.

was unusual was that the workers would keep the entire catch to themselves. *Nakhudas*, especially those of the influential al-Dosari tribe, were alarmed that some *nakhudas* allowed their workers to go to sea alone. They complained to the Sheikh that if workers were able to operate the boats alone and keep the entire catch, they would not be motivated to go to sea during the main season. In other words, pearl production as an *institution* was under threat. The Sheikh's response was swift and unequivocal: the workers were ordered to return immediately.<sup>66</sup>

These two episodes under section shed light on the Sheikh's relationship with the merchants. The first show the Sheikh as calculating, pragmatic and concerned with public opinion. It also confirms the Political Agent's impression that the pearl merchants did indeed behave as a cohesive "fraternity" based on shared commercial interests and tribal ties. Further, this episode also demonstrates the merchants' freedom of action and their class-consciousness. The second episode is equally striking in its implications: it shows the Sheikh's commitment to the institutional integrity and continuity of the pearl industry.

#### 4. Other Merchants

As noted above, merchants from other communities were systemically crowded out of the pearl industry and were at a competitive disadvantage. Yet, some non-tribal merchants were still able to profit from the pearl trade by acting as middlemen. Known

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<sup>66</sup> Political Diaries of the Persian Gulf, Vol. 5, 90.

as the *tawawish* (pl. of *tawwash*), such middlemen included non-tribal merchant families, such as the *Baharnah* al-Urrayah and Ibn Rajab and the *Hawala* al-Wazzan.<sup>67</sup>

Non-tribal merchants blunted their competitive disadvantage with the tribal merchants by maximizing their own natural advantages – most notably transnational connections and mobility. Tribal merchants, as noted above, were mobile across the Gulf port cities and had used it as a political leverage against the Sheikh. But other merchants enjoyed an even greater degree of mobility due to their communal connections to far-flung territories in India, Iran and elsewhere. Another advantage available to non-tribal merchants was being directly connected with the British empire. James Onley has uncovered in *The Arabian Frontiers of the British Raj* that Bahrain-based British Political Agents, for the entirety of the nineteenth century, were Indian merchants, who were later replaced with *Baharnah* merchants.

The advantage of hiring non-British merchants was that they would not demand a high wage (in some cases, they did not receive a wage at all) and that they were able to use their social connections in Bahrain and the surrounding port cities to relay intelligence. For the non-tribal merchant, this arrangement had provided him with transnational connections that would prove useful for his commercial activity. It would also elevate him above his merchant counterparts by being a subject of the British Empire.<sup>68</sup> As British interest in the region grew considerably by the turn of the century onward, the position of the Political Agent became staffed with British personnel.

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<sup>67</sup> Fucarro, 85.

<sup>68</sup> Onley, *The Arab Frontier of the British Raj*, 93-101.

Merchants' attachment to the British Empire continued, however, as the British Agency continued to be staffed with Indians, Persians and Hawala. Perhaps the most prominent success story of using British connections as a commercial springboard is the case of the Hawala merchant Yusuf bin Ahmed Kanoo. His service for the British Agency has been recognized numerous times as Britain bestowed upon him a number of honorary medals. Political Agent Major Dickson wrote of him in 1919 (that is, after decades of Yusuf's service):

Yusuf, of course is a past master of intrigue; he is rich, is looked up to by the common people and wields great power. His policy as he has confessed to me on several occasions is "Divide et Impera", in other words keep the [Political Agent] and the Ruler in a state of enmity and manage them... I regard Yusuf Kanoo as a dangerous person...<sup>69</sup>

Aside from the Political Agency and the Sheikh himself, Kanoo had also built connections with influential individuals from all communities. The most notable of these connections was with Muqbil al-Dhukhair, one of the wealthiest tribal merchants whom had "regarded [Kanoo] almost as a son."<sup>70</sup> Kanoo had participated in a number of social and political activities with al-Dhukhair, such as establishing a literary club and collecting money on behalf of the Red Crescent to aid Tripoli in the Italo-Turkish war.<sup>71</sup> Kanoo used his connections to operate a banking system whereby merchants would deposit their money to him, which he would later lend to others – some times without interest in order consolidate social connections.<sup>72</sup> Kanoo would ultimately use his prestige and

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<sup>69</sup> Field, 271.

<sup>70</sup> Ibid., 269.

<sup>71</sup> Political Diaries of the Persian Gulf, Vol. 5, 26; Ibid., vol. 4, 536. This was probably Kanoo's idea, as he later came to be known as a promoter of literacy.

<sup>72</sup> Field, 268.

connections (domestic and international) to acquire franchises, import myriad consumer commodities and own a steamer.<sup>73</sup>

*Hawala* merchants, being Sunni Muslim and of Arab descent (James Onley refers to them as “Persianized Arabs”), were able to socially integrate themselves with the tribal Arabs and the al-Khalifas. Though their backgrounds remained an obstacle that kept them out of the pearl industry, they did win special treatment. Prominent *Huwala* merchants such as Yusuf Kanoo and Yusuf Fakhro were import-export merchants managed to get the Sheikh to exempt them from taxes although they were among the biggest importers of commodities. This exemption, in other words, directly affected the Sheikh’s pocket; such is the influence of these urban *Huwala* merchants.<sup>74</sup>

Merchants from other communities did manage to win special favors with the Sheikh as well – but usually at a price. Sheikh Isa maintained special relationships with shopkeepers by leasing to them rights to monopoly. This led to problems at times. The case of the butchers (whom the British would in later years dub “Bolshies” (a reference to the Russian Bolsheviks due to their propensity to strike) is well-known; but their underlying have not been thoroughly investigated.<sup>75</sup> One piece of the puzzle can be found in the Political Agent’s notes in 1912, when the Sheikh had been leasing a monopoly right over cattle skin and intestines to a Persian shopkeeper named Abdulnabi Kal Awaz.<sup>76</sup> This monopoly allowed the latter to purchase these commodities from the

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<sup>73</sup> Kanoo, 29-35.

<sup>74</sup> Field 275.

<sup>75</sup> Fuccaro, 146.

<sup>76</sup> Political Diaries of the Persian Gulf, Vol. 4, 582- 83

butchers at a “nominal price,” which had the effect of cutting into the butchers’ profit margin. The “butchers fraternity,” as the Agent refers to them, had decided to raise meat prices to make up for their losses. The uproar of their customers led the Sheikh to impose price controls over meat and reduce the prices.<sup>77</sup> As the butchers threatened to stop meat imports from Iran, the “head of the butchers” Hajji Ahmed Samak, approached the Sheikh in an attempt to bid for a monopoly on meat.<sup>78</sup> Such mismanagement provides us with an insight into why the butchers and other shopkeepers became a source of agitation at various historical junctures.

Beyond being connected with the British Agency and winning monopoly leases from the Sheikh, the *Baharnah* merchants, like their peasant brethren, were the most prone to arbitrary dispossession and extortion. Consider the extortion of Haji Ahmed bin Khamis. In 1909, Haji Khamis had purchased pearls for Rs. 22,000 and had sold them for Rs. 60,000. Upon hearing of this sale, Shaikh Isa immediately demanded Rs. 10,000, which Haji Khamis had refused to do. After getting imprisoned, Haji Khamis ultimately settled with the sheikh for Rs. 6,000.<sup>79</sup> In 1920, Haji Khamis appears in the British records again. From his hiding place at an Indian merchant’s house, he sent this letter to the Political Agent:

I am a well-to-do pearl merchant of Bahrain, a shiah and a subject of shaikh Isa. I own about 2 lakhs of rupees... I buy pearls from the banks (towasha) and bring them to Bahrein and sell them... I, with other Shias, have always been the object of secret persecution on the part of the sheikh’s family, more especially

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<sup>77</sup> Ibid, 548

<sup>78</sup> Ibid. This same source reportst that Yusuf Kanoo was involved in agitating the passions of the protesting consumers – for which he was reprimanded by Sheikh. His motivations are not known.

<sup>79</sup> Ibid., Vol. 2, 737.

from the Sheikh's sons... We dare not object, else we are at once thrown into prison; neither do we dare go and complain to the Political Agent, as this means our ruin...

I attempted to resist Sheikh Abdullah, three years ago, when he sent for me and demanded R 6,000/-... for objecting to pay, I was tied up with my legs and arms stretched apart and left three days in a burning summer Sun without water or food. Seeing I was about to die, my relations came and paid the money and I was released.,, My trouble is as follows: eight days ago Syed Ahmed bin Syed Alovi and I... bought a remarkable pearl for R 42,000/-... the transaction was entirely a gamble... if it has a flaw then probably it won't fetch more than R 6,000/-... Shortly afterwards I received a peremptory order from sheikh Abdulla bin Isa to pay him R 4,200/-... I have been six days in hiding, and my friends told me fidawis are searching high and low for me.<sup>80</sup>

The Political Agent claims that his secret meetings with notable merchants from the Sunni tribal, Indian and Persian communities were unanimous in their condemnation of the demands of Sheikh Abdulla (Sheikh Isa's son). In this correspondence with the Political Resident, the Agent wondered whether he should take the matter up with Sheikh Isa who "as the probabilities were that he was unaware of the extent of the evil."<sup>81</sup>

## 5. Conclusion

This chapter has placed Bahrain in the context of the British hegemonic framework of Pax Britannica. Once it was established, Bahrain became integrated into the global economy and the pearl industry had flourished. The chapter then showed how labor was divided among merchants and laborers and has shown that the tribal merchants were by far the most dominant socioeconomic force in Bahrain at the time. Their relationship with the state has been investigated in the following section, from which one may

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<sup>80</sup> Bahrain: The Ruling Family of Al Khalifah, ed. A. de L. Rush (Oxford: Redwood Press Ltd., 1991), 124-125.

<sup>81</sup> Ibid., 121. These episodes will be further discussed in the next chapter.

conclude that Sheikh Isa bin Ali and the tribal merchants were linked in a symbiotic and interdependent relationship. Indeed, an unequivocal indicator of this can be found in Graph 1, which shows a sharp decline in pearl production following the ouster of Sheikh Isa bin Ali.<sup>82</sup> This occurred in a global economy in which pearl trade had remained brisk for years until the Wall Street crash of 1929. The interlocking ties between the Sheikh and the tribal merchants had their basis in a shared history as well as a common destiny. But this, as the next chapter will show, would soon be undone.

Finally, this chapter has discussed the non-tribal merchants, who, lacking the advantages of the rich tribes, were compelled to find other ways of self-enrichment. The limitations to this, as was the case with the *Baharnah* merchants especially, were severe.

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<sup>82</sup> Note that the spike in production after 1926 in Graph 1 refers to the cumulative revenue of the years 1926-1931.

### CHAPTER 3

## BRITISH INTERVENTIONISM, STATE CENTRALIZATION AND THE MERCHANTS' DECLINE

#### 1. Introduction

As we have seen, Pax Britannica entrenched the power of the ruling family on the one hand and furnished the Bahrain-based merchant communities with stable trade routes from and to India on the other. Domestic and regional stability finally made it possible for Bahrain to become integrated into the global economy and be transformed into a bustling center of pearl production. This era came to an abrupt end by the 1920s, when Britain imposed a series of administrative reforms and ousted Sheikh Isa bin Ali from power. This intervention marks a critical juncture in our study because it would put an end to the autonomy of the only cohesive and quasi-independent bourgeois class Bahrain has ever known.

The existing literature explains Britain's intervention by citing its imperial ambitions and the protests of the *Baharnah* community. The persecution of the *Baharnah* was, no doubt, a trigger for Britain's intervention, which came in the spirit of "benevolent imperialism" that saw the "well-being of the natives" as a "guarantee of public order."<sup>83</sup> However, one question remains unanswered: given Britain's newfound appetite for intervention, why did the ruling family insist on extracting more tributes from the squeezed *Baharnah* population (which in turn would lead to protests and

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<sup>83</sup> Fuccaro, 120.

petitions)? The unrest, as we shall see in this chapter, was indeed a major factor behind Britain's intervention. Further, British officials, as we shall see, were quite reluctant to take measures as drastic as deposing the Sheikh. This chapter contributes to the literature by drawing a causal link between the behavior of some ruling family members and their declining income.

The first section of this chapter addresses the structural tensions during the period preceding 1923. These tensions came from a decline in the import of merchandise and, relatedly, a series of dull pearl seasons. The second section highlights Sheikh Isa bin Ali's administration's three-pronged strategy: a) increasing customs taxes, b) expanding the Customs House's pier in order to process greater volumes of import merchandise and c) imposing further taxes and tributes from the *Baharnah*. The final section deals with the evolution of the antagonism between Britain and Sheikh Isa – a good deal of which had more to do with conceding to pro-British administrative reforms than the persecution of the *Baharnah*. This chapter ends with the ensuing clash between a broad section of the ruling family and the tribal merchants on the one hand and the British and *Baharnah* on the other.

## 2. Background: Hard Times During WWI

The First World War was an especially difficult period for Bahrain as import commodities, the taxes upon which made up the revenue of the Customs House, declined and demand for pearls was limited. A number of factors conspired to depress and restrict the import of commodities (including essential staple commodities such as rice). One factor behind decreasing demand for imported merchandise was an overall

decline in the island's urban population, which was caused by a devastating plague in Manama and Muharraq 1915 (the plague reappeared in 1917), which killed over 5,000 people on the island and prompted members of migrant communities to leave.<sup>84</sup> Another cause behind the urban population decline was Ibn Saud's war efforts in the Arabian hinterland, which recalled his male subjects, who number in the thousands, from Bahrain.<sup>85</sup> The combined effect of these events caused the Custom House's income to plummet by 80%.<sup>86</sup>

The First World War, though geographically distant, affected Bahrain in a number of ways. One consequence of the war was the protectionist measures of many port cities in Iraq, Persia, India and elsewhere, which were adopted to protect their populations shortages. The policies of the government of India were especially devastating for the Bahraini population because the vast majority of the commodities imported into Bahrain were imported from there, the most important of which was rice. India's ban on the export of rice sent prices of staple commodities upward and brought the island's inhabitants to the brink of famine, both of which led to agitation among the public and anxiety among the *nakhudas*.<sup>87</sup> The general scarcity of commodities made

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<sup>84</sup> Political Diaries, Vol. 6, 69; Ibid., 336. If the Political Agent's estimate of 5,000 deaths is accurate for the year 1915, this means that Bahrain lost around 5% of its population to the plague alone. For an estimate of Bahrain's population during this period, see Ibrahim Khalaf al-Ubaydi, *al-Harakah al-waṭaniyyah fi al-Baḥrayn, 1914-1971* (London: Dar Laylá, 2004), 66.

<sup>85</sup> Ibid., 146.

<sup>86</sup> Ibid., Vol. 5, 560.

<sup>87</sup> Fuccaro, 81. The desperate situation also brought about a crime wave, some of which involved killing and looting of shopkeepers. See: Political Diaries, Vol. 6, 31, 35. The British Political Agent criticized the policies of his superior officials at the government of India as "cruel" and appealed against them on a number of occasions. See: Ibid., 571.

life even more difficult for shopkeepers, who were being made to supply ruling family members with commodities without charge.<sup>88</sup>

The War also generated uncertainty among the merchant community, as the safety of the trade routes was in question. British steamer lines with which Bahrain-based merchants dealt, for example, experienced “losses in transit on [the merchants’] goods.”<sup>89</sup> The condition of trade deteriorated to such a level that no commercial steamers arrived at the Manama harbor for several months during 1917.<sup>90</sup> No sooner did the war end that trade was yet again affected – this time due to an inopportune wave of bad weather, which prolonged the wartime bans on commodity exports and prevented any import of wheat and barley.<sup>91</sup>

### 3. Sheikh Isa’s Strategy

In this section, I introduce Nazih Ayubi’s theoretical framework to explain the crisis that the ruling family and its allies had experienced during this period. The first subsection deals with the capitalist mode of production, which, in the case of the Customs House, is primarily concerned with its commodity circuit. The second subsection is concerned with the tributary mode of production, in which ruling family received various taxes, tributes and free labor supply from the rural *Baharnah* community.

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<sup>88</sup> Al-Rumaihi, 306.

<sup>89</sup> Political Diaries, Vol. 6, 461, 501, 513. The livid merchants threatened to “systematically boycott” the British commercial steamers. The British Political Agent H. R. P. Dickson was made aware of this issue and, in his private notes, conceded to the merchants’ concerns as legitimate.

<sup>90</sup> Fuccaro, 81.

<sup>91</sup> Ibid., 497.

Sheikh Isa's structural location at the intersection between the capitalist and the tributary modes of production traditionally provided the ruling family with a degree of flexibility in applying what political geographer David Harvey calls "accumulation by dispossession" during hard times – i.e., the accumulation of value through the employment of the state's means of coercion to dispossess vulnerable social elements of their belongings, land, capacity to work, etc.<sup>92</sup> During the nineteenth century, dispossession extended to the capitalist mode of production to include Persian and Indian import-export merchants, for example.<sup>93</sup> In the early twentieth century, however, it was no longer possible to extort the Persian and Indian communities because they enjoyed British protection. The tribal merchants, though without such protection, formed a fairly cohesive "fraternity" which was able to balance the power of the Sheikh and resist taxation. As a result, the ruling family increased its extraction from the *Baharnah* tributaries, which, as we shall see, ultimately pushed the tributary arrangement toward collapse.

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<sup>92</sup> See chapter 4 of David Harvey, *The New Imperialism* (Oxford New York: Oxford University Press, 2005). This concept is essentially an extension of what Marx called "primitive accumulation." Marx cites the land enclosures as an example of this method of accumulation, which forced the English peasantry off the land and created a working class through coercive means. Harvey argues that this process is an ongoing practice.

<sup>93</sup> al-Rumaihi, 23.

### 3.1. Maneuvering Through the Customs House

At the height of the crisis in 1917, Sheikh Isa decided to borrow heavily from the merchants, who included both tribal pearl merchants as well as urban import-export traders.<sup>94</sup> His project of expanding the Customs House's pier was to "facilitate the arrival and entry of goods into Bahrain" as well as to process a greater volume of commodities.<sup>95</sup> Further, this project, which Fuccaro describes as to have "laid the foundation for the development of modern port facilities in the following decades," also bound the Sheikh with the merchants into a new relationship of interdependence.<sup>96</sup>

Sheikh Isa took another important measure to increase the income of the Customs House –which represented his primary source of income for him and his family. Here, the Sheikh took advantage of Bahrain's strategic role in the region as a point of entry for cities along the Arab littoral of the Gulf. The British Political Agent writes:

On the protest that the war had greatly reduced his customs receipts, Sheikh Isa suddenly imposed the full tax of 5% on all goods landed at the customs pier, whether such were entering Bahrain or were merely being transshipped... this tax was still in force... Nejdi, Hassa and Qatif merchants considered it to be a grossly unfair tax and founded no precedent and prayed for its removal.<sup>97</sup>

In the internal correspondence with Political Resident, the Political Agent explains how the cumulative tax on commodities passing through Bahrain into the

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<sup>94</sup> Political Diaries, Vol. 6, 429. Sheikh Isa's creditors included "the leaders of the most influential pearling tribes of Muharraq such as Shahin Saqar Al Jalahmah, Ali ibn Ibrahim al-Zayyani, Ahmad ibn Jasim ibn Jawdar and Salman ibn Husayn al-Matar. See footnote 20 in Fuccaro, 81.

<sup>95</sup> Fuccaro, 81.

<sup>96</sup> Ibid., 82.

<sup>97</sup> I.O.R. 15/2/21.

Arabian peninsula came up to 15%.<sup>98</sup> The Agent received similar complaints from deputations representing a number of Bahrain-based merchant houses, including al-Bassam, al-Qusaibi, al-Hawwas and the Kanoos.<sup>99</sup> News of these visits apparently reached Sheikh Isa's ears, who, along with his influential son with close ties to the tribal merchants, Sheikh Abdullah, came to be under the impression that the Yusuf bin Ahmed Kanoo was entirely responsible for the protests against his policy. "Sheikh Isa never tired of vilifying Yusuf Kanoo to me," the Agent wrote. "Yusuf Kanoo, knowing that he is in the bad books of Abdullah... is anxious for his future, so takes refuge... [in] his well-known friendship with the Agency and visits me almost every day."<sup>100</sup> In reality, the loudest protests came from Ibn Saud, who responded by increasing tariffs and threatened to circumvent Bahrain altogether and deal with India directly.<sup>101</sup> Upsetting Ibn Saud made the Agent livid.

The stupid and short-sighted policy of Sheikh Isa will only come back to his own head... [the Sheikh should raises taxes] by legitimate means, and not at the expense of his neighbors, who are also friends of His Majesty's government.

Indeed, the Agent had other sources of revenue in mind, such as taxing the pearl boats and selling the Sheikh's "innumerable gardens" to their inhabitants.<sup>102</sup> The matter was finally settled when the Agent's pressure forced Sheikh Isa to compromise: the tax on re-exports to continue on the condition that it would be cut to 2%. The Agent

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<sup>98</sup> Ibid.

<sup>99</sup> Ibid

<sup>100</sup> Ibid. Kanoo was also "snubbed" by Sheikh Abdullah when the former donated money to build a school.

<sup>101</sup> Ibid

<sup>102</sup> Ibid.

nevertheless remained worried about the prospect of Ibn Saud making good on his threat of circumventing Bahrain.<sup>103</sup>

### 3.2. Tax and Tribute Extraction

Under the tributary mode of production, the *Baharnah* were the only component of the population that were made to pay a variety of taxes and tributes, including a date-garden tax, a “neck-tax” called *ragbiyyah* per *Baharnah* male, a fish-tax, a special tax during the month of *Muharram*, in addition to a number of other arbitrary taxes.<sup>104</sup> The *Baharnah* were also exclusively subjected to forced labor – a practice called *sukhrah*. The difference between this practice and the indentured servitude of the pearl workers, which we have touched upon in the previous chapter, is that the former was entirely arbitrary whereas the latter was meant to service debts.

Two structural tensions strained the tributary mode of production since the 1890s: first, the subsistence of an increasing rural *Baharnah* population was reducing its surplus output. Second, the ruling family was at the same time increasing its matrimonial alliances with other tribes, which had the effect of increasing the numbers of the “inner circle” of Sheikh Isa. “As more individuals entered the entourage,” Fuccaro observes, “they demanded their own share in the Al Khalifah family estate.”<sup>105</sup> Further, Britain’s intervention in the 19<sup>th</sup> century to impose the institution of primogeniture marginalized influential tribal seniors, whom Sheikh Isa attempted to placate by sharing

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<sup>103</sup> Ibid.

<sup>104</sup> Al-Tajir, 37. Note that only the *Baharnah* were engaged in agriculture and fishing.

<sup>105</sup> Fuccaro, 212.

both sources of his income with them: a) tributes and b) the revenue of the Customs House.<sup>106</sup> Given that the resourceful agents within the capitalist mode of production – i.e. merchants of all backgrounds (except the *Baharnah*; refer to the final section of chapter 1) – either enjoyed British protection or commanded influence and prestige, the dispossession of the agricultural *Baharnah* became the preferred means of surplus extraction.<sup>107</sup> The Political Agent recognized this dynamic. The Sheikh, he resentfully wrote,

wastes a great deal on unnecessary and useless presents to Bedouins from the mainland... there seems little doubt that unless [the ruler and his sons] take matters in hand, the ruling family must go bankrupt, or continue to extort money and confiscate property which will in due course lead to serious trouble among their subjects.<sup>108</sup>

The Agent also seemed to have understood that the situation was untenable; support for the Sheikh now became conditional: “[The Political Resident] should make it clear that if misrule leads to uprising Government will find it difficult to render him any support whatsoever.”

Pressure on the *Baharnah* finally reached a tipping point in February of 1922, when the Sheikh’s paramilitary *fidawis* “wrongfully incriminated” and “beaten up” a villager, according to the agent (as described by al-Tajir)<sup>109</sup> A group of villagers

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<sup>106</sup> Fucarro, 78.

<sup>107</sup> Major Daly cites “forced contributions of fowls, eggs, etc., and the commandeering of boats, animals, etc., are of daily occurrence.” See: I.O.R. 15/2/131. Another typical in the Agent’s report during these years of trouble read as follows: a “representative” from the *Baharnah* community visits the agency to complain that an individual has just been tied to a donkey and dragged “from the village miles out to Manama”; the next day, the *Baharnah* demand protection (again). See: Political Diaries, Vol. 7, 22.

<sup>108</sup> Ibid., Vol. 7, 49

<sup>109</sup> Al-Tajir, 35

overpowered the *fidawi* and managed to release the prisoner; subsequently, the *Baharnah* shopkeepers in Manama struck. Sheikh Isa was “oblivious to the fact that he was sitting on a volcano,” wrote the agent.<sup>110</sup> A deputation of *Baharnah* community leaders submitted demands to Sheikh Isa, which included putting an end to a number of practices such as *sukhrah* (forced labor), forcing villagers to fatten the ruling family’s cattle and arbitrary arrests.<sup>111</sup> By then, the *Baharnah* stopped paying what they considered to be arbitrary taxes – an act which threatened to cut the Sheikh’s income drastically.<sup>112</sup> Sheikh Isa’s response to the petition was positive on all counts except the discriminatory *ragbiyya* tax.<sup>113</sup>

### 3.3. Violent Resistance

Although Sheikh Isa was made to promise the British to carry out administrative reforms over the years, such promises were balanced against the collective power of the tribal merchants, who had every interest in preserving the status quo. While complaining about this to his superior, the agent singled out the Dowasir (sing. al-Dosari) tribe as the greatest bulwark against the reforms, for which the British been pushing.

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<sup>110</sup> Al-Tajir, 36

<sup>111</sup> Ibid.

<sup>112</sup> Ibid., 38

<sup>113</sup> Al-Rumaihi, 313

The ruler's zeal to effect reforms seems to have cooled off chiefly owing to their fear of the Dowasir, a powerful Sunni tribe, who are understood to have received promise of support from Ibn Saud, and whose pockets would be affected by the proposed reforms.<sup>114</sup>

The influence of the Dowasir was economic, social and political (as evidenced by their close relations with Ibn Saud) as well as administrative and military. They were the only tribe beside al-Khalifa who administered a fiefdom of their own on the island.

They also had an especially large paramilitary force parallel to those of the sheikhs.

<b>Commanders of paramilitary forces</b>	<b>No. of paramilitary forces</b>
Sheikh Isa bin Ali	200
Sheikh Khalid bin Ali (the Sheikh's brother)	100
Sheikh Hamad bin Isa (the Sheikh's son)	80
Sheikh Mohammed bin isa (the Sheikh's son)	30
Sheikh Abdulla bin Isa (the Sheikh's son)	30
Bazaar master of Manama market	50
Bazaar master of Muharraq market	50
Total no. of paramilitaries controlled by al-Khalifa	540
Dowasir	400

Table 3: The number of paramilitary forces at the disposal of various elites<sup>115</sup>

Another spark that set off a cycle of violence came in May of 1923, when a trivial dispute escalated to communal violence in Manama between tribal Arabs and the Persian community. Significantly, the violence further escalated when tribal militias sailed from Muharraq Island –the tribes' stronghold – and attempted to land near the Agency, but were deterred by its armed guards. Meanwhile, the Dowasir tribe attacked the *Baharnah* village of A'ali, where they wounded several people and set houses on

<sup>114</sup> Political Diaries, Vol. 7 62.

<sup>115</sup> Al-Shehabi, 31.

fire. Following the violence, acting Political Resident Colonel Knox visited Bahrain to warn sheikh Isa about “the oppression of his subjects” and a personal warning to Sheikh Abdulla about his “behavior.”<sup>116</sup> The Resident’s visit produced the desired effect of forcing Sheikh Abdulla to break with the tribes and the disaffected faction of the ruling family. Another effect of this warning was that Sheikh Khalid, an influential brother of Sheikh Isa and a vehement opponent of the British reforms, promised to reduce taxes on the *Baharnah* of Sitrah; but these taxes were immediately raised again as soon as the Resident departed.<sup>117</sup> The hated practice of *sukhrah* continued as well by the sons of Sheikh Khalid. This and other sporadic episodes of violence prompted five hundred *Baharnah* individuals, headed by merchants such as Hajji Khamis, to protest at the Agency until a solution is found.<sup>118</sup> This time, the demand of equal taxation of Sunni and Shi’ahs was an explicit demand. However, the British Agent expressed doubts about Sheikh Isa’s ability to carry out such reforms on his own

The Bahrain government has been *unable* [emphasis mine] to collect from Sunnis perfectly legitimate taxes, to make up for which they have grossly oppressed shiahs... it is now obvious to them that the [*Baharnah*] will no longer brook this treatment... it is doubtful whether they are in a position to [tax everyone equally] unless it is made plain to the Sunni tribes that their action [i.e. the government] is approved by His Majesty’s Government in which they would doubtless accept the situation.<sup>119</sup>

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<sup>116</sup> Political Diaries., Vol. 7, 36.

<sup>117</sup> Ibid.

<sup>118</sup> Ibid.

<sup>119</sup> Ibid., 49

#### 4. Britain's Intervention

This era saw the height of British intervention in the Middle East in general. As the leaked Sykes-Picot agreement had revealed, the imperial powers planned to consolidate their control over the region in the post World War years. Britain had plans for the Gulf in particular as far back as 1913, according to al-Rumaihi.<sup>120</sup> Indeed, one may even trace British interest in controlling the Gulf as far back as the late nineteenth century, when Lord Curzon declared that the Gulf must be turned into a “British lake” because of its strategic Iraq-India sea route.<sup>121</sup> After the war, two additional factors increased Bahrain's importance: first, Britain became aware of the prospect of producing oil in Bahrain; and second, the island by now hosted an important airbase for the British army.<sup>122</sup>

##### 4.1. British Administrative Reforms and Tension with Sheikh Isa

After the World War was over, the British Political Agent began to markedly expand his role beyond that of a representative of British interests. The Agent not only attempted to take part in decision-making, but also created new state institutions, key among which were the Political Agent's Court for British-protected subjects, the Joint Court for Bahraini subjects and the Customary Council (known as *majlis al-'urf* in Arabic) for merchants.<sup>123</sup> The *salifah* court continued to look into disputes in the pearl

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<sup>120</sup> Al-Rumaihi, 300.

<sup>121</sup> For a comprehensive background on Britain's growing interest in the Gulf, see chapter 3 in Kourosh Ahmadi, *Islands and International Politics in the Persian Gulf: Abu Musa and Tunbs in Strategic Perspective* (New York: Routledge), 2008.

<sup>122</sup> Fuccaro, 119.

<sup>123</sup> Al-Rumaihi, 300; Al Tajir, 55.

industry for some time before it was entirely replaced by the Customary Court.<sup>124</sup>

Building these institutions created what al-Khuri observed to be a bifurcated system of power, through which the Agent was able to wield political power alongside Sheikh Isa.

Sheikh Isa did not willingly allow for his power to be diluted by successive British Agents. Major H. R. P. Dickson was the first among the post-war Agents who sought to undermine Sheikh Isa as well as his tribal allies: Dickson wanted to establish a new court to look into matters having to do the pearl industry (at the time, this was done through the tribal merchant-dominated *salifah* court). In his notes, Dickson cites a “long fight” with Sheikh Isa over the establishment of the Customary Council (known as *majlis al-urf*) before the latter finally conceded to allowing the Agent to appoint half of the council’s members.<sup>125</sup> Dickson attempted to replicate the Customary Council arrangement with a new institution called the Municipal Council, but this effort was met with resistance as well. This other “fight” was finally settled by allowing the Sheikh to appoint all of its members on the condition that half would be Agent-vetted British subjects.<sup>126</sup> Sheikh Abdulla managed to get himself appointed as the head of the Municipal Council and reportedly did everything in his power to obstruct its

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<sup>124</sup> Al-Rumaihi 295, al-Khuri, 141.

<sup>125</sup> Political Diaries, Vol. 6, 521. Also see al-Khuri 141, 173, al-Tajir, 25. However, when Dickson’s successor, Norman N. E. Bra, appointed half of the members of the Customary Council (as per the Sheikh’s agreement with Dickson), Sheikh Isa objected and quickly dismissed the British-appointed members. Sheikh Isa took his grievance against British interference directly to the government in London when he sent Sheikh Abdulla on a visit on his behalf in 1919. Most notably, Sheikh Isa demanded to be “placed on an equality with other neighbouring Shaikhs,” to be allowed to “nominate the Bahraini members” of the Customary Council “without any interference by the Agent and to have the right to contact the government in London directly “should necessity arise...” See: al-Tajir, 300.

<sup>126</sup> Al-Rumaihi 307.

operations.<sup>127</sup> Dickson further antagonized Sheikh Isa by forcing the latter to reduce the tax imposed on re-export commodities in favor of various merchants and Ibn Saud, as discussed in the previous section.

As a result of Dickson's repeated encroachments, Sheikh Isa became increasingly hostile. Dickson reports that the Sheikh-appointed judges stopped calling on him because they did not wish to be seen as friendly to him; at the Joint Court, people began calling Sheikh Isa "King" of the entire region from Kuwait to Oman and reports a rumor that Sheikh Isa corresponded with Sharif Hussain of Hijaz to build an alliance and drive out Ibn Saud, who was understood to be an important ally of Britain.<sup>128</sup> Sheikh Isa also made it difficult for Dickson to gather intelligence from Ibn Saud's territories and other cities in the region because the Sheikh's *fidawis* prevented foreigners from visiting the agency for the first time.<sup>129</sup>

An especially prolific writer and a diligent collector of intelligence, Dickson wrote long and detailed reports in which he made "black" and "white" lists under which he listed individuals who were in favor of or in opposition to his increasing influence.<sup>130</sup> Importantly, Dickson grouped together a number of individuals whom he dubbed the

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<sup>127</sup> Al-Tajir 30. The Agent complained that Sheikh Abdullah turned the council into a "farce" because, when prompted, its members would usually respond by saying "whatever the President advises I agree to" out of fear. See: I.O.R 15/2/131

<sup>128</sup> Political Diaries, Vol. 6., 501.

<sup>129</sup> Ibid., 555.

<sup>130</sup> Al-Rumaihi 302

“ruling clique,” which comprised Sheikh Isa, his wife, his son Abdulla and the latter’s advisor, Jassim al-Shirawi.<sup>131</sup> On Sheikh Isa, Dickson writes:

[he remembers] we put him on the throne... [but] I do not think there is any actual affection felt for the English in the heart of the old man. He simply knows on which side his bread is buttered.”<sup>132</sup>

The greater share of Dickson’s contempt was reserved for Sheikh Abdulla, however, whom Dickson wrote, was “anti-British” and was “obsessed” with power.<sup>133</sup> It can also be noted in Dickson’s prose that he gave special attention to the fraternal jealousy, as he describes it, between the Sheikhs Hamad and Abdullah; further, Dickson concerned himself with the latter’s personal behavior and claimed Ibn Saud was of the same opinion.<sup>134</sup> Dickson also reported that “the leading Arab merchants” were “anti-British” while the *Baharnah* were generally “pro-British.”<sup>135</sup> These observations foreshadowed the policies of his successors – especially those of Major Clive Daly.

#### 4.2. Britain Removes an Obstacle

Major Clive Daly followed in his predecessors’ footsteps in marginalizing Sheikh Isa and his allies. His approach, however, was different: he concerned himself

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<sup>131</sup> Political Diaries, Vol. 6, 547.

<sup>132</sup> Ibid., 547.

<sup>133</sup> Ibid., 523. Sheikh Isa reportedly told the Agent: “I leave all of my affairs in Abdullah’s hands; if you want anything done, address him.”<sup>133</sup> This move was a clear sign of defiance on Sheikh Isa’s part, who in 1900 was made to assign his eldest son Hamad as his heir apparent. See: Ibid., 549. Dickson also describes the “anti-British feeling” among both Sunnis and the *Baharnah*. He attributes this to the “effects of war,” among which, he conceded, was the dire shortage in rice. He also cited “enemy propaganda” and “bad management.” He laments on the population’s antagonism to Britain and hopes to “educate” the “sullen Bahrani.” See Political Diaries, Vol. 6, 511, 524.

<sup>134</sup> Ibid., 550

<sup>135</sup> Ibid.

with the persecution of the *Baharnah*. The internal record shows him citing accounts from as early as the early 1900s; he also collated a long list of abuses that took place at the time as well.<sup>136</sup> Accordingly, Major Daly worried about the prospect of having the *Baharnah* reformist movement crushed by the numerous violent attacks visited upon the community, which were interpreted as attempts to derail the reform process into an asymmetrical communal conflict.<sup>137</sup> This remark by Daly suggests that the British *needed* the *Baharnah* uprising as a means to apply pressure on the recalcitrant al-Khalifa tribe, and without whom the British intervention would have lacked popular legitimacy.

By 1923 an “abnormal wave of crime” was “passing over the islands.” This time, the *Baharnah* village of Barbar was attacked by the Dowasir, leaving twelve villagers dead, tens wounded, many houses set afire and women raped.<sup>138</sup> Disaffected al-Khalifa members also preserve that status quo by putting down the *Baharnah* petition movement. *Fidawiyya* roamed a number of villages in an attempt to coerce their inhabitants “into signing a document addressed to the ruler expressing affection and satisfaction with this rule,” which “failed completely.”<sup>139</sup> Having neutralized the challenges posed by Sheikh Abdullah, Britain finally decided to take the drastic measure of forcing Sheikh Isa out of power and installing his son, Sheikh Hamad, in his stead as regent. Sheikh Isa demanded that the merchant tribes be consulted, but now the military power of the anti-reform faction was countered with that of two British gunboats that arrived at the shores of Bahrain.<sup>140</sup> Sheikh Hamad was now vested with the power to

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<sup>136</sup> Records of Bahrain, Vol 3., 678.

<sup>137</sup> Al-Khuri, 146

deport foreigners, which was used to send anti-reform Nejdi merchants to Bombay immediately.<sup>141</sup>

Some tribal merchants resisted Sheikh Hamad's ascent to power by writing petitions, which were countered with petitions by the *Baharnah* in support of Sheikh Hamad and the Political Agent, Major Clive Daly. Meanwhile, Major Daly wanted to bring the perpetrators of the violence in the villages to justice. The sons of Sheikh Khalid and the Dowasir threatened the *Baharnah* with further violence should any of them act as a witness, which was ultimately carried out when a number of *Baharnah* divers and two prominent Shi'a clerics were found to be killed.<sup>142</sup> Sheikh Hamad retaliated by arresting the head of the Dowasir tribe, Ahmed bin Abdulla al-Dosari, and forcing him to pay a hefty fine – an unprecedented move against the tribal merchants, which could only be carried out with high-level British support.<sup>143</sup> The Dowasir were reluctant to make good on their constant threat of mass migration because they had real estate holdings in Manama.<sup>144</sup> But the stakes were now at historic high as the existing order, as governed by tribal custom and blood relations, was being threatened by an

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<sup>138</sup> Political Diaries, Vol. 7, 58; al-khuri 148.

<sup>139</sup> Records of Bahrain, Vol 3., 678.

<sup>140</sup> Al-Khuri, 148. Further, the Political Agent went as far as to request permission to bombard the village of Budaiya if he deemed necessary. The Resident's response was that permission must be obtained from higher echelons in the government of India. The latter also feared that a military strike would antagonize Ibn Saud. See: I.O.R. 15/2/131

<sup>141</sup> Ibid.

<sup>142</sup> Al-Khuri 150

<sup>143</sup> Ibid.

<sup>144</sup> Fucarro, 26.

outside power. Al-Khuri estimates that two thousand Dowasir members quit Bahrain to Ibn Saud's territories, leaving behind one thousand members.<sup>145</sup>

Britain dealt a series of blows to the Dowasir's interests to guarantee their defeat: their *nakhudas* were banned from operating in pearl banks which they monopolized; their property was confiscated and sold in an auction; their divers were freed from their debts; the Dowasir members now in foreign territories were banned from returning, and those who stayed behind – in an attempt to stop them from posing a military challenge from abroad – were forced to stay. Further, Sheikh Hamad formally asked the rulers of Kuwait and Qatar not to grant the Dowasir a refuge.<sup>146</sup> Those who left, then, were confined to the territories of Ibn Saud, where they found themselves compelled to pay a number of taxes.

Meanwhile, Sheikh Khalid and his sons continued to resist Sheikh Hamad and Major Daly, though their power did not match that of the Dowasir (refer to Table 1). Nevertheless, this faction attacked the island of Sitrah on two occasions, resulting in deaths and injuries of *Baharnah* villagers.<sup>147</sup> The outcome of these sabotage attempts was as unprecedented as the fate of the Dowasir: the sons of Sheikh Khalid were given death penalties, while their accomplices were given heavy sentences ranging from

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<sup>145</sup> Al-Khuri, 151. Prominent Huwala merchants Yusuf Kanoo and Yusuf Fakhro also reportedly instigated various tribal *nakhudas* by convincing them that the reforms were meant to benefit the divers at their expense. See: Al-Tajir, 60. In Kanoo's case, his opposition to the reforms may be attributable to the fact that Britain's reforms redirected money from his bank to a British one that they had set up in 1920. Kanoo's bank was not always profitable – indeed, in some cases he lent money to prominent merchants without interest – but it was a way for him to build his prestige among the merchant community, which in hard times can translate into a matter of survival in business. See: I.O.R. 15/2/952.

<sup>146</sup> Al-Shehabi, 37.

<sup>147</sup> Khuri, 154.

fifteen years to six months.<sup>148</sup> Though the sons of the Sheikh were tried in absentia because they fled the island before they could be arrested and charged, this step was a historic one. Never before were heads of merchant tribes and key members of the ruling family were tried in a court of law and given heavy sentences. With this, the long episode in which a cohesive merchant class in Bahrain was able to resist the Sheikh came to a close.

Britain would now rule unchallenged through its Political Agent and the cooperative Sheikh Hamad was isolated from the ruling family, being the first son of an al-Khalifa ruler to be foreign-appointed as an heir apparent. In the face of the new and alien institution of primogeniture, Sheikh Hamad was liable to earn the contempt of his uncles and the jealousy of his brother. Indeed, even his son and future successor, Sheikh Salman, did not sympathize with him when he was being courted to take power. Sheikh Salman, the British Agent wrote of him in 1921, “has definitely thrown in his lot against his father, and is bitterly opposed to all idea of reform in the administration.”<sup>149</sup>

When the Political Resident visited Bahrain immediately after the ouster of Sheikh Isa, a host of *Baharnah* protesters gathered at the Agency to demand that the perpetrators of the violence be prosecuted. In a long speech in which he addressed all parties involved in the conflict, he told the *Baharnah*:

Much of the agitation of recent years has been fictitious. I am far from saying that have had no cause for complaint but... recent misrule is... [not] more tyrannical or more flagrant than it has often been in the past... we have admitted

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<sup>148</sup> Political Diaries, Vol. 7, 193, 215; also see: al-Tajir, 69

<sup>149</sup> Cited in Michael Herb, *All in the Family Absolutism, Revolution, and Democracy in the Middle Eastern Monarchies* (Albany: State University of New York Press, 1999), 129.

some abuses and announced our intention of fighting them. But I want you to remember that this is a Sunni country and surrounded on this shore of the gulf by powerful Sunni communities who watch our proceedings with vigilant interest and no small degree of suspicion. You must not expect equality at a bound and Sunni privileges cannot be swept away at once, if at all.<sup>150</sup>

The Resident repeated the real objective behind the British intervention in the internal record as well. He writes:

I may observe again that Bahrain shiah community after years of oppression are absolutely incapable of doing anything for themselves and can only petition us and whine... this being the case, our task in Bahrain of bolstering up a ruling family, which cannot rule justly or efficiently, and of helping at the same time a community which cannot help themselves is an extremely thankless one<sup>151</sup>

Some merchant tribes continued to resist, however. Abdulrahman al-Zayani and Ahmed bin Lahej – both of whom belong to merchant tribes and, according to British record, represented their interests – called for an elected body of representatives as a compromise measure. Al-Zayani reportedly reached out to *Baharnah* but was unable to persuade them to abandon their formidable ally of convenience, Britain.<sup>152</sup>

A final attempt to reverse the administrative reforms took place in 1926, when a hired assassin opened fire on and wounded Major Clive Daly, who the anti-reformist elements hated, and killed two Indian employees of the government.<sup>153</sup> Soon after this incident occurred, another assassination attempt – this time on Sheikh Hamad's life – was carried out, but this assassin missed his target as well.<sup>154</sup> A subsequent

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<sup>150</sup> I.O.R 15/2/131

<sup>151</sup> I.O.R 15/2/131

<sup>152</sup> Al-Tajir, 62.

<sup>153</sup> Political Diaries, Vol. 7, 396.

<sup>154</sup> Ibid., 420. The assassin was arrested and executed shortly thereafter. See: Ibid, 411.

investigation, headed by Sheikh Hamad's eldest son, Sheikh Salman, found Sheikh Ibrahim bin Khalid al-Khalifa guilty of planning the attempt on the Sheikh.<sup>155</sup> Other members of prominent tribes were also tried in the same court for other assassination attempts against other personalities in the island, which included *Baharnah* notables.<sup>156</sup> According to al-Tajir, the latter two were made to pay blood money while Sheikh Hamad resisted passing taking action against the son of Sheikh Khalid, Sheikh Ibrahim.<sup>157</sup>

What is evident, however, is that Britain rebuilt Sheikh Hamad's power base. This was a conscious effort as evidenced by the following statement by the Political Resident: "Alkalifah [sic] are a Sunni people governing a Shi'a population, and they do not desire to weaken themselves by the expulsion of a powerful Sunni support."<sup>158</sup> Indeed, the reforms resulted in the appointment of a "British financial advisor, a British Officer, and a British Customs Officer."<sup>159</sup> Should the "Arab façade fall," wrote the Political Agent, "we shall be left with a British Island pure and simple."<sup>160</sup>

As a result, the British Agent and the Sheikh persuaded *Baharnah* community leaders of Sitrah to allow the sons of Sheikh Khalid to return on the condition that they

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<sup>155</sup> Al-Tajir 77

<sup>156</sup> Ibid.

<sup>157</sup> According to the Political Agent's notes in 1928, Sheikh Ibrahim was condemned to death but the sentence was not carried out. See: Political Diaries, Vol. 8, 6.

<sup>158</sup> Al-Tajir, 87.

<sup>159</sup> Cited in al-Tajir, 97.

<sup>160</sup> Ibid., 96.

would not attack the village again.<sup>161</sup> The administration also accepted the Dowasir's request to return to Bahrain in 1928, though this was attached to a number of conditions:

They could never again claim to be internally independent of the Ruler of Bahrain. They would have to pay the same taxes as other agriculturists and traders, they must be submissive to the Sheikh's Courts... and they should accept the police post which had been established in their chief town. Their official headman would be nominated and could be changed, if necessary, by the Ruler, and their Bahraini tenants and negro divers be fully protected and have equal rights of citizenship with others of their own class.<sup>162</sup>

The status of the disaffected (and disadvantaged) factions of the al-Khalifa members, on the other hand, found new ways of integrating themselves with the rapidly expanding bureaucratic apparatus. As Nelida Fucarro observes,

The centrepiece of the reforms was the abolition of al-'imarah system and the suppression of feudal rights exercised by the ruling family in urban and rural areas. As administrative authority was progressively devolved to the new departments... many of Shaykh Hamad's relatives turned into state employees as they served in the Civil Courts and headed the municipal councils of Manama and Muharraq, the latter established in 1929.<sup>163</sup>

## 5. Conclusion

This chapter has accomplished a number of objectives. It has demonstrated that – alongside Britain's post-war imperial ambitions – there was a link between the behavior of some ruling family members and the Sheikh's fiscal crisis. It has also demonstrated the link between dynamics which, under normal circumstances, would function

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<sup>161</sup> Political Diaries, Vol. 8, 22; al-Tajir, 91. Further, Yusuf Kanoo was instrumental in arranging for the return of the sons of Sheikh Khalid. See I.O.R. 15/2/131.

<sup>162</sup> Al-Tajir, 86; al-Khuri, 153.

<sup>163</sup> Fucarro, 114. This process described by Fuccaro, i.e., the integration of various sections of the ruling family in to the bureaucratic apparatus confirms Michael Herb's central argument in his work *All in the Family: Absolutism, Revolution and Democracy in the Middle Eastern Monarchies*.

independently from one another; i.e., the pearl industry, the feudal reign over the *Baharnah* and the ruling family's position between the two. The uprising of the highly strained *Baharnah* community in 1922 seriously jeopardized the accumulation mechanism of the tributary *Baharnah*-ruling family arrangement, the ensuing disorder of which invited the British to intervene. The British strategy also put an end to the privileges and relative autonomy of the tribal merchants. The result of the British intervention is the centralization of power in its hands through the isolated Sheikh Hamad bin Isa.

This redistribution of power within Bahraini society and among the al-Khalifa family would give birth to the rapidly-expanding bureaucratic apparatus. Merchants would now have to contest power through state institutions such as the Municipal councils of Manama and Muharraq. These developments provide a basis for the themes I explore in the next chapter: for the first time, Bahrain-based merchants would now find themselves entirely dependent on the British-backed state for their prosperity.

## CHAPTER 4:

# THE COLLAPSE OF THE PEARL TRADE AND THE RISE OF THE STATE

### 1. Introduction

Britain's intervention in the 1923 put an end to the autonomy of the pearl merchants. In the following years – and despite the growth of an interventionist bureaucratic apparatus – the merchants remained to be the drivers of the economy, which afforded them a degree of influence. This chapter shows how the merchants' fared under the reform era until the Great Depression claimed the pearl industry and the livelihoods of all of those who depended on it.

The first part of this chapter deals with the tribal merchants' struggle with the newly instated regulations on their industry. I argue that the tribal merchants were already in (relative) decline during the reform era. This decline reveals the growing role of the state in the industry not as a final arbitrator in difficult conflicts, as was the case just a few years prior, but as its *only* mediator. Nevertheless, the influence of the tribal merchants – who largely remained to be the key drivers of the economy – persisted, until many met their financial ruin during the years of the Great Depression. Discussion of the tribal merchants would henceforth cease as their fortunes disintegrate. Indeed, there is no evidence that this group of merchants had attempted to regain their former social standing despite the opportunities for political contention.

In the second part of this chapter, I discuss the urban merchants, most of whom were pearl traders, landlords and moneylenders. Unlike their tribal counterparts, the

urban merchants saw their influence increase during the reform era as they took control of the Municipal Council, through which they found alternative avenues (that is, to the decaying pearl industry) to protect their investments and, when times were hard, cushion themselves against the harsh economic climate of the 1930s. These urban merchants played the role of political mediators in the 1930s as the troubled *Baharnah* community staged another petition movement, through which its merchant representatives addressed their exclusion from the Municipal Council. Finally, this chapter discusses a convergence of a number of forces that made up the 1938 movement, which some urban-based merchants adopted and championed. Through this movement, these merchants demanded the creation of a council of elites – presumably through which they would then increase their negotiating power with the state – but had failed to achieve their objective.

## 2. The Decline of the Pearl Industry

The ailing world economy in the 1930s had resulted in a collapse of demand for Bahraini pearls. Other external factors strained the pearl industry prior to Great Depression, such as the increasing ubiquity of Japanese cultured pearls, which resembled “genuine” pearls, and perhaps the changing fashion trends among upper class women in the West. The effects of the Great Depression can be assessed – in a generalized manner and without controlling for other external variables – by comparing the performance of pearl industry before and after 1929; its effects, as we shall see, were clearly devastating. The effects of the introduction of cultured pearls and changing fashion trends, on the other hand, are difficult to delineate temporally and in terms of its

effects. Thus, of the aforementioned three external factors, the following sections focuses on the Great Depression – alongside a host of important domestic factors.

### 2.1. The Effects of the Pearl Industry Reforms

The pearl industry reforms were essentially a list of state-imposed regulatory measures. These measures included the following: the government, not the *nakhudas*, would have the right to set the workers' *salaf* and *tisqam*; maximum limits were introduced to workers' *salaf* and interest rates charged by the *nakhudas*; the *nakhudas* were prohibited from claiming any additional charges without prior approval of the courts; *nakhudas* and the divers were now required to record all transactions so as to prevent any manipulation; *nakhudas* were prohibited from selling the pearls privately to merchants; and perhaps most notably, inter-generational transfer of debt was no longer permissible.<sup>164</sup> Under the rubric of “benevolent imperialism,” which contended that the “well-being of the natives” is a “guarantee of public order,” these measures were meant to stop further accumulation of debt and emancipate the next generation pearl workers.<sup>165</sup> They were also meant to enhance the standing of the British authorities, who oversaw these regulations through the half British-appointed Joint Court.

Apart from the direct costs to the *nakhudas* (such as taxation), the reforms hurt the pearl merchants indirectly in a variety of ways. First, the prohibition on inter-generational transfer of debt raised production costs for *nakhudas*. Previously, the inter-

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<sup>164</sup> Here, it can be noted that the British officials were not insensitive to the interests of the pearl merchants as well: the outstanding workers' debt, it was decided, would still have to be honored – meaning that they will be “hopelessly indebted to their captains, and will remain so until they die,” as the Political Agent wrote. See: I.O.R. 15/2/848.

<sup>165</sup> Fuccaro, 120.

generational attachment to the same *nakhuda* meant that skills were transferred down the generations at a low cost, as workers often involved their sons in the trade at an early age as apprentices. Indeed, the apprentices' low wages previously contributed to keeping the cost of labor low.<sup>166</sup> Another reform measure made it mandatory for all divers and pullers to be paid equally, which removed the incentive for workers to improve their skills to match the skilled and previously better paid workers. This measure also made it difficult to match skilled workers with skilled *nakhudas*, as the latter were now unable to attract skilled labor by offering a higher *salaf*.<sup>167</sup> Financiers, on the other hand, were prohibited from appropriating the property of insolvent *nakhudas*, which had the effect of increasing the risks attached to lending. Financiers were also prohibited from compensating this greater risk by increasing the interest rate beyond 20%. The combined result of these measures, as critics Nugent and Thomas charge, made the pearl industry less attractive for investment. These observations are confirmed by al-Khuri, who reports that the British reforms made Bahrain unattractive enough for tribal merchants to migrate away to other parts of the Gulf.<sup>168</sup>

From the point of view of the pearl merchants, then, these reforms were largely harmful. Beyond the violent outbursts of the heavily armed Dowasir tribe and tribal migrations, the tribal merchants resorted to variety of methods to obstruct the British

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<sup>166</sup> The observations in this paragraph are taken from Samar K. Datta and Jeffrey B. Nugent, Bahrain's Pearl Industry: How it Was, Why it was that Way and its Implications, *Bahrain and the Gulf*, ed. Jeffrey B. Nugent and Theodore H. Thomas (Billing & Sons Limited: Worchester, 1985), 38-39. This source provides one of the most sympathetic accounts to the merchants' point of view during this period.

<sup>167</sup> Though their effects are difficult to quantify, these factors may have contributed to the overall decline of Bahraini pearls during the reform era (1923—1929), about which the Political Agent complained in 1930. See: India Office Records I.O.R. 15/2/122.

<sup>168</sup> While al-Khuri cites the Dowasir as an example of such merchant tribes, he claims that others left the island in search of more profitable endeavors elsewhere as well. See al-Khuri, 168.

reforms. One such method came through making common cause with the deposed sheikh Isa bin Ali and drafting and co-signing his petitions of protest. After a number of petitions failed to win a favorable response from the British Political Agent Sheikh Isa addressed the British viceroy of India. In this petition, Sheikh Isa demanded that he be reinstated into power and that a committee of “experts” handle all matters related to the pearl industry. Besides Sheikh Isa, the petition claimed to represent a “congress of the aristocracy and intelligentsia of the land” and “chiefs of the tribes, nobles, ulemas and merchants.”<sup>169</sup> Not surprisingly, none of these attempts succeeded to persuade the Government of India to reverse its reforms.

The *nakhudas* staged resistance to the reforms on the site of production as well. They especially resented having to record and declare their transactions, for example, because they feared that doing so would make them prone to proportional taxation.<sup>170</sup> Major Daly recommended that Sheikh Hamad issue a proclamation on the matter but was not confident in his ability or willingness to confront the *nakhudas*. “[Sheikh Hamad] is mildly sympathetic to the divers... dislikes countenancing any action which may possibly annoy any of the merchants or the *nakhudas*,” Daly complained in his fortnightly reports to the Political Resident.<sup>171</sup> A compromise was finally reached when the government decided to charge fixed amounts such as “license fees” per pearling

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<sup>169</sup> I.O.R. 15/2/73. Hussain Moosa makes similar commentary on the class and ethnosectarian character of these petitions. See Moosa, 20, 21.

<sup>170</sup> I.O.R. 15/2/132.

<sup>171</sup> Ibid.

boat.<sup>172</sup> The merchant continued to resist the reforms until the end of the decade.

According to Belgrave's observation

There is a tendency toward a relapse. I know that many of the nakhudas are dodging the rule by keeping side accounts besides their official ones.<sup>173</sup>

There still remains an influential party of merchants and captains who bitterly resent the improved conditions and who continually try to upset and evade them. The strictest supervision is needed by the Government and the Courts to prevent a return to the previous state.<sup>174</sup>

## 2.2. Fluctuation and Decline

As can be noted from graph 1 and table 1, the pearl industry had seen better days than those of the reform era. The quality of the pearls being found in the banks was in decline and the general trend of demand fluctuated widely.<sup>175</sup> The worst of these fluctuations occurred in 1926, when demand for pearls from “the Rosenthals of Paris” declined by 65%.<sup>176</sup> Another factor that exacerbated the situation was that Japanese cultured pearls were becoming increasingly indistinguishable from natural ones and were being traded by some merchants.<sup>177</sup> The net result of these two developments disrupted the cycle of debt immediately: the financiers claimed not to have any money to

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<sup>172</sup> Ibid.

<sup>173</sup> I.O.R 15/2/122.

<sup>174</sup> I.O.R. 15/2/848. In some ways, old patterns did manage to return in new forms. Consider this passage by Belgrave in 1930: “sales of pearls were conducted privately between the captain [nakhuda] and merchant and usually the prices obtained were higher than the amount announced to the divers. The captains pocketed the difference. Infirm old men and young boys were forced to dive and any insubordination was punished by floggings and various tortures. No questions were asked about deaths that occurred at the banks.” See: I.O.R. 15/2/122.

<sup>175</sup> I.O.R. 15/2/122.

<sup>176</sup> Al-Tajir, 116.

<sup>177</sup> Merchants as prominent as Abdulrahman al-Qusaibi traded in cultured pearls. This had the effect of reducing pearl prices in Bahrain and in the world economy in general. See: I.O.R. 15/2/122

lend the *nakhudas* due to the poor sales. The financiers would only lend under the condition that the *nakhudas* honor some of their previous debt. But the *nakhudas* did not have any cash and therefore could not pay their creditors nor finance their operations. As a compromise measure (and in line with the reforms), the *nakhudas* offered the debts of their divers, but the financiers refused. The government had to intervene to rescue the industry from total collapse: it formed an emergency court headed by Charles Belgrave and staffed with three merchants: Abdulrahman al-Zayani, Haji Mohammed bin Hindi and Haji Abd Ali bin Rajab. The court ruled that financiers must accept the boats and the divers' debts; in return the *nakhudas* must operate with the expectation of a smaller margin of profit. The latter part of the decision meant that the divers' *tisqam* would be cut.<sup>178</sup> The workers, of course, complained.

Belgrave and Major Daly disliked the *tisqam* system. While profit-sharing is good "in theory," Daly granted, it was oppressive in practice because it was prone to manipulation by the *nakhudas*.<sup>179</sup> Daly's conclusion, therefore, was that *tisqam* should be gradually phased out.<sup>180</sup> In line with Daly's vision, the *tisqam* rate remained low despite the improvement in the pearl market in the following year. When the workers' demands for an increased *tisqam* fell on deaf ears, unrest broke out: around 200 workers stormed the Manama bazaar and did some "minor looting," according to the Political

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<sup>178</sup> Al-Tajir, 117.

<sup>179</sup> The regulation that compelled the *nakhudas* to ensure that at least three divers to be present during the transaction was meant to guard against a secret *nakhuda*-merchant understanding, through which the declared price of the pearls would be lower than its actual price – and thereby decreasing the workers' share of the transaction. Another measure against such manipulation was that the two-thirds of the workers had to agree to the declared price. None of these measures had succeeded in curbing the *nakhudas*' manipulation of the market, as the workers remained illiterate and were largely unaware of the going market prices. See: I.O.R. 15/2/122.

<sup>180</sup> Ibid.

Agent, and then “went to the house of a usurer, helped themselves to his rice and destroyed his records.”<sup>181</sup> Sheikh Hamad eventually gave into their demand.<sup>182</sup> Without directly undermining the Sheikh, Belgrave chose to take an opposite action: he decided to punish their disruptive attitude by issuing a proclamation that warned *nakhudas* against raising the *salaf*; those who did so would face a fine.<sup>183</sup> This episode reveals the inner workings of the men who ran the government at the time: Sheikh Hamad was clearly susceptible to popular pressure while Belgrave was primarily interested in maintaining the prestige of the state. This tension between Sheikh Hamad and Belgrave can be noted in their reactions to the labor unrest in the next year, when the Sheikh agreed to increase the *salaf* without consulting Belgrave. Annoyed, Belgrave reversed the Sheikh’s decision through the Joint Court (at the incessant urging of the merchants) by reducing the *salaf* below its former level.<sup>184</sup>

### 2.3 The Great Depression and the “Divers’ Uprising” of 1932

In many ways, the crisis of 1926 was a prelude for the far greater one following the crash of the New York stock exchange in 1929. The dynamic was identical: As lack of demand debt threatened to bring the industry to a halt because the financiers would not lend to the cash-strapped *nakhudas*. Unlike the crisis of 1926, however, demand never recovered. Further, the plunge in demand in 1929 was so dramatic that the worst

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<sup>181</sup> I.O.R. 15/2/132.

<sup>182</sup> Ibid..

<sup>183</sup> Ibid. It is not clear whether the decisions made by Belgrave and Sheikh Hamad were taken in coordination with one another. What is clear is that Belgrave was very concerned with discipline.

<sup>184</sup> Persian diaries, Vol. 9, 146.

pearl season in over two decades.<sup>185</sup> Even the mass migration of some of the important merchant tribes in the aftermath of the reforms did not produce such a cataclysmic effect.

Year	Salaf	
	Diver	Puller
1923	190	145
1924	100	75
1925	60	60
1926	100	80
1927	100	80
1928	130	110
1929	100	80
1930	80	60
1931	55	45
1932	30	25
1933	30	25
1934	20	15
1935	20	15
1936	20	15

Table 4: The declining wages of the pearl workers<sup>186</sup>

The economic downturn of 1929 devastated all parties involved in the pearl trade. Iconic merchants like Muhammed Sharif, the former head of the Manama Municipal Council (frequently described as the “leading Persian merchant”) defaulted on their debts and declared bankruptcy.<sup>187</sup> Major international merchants, such as Monsieur Rosenthal – who “annually buys not less than 1,000,000 pounds worth of

<sup>185</sup> Al-Tajir, 118.

<sup>186</sup> I.O.R. 15/2/132. Data for the years 1930 onwards are from al-Tajir, 117-122. The *tisqam* figures for 1930-31 are from Political Diaries, Vol. 9., 372.

<sup>187</sup> Political Diaries, Vol. 9, 161-162. Big migrant merchants also found themselves financially ruined during these years as well. Notable among these merchants are Mohammed and Khalil al-Bakir, the father and the uncle (respectively) of the leader of the pan-Arab nationalist opposition movement of the 1950s, Abdulrahman al-Bakir. The Political Agent wrote that the bankruptcy of the Bakir brothers was the biggest he had ever handled at the time. See: Political Diaries, Vol. 9, 82. An allusion to this can be found in Abdulrahman al-Bakir, *min al-baḥrayn ila al-manfa* (Ismail’Iyan, 1994), 14

pearls in Bahrain” – would now only spent a few thousand pounds and is “unable to meet his creditors.”<sup>188</sup> On the other hand, the merchants who were fortunate enough to have weathered the crisis during these years were unable to pay their workers. This was tolerable in 1930 because the workers were offered free “*barwas*” – i.e., substituting payment of *tisqam* with staple commodities.<sup>189</sup> But decreasing the workers’ *salaf* from Rs. 130 and Rs. 110 to Rs. 80 and Rs. 60 proved intolerable, as it provoked a strike immediately.<sup>190</sup> Sheikh Hamad once again agreed to revise the *salaf* at Rs. 100 and Rs. 75; but the merchants’ lobbying had succeeded in reversing the sheikh’s decision once again: *salaf* remained at Rs. 80 and Rs. 60.<sup>191</sup> But even these reduced advance wages proved to be untenable, as the *nakhudas* struggled to pay a meager Rs. 25.<sup>192</sup> Diffusing the tension at the time had thus depended on the expectation that the market would see an improvement in the following year. But these measures were stretched to their utmost limits sooner than that: offering free *barwa*, for instance, soon ceased becoming a temporary solution because *nakhudas* were increasingly unable to service their debts to the shopkeepers.<sup>193</sup> Hence, every facet of economic life was affected.

The Customs House’s revenue, which, due to decreasing pearl fishing activity, had accounted for 97% of the overall government revenue in 1930, was falling

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<sup>188</sup> Ibid., 372

<sup>189</sup> Ibid., 372, 398.

<sup>190</sup> Ibid., 146.

<sup>191</sup> Ibid., 147.

<sup>192</sup> Ibid., 260.

<sup>193</sup> Ibid., 289.

rapidly.<sup>194</sup> The government's falling revenue (see graph 1) quickly resulted in a reduction of wages of government employees, an increase in customs taxes and a temporary shrinkage in the Civil List's share of the budget from 60% to 50%.<sup>195</sup> On the streets, communal fights over bread took place, petty theft become rife and a population of beggars appeared on the streets, prompting the government to deport the migrants among them.<sup>196</sup>

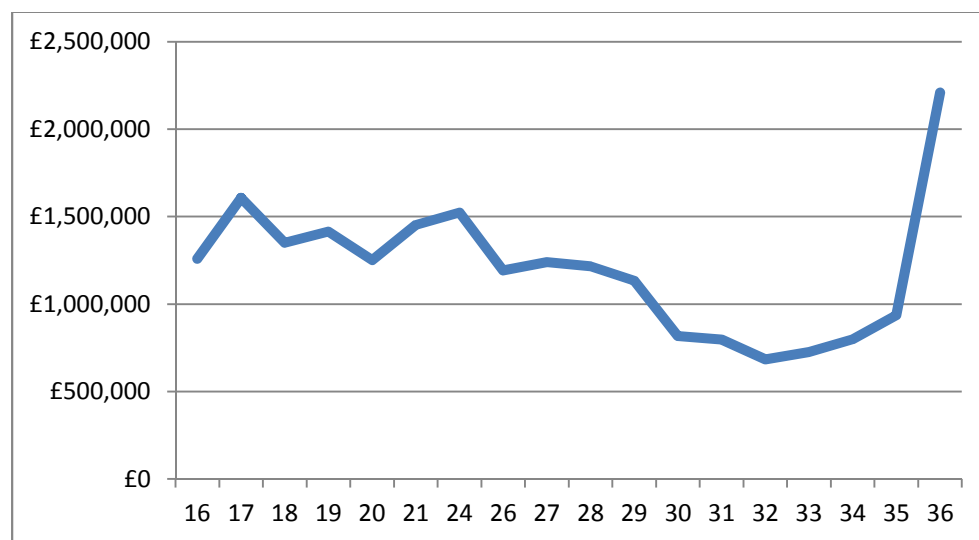


Figure 2: Bahrain Government's Income 1916-1936<sup>197</sup>

Against the background of a grim economic environment, pearl workers found their wages to be further decreased to Rs. 30 and Rs. 25.<sup>198</sup> Comparatively speaking, the

<sup>194</sup> Ibid., 287.

<sup>195</sup> Ibid., Vol.10, 77; Bahrain Government Annual Reports, 343. The Civil List comprised all ruling family members (including the ruler) whom were on the payroll of the state.

<sup>196</sup> Ibid., Vol. 9, 518, 621; Vol. 10, 467. Those deported were mostly "mainland Arabs" and Persians according to the Political Agent's notes,

<sup>197</sup> The figures reflect monetary value in pounds sterling. Data for the years 1916-1921 are taken from from al-Rumaihi, 114. The rest of the data is taken from the Bahrain annual reports vol 1. The figures in the graph represent pounds sterling. As these figures are directly lifted from primary sources by this author and al-Rumaihi, they are not fixed for inflation.

<sup>198</sup> Ibid.

reduction in the workers' *salaf* reached 70% of its pre-crisis levels (refer to table 1).

These conditions set the stage for one of the most violent labor uprisings in the island's history (commonly known as the "Divers' Uprising"): following a workers' protest, the police force arrested the "ringleaders."<sup>199</sup> Infuriated, a group of 1,500 workers (according to the Agent's estimate) set from Muharraq to Manama armed with "clubs, sticks and bars of iron" and managed to free their co-worker from prison.<sup>200</sup> The police responded by firing haphazardly into the air "on the slightest provocation" and hand-to-hand fights broke out. Some workers were ultimately "forced into the sea" as they headed back to Muharraq while others "disappeared into the town," leaving behind two workers dead and one severely wounded.<sup>201</sup> The merchants took this opportunity to express support the government's actions on the one hand and undermine Sheikh Hamad's lenient policies on the other. The Political Agent writes

the merchants and nakhudas uniformly support the action taken by the Bahrain Government, and most ascribe the incident to the weak policy of past years... when it is remembered that these divers number [are] some thousands of ruffians and semi savages... the danger of leniency is at one apparent... the Indian police behaved splendidly.

...the divers have learnt a lesson which they will not soon forget. It must be remembered, however, that the advances have this year reached an absolute minimum... Unless an improvement in the pearl market takes place before next year, the industry will be bankrupt and untold misery caused to thousands who have no other means of livelihood.<sup>202</sup>

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<sup>199</sup> Moosa, 23.

<sup>200</sup> I.O.R. 15/2/848.

<sup>201</sup> I.O.R. 15/2/848.

<sup>202</sup> Ibid. A non-British account exists for this particular episode at the British library. An apparently anti-British German newspaper carried an article entitled "A Swan Song on the Pearl Divers." The article states: "native eye-witnesses... who have come to bushire, report dreadful details of this shooting." The police, the newspaper claims, continued shoot at the divers even as they were escaping. "In their desperation the fugitive boatmen threw overboard their severely wounded comrades in order to lighten the

Disciplining workers did little to mitigate the decline of the industry, however. In a less polemical correspondence, the Political Resident wrote to the government of India with great concern about the industry's future

There is no doubt that... the demonstration was intended as a protest against the smallness of the diving advances... it is essential that divers should receive advances to support their families during their absence, merchants, boat owners and others have not got the capital now to pay the customary advances owing to the fact that they have not been able to dispose of last year's pearls.<sup>203</sup>

Declining demand for Bahraini pearls can be noted in the decline of the pearl fishing operations and the monetary size of the industry. Since the beginning of the crisis until 1935, both the number of pearling boats and as well as total value of pearls sold per year had declined by 50%.<sup>204</sup> In the early 1930s, foreign business partners such as European banks and wealthy Indian merchants offered cash to Bahraini merchants in return for a security of pearls (which they were increasingly unable to sell, in any case).<sup>205</sup> But faith in the profitability of the commodity dissipated by 1935, when foreign merchants stopped coming to Bahrain to purchase pearls altogether in 1935; Bahraini merchants would now have to go to Bombay to sell their pearls at lower prices.<sup>206</sup> In the process, the merchants lost as much as two-thirds of their capital.<sup>207</sup> Deprived of cash

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load... a few thousand Arab pearl divers thus became victims of the world economic crisis. Sheikh Ahmed, the paid chieftan of the island of Muharrak, in view of the choice allowed between a purse of gold and a pullet from the barrel of a sepoy's rifle, was obliged to express his thanks to the British "responsible advisor" for the destruction of the traditional occupation of his people!" Based on this article, a certain Mr. David Grenfell of the Anti-Slavery Society protested this incident in the House of Commons in London.

<sup>203</sup> Ibid.

<sup>204</sup> Al-Tajir, 122, 130.

<sup>205</sup> Political Diaries, Vol. 10, 167.

<sup>206</sup> Al-Tajir, 135.

<sup>207</sup> Fuccaro, 127.

and unmotivated to invest in the pearl industry, the merchants had refused to accept the boats and the workers' debts from the *nakhudas*; they would now demand mortgages of land and property of the *nakhudas*.<sup>208</sup> Thus, the *nakhuda* class – whom had for long served as a symbol of authority and prosperity in Bahrain – began to disintegrate as the fortunes of the pearl industry declined and their property confiscated by their financiers.

It is important to note that Bahrain was the first state in the Gulf where oil was discovered and produced. This early start gave Bahrain an advantage during this era; while its neighbors were devastated by the harsh economic climate of the 1930s, oil production brought to the Bahrain's coffers a dramatically increased income.<sup>209</sup> Therefore, the nascent oil industry filled the gap that the pearl industry was leaving behind. Ultimately, the class of pearl workers began to disappear along with their employers. The most important lesson to draw from these developments is that while merchants – especially the most organized, cohesive and socially influential section of it (i.e., the tribal merchants) were experiencing their darkest years, the ruling family suddenly found a boon in the oil industry's income. Thus, the merchants entered the oil era in their worst form. Nonetheless, the state would face one last challenge – this time by some of the urban merchants together with the *Baharnah* elites.

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<sup>208</sup> Al-Tajir, 122.

<sup>209</sup> The first oil production operation took place in 1931, but its contribution to the government's budget remained minimal until 1936. In 1935, revenue from oil amounted to 280,000 pounds sterling; in 1936, the figure was 1,450,000. See: Bahrain Government Annual Reports, 508, 608. Also refer to graph 1 in this chapter.

### 3. Contentious Politics in the City

While the increasingly centralized state was encroaching upon the operations of the tribal merchants, the urban merchants had an opposite experience through their control of the fiscally autonomous Manama Municipal Council. The Council not only provided these merchants with an avenue to project their influence; it also helped some urban merchants survive the ravages of the Great Depression, which virtually wiped out the tribal merchants.

#### 3.1 The Municipal Council

The Manama Municipal Council was formed in 1919 as a “forum for the continuation of patronage politics cementing the traditional alliance between merchants and rulers.”<sup>210</sup> The dynamics of this alliance took place inside this institution: the heterogeneous Manama-based merchants comprised its membership.<sup>211</sup> Sheikh Hamad role in the Council was prominent during the reform era during which he served as the Council’s president. During this time, he and his merchant allies employed the institution’s legislative and administrative powers to exert their influence without any checks from Belgrave’s administration or the Agency.<sup>212</sup> This was enabled by the fact

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<sup>210</sup> Fuccaro, 112. A full list of the council’s membership can be found in the Municipal Council’s publication, *Tis’una aman min masirat al-‘amal al-baladi* (Bahrain: al-dar al-alamiya lil-ṭibā’a, 2010), 84-89. Further, a source alludes to (but does not elaborate on) a competition between factions within the Council – the key factions being that of the Qusaibis on the one hand and the Kanoos on the other. See: Political Diaries, Vol. 9, 114.

<sup>211</sup> The membership of this institution suggests that the tribal merchants’ influence was limited to Muharraq. A notable exception to this was Muqbil al-Dhukair, who was known to be among the island’s richest pearl merchants and was represented in the Municipal Council – although he dwelled in Muharraq. But al-Dhukair disappears from the pages of history altogether – including the Council’s list of members – after he went bankrupt in the early 1930s. See: *Tis’una ‘aman*, 84-89; Fuccaro, 93.

<sup>212</sup> Ibid, 135. According to Fuccaro, the Municipal Council aspired to expand its powers to include an

that the Municipal Council was fiscally autonomous, as it raised its budget from taxes extracted from the inhabitants of the city.

The Council's members enforced taxes by hiring pearl workers, who, as we have seen in the previous section, were being squeezed by their cash-strapped *nakhudas*. The Municipal Council further exploited the situation to maximize its revenue: the wages of its tax collectors, it was decided in the late 1920s, would be calculated "on the basis of the sums they brought to the treasury."<sup>213</sup> Thus, the Municipality's coercive powers grew markedly, opening the door to abuse of power. Fuccaro points out that the local population worried that the municipal tax collectors were becoming a permanent feature of urban life as a new incarnation of the hated *fidawiyyah* of the pre-reform era.<sup>214</sup>

By 1928, the Municipal Council became bold enough to encroach upon British interests: it wanted to impose a tax on British planes at the airbase. This alarmed the Political Agent. "Both the municipalities," the Agent wrote disparagingly,

have a very inflated idea of their importance and the scope of their functions. The Manama municipality recently considered the question of putting a tax upon [British] aeroplanes without even considering whether it was within their power to do so.<sup>215</sup>

Around the same time, the Municipal Council in Muharraq was found to be encroaching upon the interests of its president, Sheikh Abdulla. During his absence, council made a swift decision to destroy the facades of twelve of Sheikh Abdulla's

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independent judicial authority as well. See: Ibid., 125.

<sup>213</sup> Fuccaro, 129.

<sup>214</sup> Ibid.

<sup>215</sup> Political Diaries, Vol. 8, 564.

shops in order to widen the street. “This was not done in any spirit of public mindedness though the road is much improved by widening, but in order to benefit two of the members who have property on the opposite side of the road,” the Agent wrote.<sup>216</sup> Belgrave played the resentful Sheikh Abdulla against Sheikh Hamad by replacing Sheikh Hamad with his brother as president of the (more important) Manama Municipality. “The separation of the municipal authority from that of the regent,” Fuccaro writes, “can be interpreted as a move towards state centralization which shifted the balance of institutional power from the municipality to the new administration headed by Belgrave.”<sup>217</sup>

The Municipal Council took another blow during the Great Depression years, when the Council was confronted with a local population unable to pay taxes. This made the residents of Manama “heavily indebted to the municipality” and halved its revenue during the years 1929-1933.<sup>218</sup> Under pressure, the Council used its coercive powers to appropriate the property of indebted shopkeepers and moneylenders, which had the dual effect of dramatically increasing homelessness and creating a new class of property owners who thrived on speculation.<sup>219</sup> Belgrave intervened in this situation as well by making the Council charge taxes to landlords in Manama rather than their tenants – a decision that the Council’s members managed to reverse in just ten months.<sup>220</sup> The

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<sup>216</sup> Ibid., 564

<sup>217</sup> Fuccaro, 126.

<sup>218</sup> Ibid., 128.

<sup>219</sup> Ibid., 130.

<sup>220</sup> Ibid., 136.

Council's members, after all, were the same landlords whom Belgrave sought to tax; indeed, the appropriation of property during this period accumulated over 80 percent of the residential buildings in Manama.<sup>221</sup> Meanwhile, the members of the Council evaded paying any taxes by running up debts to the municipality until Belgrave intervened again in 1937 by threatening to dismiss Council members who did not honor their debts to the municipality.<sup>222</sup>

Thus, urban merchants used the Municipal Council to cushion themselves against the devastating effects of the economic depression. Land and property ownership and speculation served as a vehicle for merchant family, including those who traded in pearls such as al-Urreyyedh, bin Rajab, al-Mudayfa and Bushehri, to diversify their portfolios and survive the crisis.<sup>223</sup> Another successful strategy by big merchants was divvying up their wealth among their heirs, who in turn managed to rebuild their families' fortunes around the nascent oil industry and by representing foreign companies.<sup>224</sup>

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<sup>221</sup> Ibid., 135.

<sup>222</sup> Ibid., 128. Fuccaro's account does not explain why Belgrave's stern reaction took so many years, however. One plausible speculation is that the windfall from oil revenues since 1936 may have emboldened Belgrave (see graph 1).

<sup>223</sup> Ibid., 135. Belgrave sought to regulate this dynamic by issuing a decree in 1932 which made it obligatory for merchants to get permission to represent foreign companies. See: Political Diaries, Vol 10, 155.

<sup>224</sup> Ibid., 133. This is how the Kanoo family survived the bankruptcy of Yusuf bin Ahmed Kanoo, Manama's richest merchant. See: Fuccaro, 140. For a detailed account on how the Kanoo family built its wealth and survived the depression, see Khalid M. Kanoo, *The House of Kanoo: A Century of an Arabian Family Business* (London: London Centre of Arab Studies, 1997).

### 3.2 Merchants as Mediators

The reform era converted the al-Khalifa family from recipients of tribute to landlords.<sup>225</sup> In practice, this meant that many of the same tracts of land where the *Baharnah* once worked as peasants would now be leased to relatively rich villagers (usually on a two-year basis).<sup>226</sup> Those who leased these properties (most notably date gardens) paid their landlords from the sales of the land's produce.

As with the urban center, however, the Great Depression strained this business arrangement as well. Due to the depressed markets (in which the price of dates decreased enormously), tenants were increasingly unable to pay rent to the landowners.<sup>227</sup> Other factors which worsened the situation in the villages was that a) the landowners were reluctant to invest in their gardens; and b) the relatively wealthy *Baharnah* tenants competed against one another to get garden leases, which had the effect of driving rent prices up. "In many cases," writes the Agent, the tenants [who cannot pay] are imprisoned... the *Baharnah* complain that their houses and animals are sold and they are left to starve."<sup>228</sup> Another key grievance was yet another reminder from a supposedly by-gone era: the cattle of the landowners were allowed to wander into the gardens and destroy their crops – a practice to which the reforms were to supposed to had put an end.

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<sup>225</sup> For a detailed account of the process of land privatization in the 1930s, see al-Khuri, 157-166.

<sup>226</sup> I.O.R. 15/2/176.

<sup>227</sup> Ibid.

<sup>228</sup> Ibid. The Agent reminds us of a historical precedent: "the question of non-payment of rents was the reason for the attacks on Shia villages some ten years ago. The feelings of the subjects has now become very bitter again."

These grievances fueled yet another *Baharnah* movement, which was once again spearheaded by *Baharnah* merchants and other notables.<sup>229</sup> Among the movement's demands were: the Sheikh's camels should not be allowed to wander into the gardens; the courts should be reformed; education should be extended to *Baharnah* youth; and most notably, the Municipal and the Customary Councils (*majlis al-Urf*) should represent Bahrainis proportionally (that is, they should include a greater number of *Baharnah* merchants).<sup>230</sup> Only three out of twenty-two Municipal Council members were *Baharnah*, the Agent conceded in his internal correspondence with the Resident, but there were very few *Baharnah* "who could rightly be described as leading merchants."<sup>231</sup> The *Baharnah* community leaders were clearly at a structural disadvantage because they were largely excluded from the windfall of the pearl industry in its heyday. In any case, the government responded to the *Baharnah*'s petitions by forming a committee to look into their demands. The committee's membership consisted of Yusuf Kanoo and Mansoor al-Ureyyed and was headed by Sheikh Salman bin Hamad al-Khalifa.<sup>232</sup> The record shows that this committee continued meeting; by 1937, the

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<sup>229</sup> Ibid. The signatories to this petition were Mansoor al-Urrayyedh, Abd Ali Hajji, Abdullah al-Ulaiwat, Muhsin al-Tajir, Abdulrasul bin Rajab, Hajji Abdulaziz al-Buri, Ahmed Barbar, Hussain al-Madhub and Haji Ali al-Aali. An intelligence report details short biographical notes on each of the above. These descriptions have been reproduced in al-Tajir, 228-229.

<sup>230</sup> I.O.R. 15/2/176.

<sup>231</sup> Ibid.

<sup>232</sup> That the government appointed an equal number of Sunni and Shi'a merchants to this committee (i.e., one from each community) was perhaps meant to convey to the *Baharnah* its willingness to entertain the question of proportionality. Note that Mansoor al-Ureyyedh was among the petitioners. See footnote 52.

issues on its agenda included bankruptcies, diving laws, mortgages, granting of agencies (i.e. acquiring franchises).<sup>233</sup>

### 3.3 Contentious Movements Merge: 1938

At least two factors converged during 1938 that can explain widespread discontent in Bahrain: first, cost of living kept rising during the economic depression; and second, Belgrave's administration's handling of the school and judicial systems caused dissatisfaction beyond the *Baharnah* community.<sup>234</sup> Agitation surfaced in this year by anonymous youth groups in Manama, who demanded reforming the education and judicial systems and forming a committee to represent the interests of the Bahrain Petroleum Company (BAPCO) workers. Belgrave quickly responded by cracking down on the youth organizers who were behind the youth groups – and at least one “secret labor union.”<sup>235</sup> The BAPCO workers went on strike and brought the company to a halt in protest of the crackdown, but were soon fired for doing so.<sup>236</sup>

Amid the unrest in Manama, prominent Sunni merchant Yusuf Fakhro invited *Baharnah* community leaders (whom had been petitioning the government) Mohsin al-Tajir and Sayid Ahmed al-Alawi to his office to agree on a set of demands. Among the range of topics agreed upon was forming a legislative committee made up of three

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<sup>233</sup> Ibid.

<sup>234</sup> Ibid. These factors are based on the observations of the advisor and the Political Agent. Recall that the question of school and court reforms had already been on the agenda of the government-appointment committee discussed in the previous section. The unrest in 1938 may be interpreted as an expression of discontent as regards these matters.

<sup>235</sup> Among those arrested was Abdulaziz al-Shamlan, who would later become one of the leaders of the nationalist movement in the 1950s. See: I.O.R. 15/2/176.

<sup>236</sup> Ibid.

Sunnis and three Shi'as. Following the government's crackdown, two Sunni and three Shi'a merchants drafted a petition together which called for wide-ranging reforms, including forming a committee to represent the workers of the BAPCO, doubling the wages of policemen, the formation of an elected legislative body of merchants, the recognition of Sheikh Salman as heir apparent, reforming the courts, banning liquor and putting legal restrictions women.<sup>237</sup>

These demands reflect the ambitions of the petitioners: it attempted to appeal to Sheikh Salman (whose potential position as heir apparent was challenged by his uncle, Sheikh Abdullah), the activist youth of Manama, the *Baharnah*, the oil company workers, the police and the conservative judges. The *Baharnah* merchants' demand for greater representation on the Municipal Council was articulated in nationalist terms: the movement demanded that the Council's membership be restricted to Bahrainis.<sup>238</sup>

Belgrave was alarmed. He knew that both the youth and the merchant components of the movement were not fond of him. According to the Political Agent's anonymous informer, the merchants' strategy was that they would not insist on Belgrave's removal if the Agency would guarantee that his duties would be limited to

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<sup>237</sup> Ibid. The latter demand was specifically aimed to prohibit women from applying for protection at the courts; the petitioners demanded that women "be sent back to her relatives to deal with her in any way they like." Later meetings involved other key merchants including Khalil al-Mo'ayyad, Yusuf bin Ahmed Kanoo, Abdulrahman al-Zayani, Isa bin Saleh Bin Hindi, Syed Saaed Syed Khalaf, Mohsin al-Tajir, Mansoor al-Urreyedh and Abd Ali al-Ulaiwat. While there is no evidence that directly connect the high-profile petition movement led by the merchants with the youth-level agitation in the streets of Manama, the merchants clearly incorporated the youth's demands.

<sup>238</sup> Fuccaro, 176.

what his official title suggests – that is, the merchants did not want him to govern.<sup>239</sup> On the other hand, Belgrave describes the youth thus:

so-called leaders, who are now in jail, advocated a council which should take control of finance, public security, education and most other things, in fact the overthrow of the existing form of government.<sup>240</sup>

Belgrave also notes that there existed “resentment at the wealth from oil which pours into the coffers of the Khalifa.”<sup>241</sup> This is quite striking in its similarity to the merchant’s movement in Kuwait in the same year, where a coalition of merchants, after having won a National Assembly, made the Sheikh promise to hand them the proceeds from oil production.<sup>242</sup> The British officials in Bahrain recognized more than parallel patterns: they concluded that the merchants’ movement in Bahrain was directly inspired by that of Kuwait (and to a lesser extent, Dubai.)<sup>243</sup> The Political Agent was of the opinion that a degree of merchant empowerment was inevitable and advised Belgrave’s administration to allow for a small concession. He wrote:

The obvious remedy appears to me an advisory [original emphasis] council to be set up by the sheikh.... I gave exactly the same advice to two other Shaikhs – Kuwait and Debai. They did not take it and the consequence is that both of them have now been forcibly saddled with Executive Councils. In other words, instead of the sheikh sitting on the council, the Council sits on the sheikh!<sup>244</sup>

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<sup>239</sup> I.O.R. 15/2/176

<sup>240</sup> Ibid.

<sup>241</sup> Ibid.

<sup>242</sup> Crystal, 49

<sup>243</sup> I.O.R. 15/2/176. Further, the British officials observed that the petitioners in Bahrain were under the false impression that Britain supported the merchants’ movement in Kuwait.

<sup>244</sup> Ibid.

“The advantage of such a[n advisory] council,” the Agent continued, was “in clearing the air.” The Political Resident was staunchly opposed to the idea, however. “The words ‘executive’ and ‘advisory’ mean nothing to the people of Bahrain... we have no sympathy for the activities of the revolutionary,” he wrote.<sup>245</sup> Belgrave was already a step ahead of the Resident: he recognized the movement’s demands represented an attempt to build a broad coalition and he quickly moved to fragment it by finally conceding to the years-long demand of reform in the Shi’a courts. In return, he extracted a promise from the *Baharnah* community leaders to restrain their followers as he put the youth movement down (who, it should be noted, were also reaching out across the sectarian line as well).<sup>246</sup> Belgrave’s other measures were to increase the number of police at his disposal, form an education board with no administrative or legislative powers, and rejected the calls for a labor committee to “interfere” with labor issues and a legislative council.

#### 4. Conclusion

This chapter has shown how the merchants struggled to retain their status in Bahraini society. Within the realm of the market, these attempts manifested themselves in the tribal merchants’ resistance to various reform measures, which were deemed to be harmful to the pearl trade. Ultimately, market forces prevailed in marginalizing the merchants as a sociopolitical force: the collapse of the pearl industry diminished the merchants’ economic power while the surge in oil revenues (see graph 1) afforded the state a newfound sense of independence.

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<sup>245</sup> *ibid.*

<sup>246</sup> *Ibid.*

In Manama, the merchants there had, since the administrative reforms took hold, took control of the Municipal Council to serve their interests. The Council developed into a local government of sorts, but Belgrave wanted to limit its powers while he expanded his own, as he did with the tribal merchants of Muharraq. The available data in the internal record is not sufficient to establish a causal link between the checks Belgrave put on the Council and the urban merchants' political activism in 1938. What is clear, however, is that the Council was highly contested, as evidenced by the *Baharnah* community leaders' demand for proportional representation. It is also clear that the state suddenly enjoyed a spike in its revenue, which greatly lessened its dependence on the merchants' economic activities. However, the available official data is insufficient to determine whether the latter development can explain the motivation behind the political activism of some of the urban-based merchants in 1938.

The merchants have ceased to play a role in Bahrain's political scene since 1938, as there is no evidence to the contrary. Indeed, merchants cease to be mentioned altogether as years went by. Thus, this chapter raises more questions than it answers: did the tribal merchant class disintegrate entirely? Or did some become integrated into the state in a new clientelistic relationship? As for the urban merchants, why did they become involved in the 1938 movement at all? Were they ideologically driven or were there personal grievances? I raise these questions for future research to take up.

## CHAPTER 5

### CONCLUSION

#### 1. Findings

Focusing on Bahrain's merchants has shed light on a number of features of Bahraini politics, some of which have hitherto been underemphasized or altogether unexplored. First, this paper has found that pearl-producing tribal merchants were indeed largely autonomous, resourceful, cohesive and, when the need arose, highly contentious. Second, this study has shown that certain merchants who shared a common history, heritage and culture enjoyed a different set of privileges than their non-tribal counterparts. Third, this paper has explained why Britain had intervened so heavily in Bahrain – which, insofar as the Gulf Arab states are concerned, is an exceptional phenomenon. Fourth, it has traced the decline of the tribal merchants with the collapse of the pearl industry. The urban merchants, on the other hand, used the Manama Municipal Council as a vehicle to survive the harsh economic climate of the 1930s.

Chapter 2 has shown how the pearl industry was booming under the reign of Sheikh Isa bin Ali (1869-1923), which finally brought to Bahrain a degree of stability after decades of unrest. Persian and Indian merchants (including shopkeepers), whom were now considered to be British-protected subjects, had an incentive to immigrate to Bahrain. Divers from across the region were likewise attracted to the opportunities available in Bahrain at the time. The main benefactors of the pearl industry's boom, however, were the Nejdi tribes allied to the ruling family, whose ranks staffed the pearl production process at every level (i.e., financier, *nakhuda*, as well as workers.) The

tribal merchants would lend money to Sheikh Isa bin Ali during his time of need, act as his advisors, staff his courts – most significantly the *salifah* court, which oversaw the pearl industry – and even intermarry with ruling family. The tribal merchants were entirely exempted from taxation and were under minimal state oversight; indeed, their day-to-day operations were autonomous. One of the tribal families, the Dowasir, enjoyed an even greater set of privileges. This tribe wielded an unparalleled level of influence as they commanded a sizable paramilitary force, controlled the village of Budaiya and monopolized certain pearl banks.

The tribal merchants enjoyed a great degree of prestige and influence as other ethnic and sectarian groups on the island could not match. British protection of various social groupings shielded other merchants from arbitrary dispossession – and thus indirectly consolidated the private property regime in Manama, where most of the migrant communities dwelled. However, the *Baharnah* community remained at a comparative disadvantage; the property of merchants of this background was especially vulnerable to confiscation. Finally, Chapter 2 has also shown how Britain did not have an interest in intervening in – let alone governing – the island directly at this time except in situations that threatened the Pax Britannica, such as the two civil wars in the nineteenth century.

Underpinning the weak private property regime in the rest of the island was the tributary mode of production, through which value was extracted from the *Baharnah* peasantry to the ruling elite. The state under Sheikh Isa bin Ali was further weakened by Britain's decision to impose the institution of primogeniture. Britain's motivation was stability on the island, as fraternal struggle for power had resulted in civil unrest in the

nineteenth century. The brothers of Sheikh Isa bin Ali, then, were suddenly disempowered by a foreign entity. To placate any potential dissension among the influential ranks of his family, Sheikh Isa offered a share of his revenue, most almost entirely came from the Customs House's taxes. Sheikh Isa also allowed his brothers to continue controlling various sections of Bahrain, where they commanded paramilitary forces to extract various taxes and tributes from the *Baharnah* population.

Thus, the capitalist mode of production, which governed the pearl industry, and the tributary mode of production, which had traditionally and up to this point accounted for the livelihood and influence of various sections of the ruling family, largely functioned in separate economic spheres. As shown in chapter 3, the role of Sheikh Isa bin Ali is key because he oversaw the articulation between these two modes of production: on the one hand, the capitalist mode of production brought to Bahrain a flow of commodities, the taxes upon which accounted for the revenue of the Customs House. On the other hand, Sheikh Isa and other key members of the ruling family were also recipients of the *Baharnah's* taxes and tributes.

My main argument in chapter 3 – and perhaps the greatest contribution this paper has to offer – is that the British intervention of 1923 came as a response to a deep structural crisis in Bahrain following the World War. The theoretical concepts described above have aided me in explaining how the crisis came about: the falling revenue of the Customs House – owing to the declining economic activity during this period – put pressure on other sources of the ruling family's income, i.e., the tributary mode of production. The increasing extraction – and, in some case, the dispossession of – the *Baharnah* population gave rise to a petition movement that demanded an end of such

practices from the British Agency. Britain, with its newfound imperial confidence following its triumph in the World War, was now more interested in intervening in Bahrain domestic affairs – indeed, British intervention in governing Bahrain predated the zenith of the *Baharnah* petition movement. Therefore, the *Baharnah* community's petition movement found a temporary ally in Britain's successive Political Agents, especially Major Clive Daly, who finally managed to oust Sheikh Isa bin Ali in favor of his son, Sheikh Hamad. Sheikh Isa, the tribal merchants and sections of the ruling family – all of whom perceived, quite rightly, the British reform to be harmful to their interests, attempted to preserve the old order. Ultimately, the world's greatest superpower prevailed.

The reign of Sheikh Hamad ushered in an era of British governance over Bahrain. Britain's reforms had set up a series of state institutions, ended the tributary mode of production, expanded the private property regime from the confines of Manama to the rest of the island, monopolized the means of coercion (by replacing all paramilitary forces with an official police force) and effectively centralizing the state apparatus. Britain, however, anticipated a reaction against the increasing British influence in Bahrain and decided to withdraw its Political Agent to the background; in his stead, Charles Belgrave would govern the administration from 1926 to 1957.

During reform era (1923 – 1929) with British influence greatly expanded, the bureaucratic apparatus experienced an increase in its size as well as functions. It directly interfered in the pearl industry by setting wages and debt ceilings, forcing *nakhudas* to keep records, imposing taxes and monitoring the conditions of production in a variety of ways. These measures were distasteful for the tribal merchants as they increased

production costs. Thus, tribal merchants looked for ways to undermine the reforms, but without much success.

The state was unable to fund all of the new institutions that Britain had created. Most notable among these institutions was the self-funded Manama Municipal Council, which the urban merchants used as a forum to express their interests. It was also a forum for the continuation of their alliance with Sheikh Hamad, who as its president sought to govern outside the shadow of the informal colonial administrator, Charles Belgrave. The *Baharnah* elites, on their part, were interested in sharing the privileges of the urban merchants by demanding a proportional representation on the Manama Municipal Council. Some of the Council's members suddenly became politically active in 1938 and adopted the *Baharnah*'s demand on nationalist grounds (i.e., that the *Baharnah* elites should occupy the seats of non-Bahraini merchants.) The motivation behind this temporary – and ultimately failed – alliance cannot be established from the available official sources. This is among the puzzles at which this study has arrived. The tribal merchants' abrupt disintegration as a merchant class is perhaps a greater puzzle with which future researchers may grapple.

## 2. The Puzzle of the Tribal Merchants

As I have shown in chapter 4, the economic depression of the 1930s dealt a deathblow to the tribal merchants, whom were largely invested in the pearl trade. Indeed, these tribal merchants all but disappear from the political scene; instead, it is the Huwala merchants (that is, among the Sunnis) that agitated for reforms in the late 1930s. Why did the tribal merchants not attempt to regain their social standing in the oil era?

Invoking Jill Crystal's conclusions offers us a number of insights. First, her study distinguishes between "merchant class" and a mere "economic grouping." For Crystal, the former label applies to the Kuwait's merchants while the latter label applies to Qatar's merchants. The distinction between the two is not precise, but it is important: "there is a numerical threshold that must be crossed before a group constitutes a class and is able to exercise some class capacity," she writes.<sup>247</sup> A division of labor between the economic and political spheres is also key for Crystal: Kuwait's merchants were historically autonomous while those of Qatar engaged in economic activities alongside its ruling family, thereby diluting their negotiating power.

If we are to apply Crystal's classification, then, one would certainly characterize Bahrain's tribal merchants as a "class." Their numbers were high enough for them to dominate pearl production and trade. They were also largely autonomous and had, at various historical junctions, acted as a cohesive class; indeed, beyond their economic interests, they were also culturally cohesive. How would Crystal explain their decline? Crystal suggests two key factors: a) the merchant class must enter the oil era "conscious and organized"; and b) the presence of strong (proto-) political institutions.<sup>248</sup>

Here the differences with the case of Bahrain stand out clearly: Bahrain's merchant class, as represented by the tribal merchants, had to grapple with a highly interventionist and ever-expanding bureaucratic apparatus. Indeed, Britain took a number of measures (including but not limited to appointing a British "financial advisor" to Sheikh Hamad) to ensure that the still-cohesive class of tribal merchants

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<sup>247</sup> Crystal, 173.

<sup>248</sup> Ibid.

would not reverse the administrative reforms. Further, the oil era began early in Bahrain; indeed, the surge in the state's income from its nascent oil industry in 1936 rescued the island from the hardships experienced by its neighbors. This surge also had the effect of empowering the ruling family at a time when the tribal merchants were experiencing the lowest points of their industry's crisis.

Crystal's other factor applies to Bahrain, as the Manama Municipal Council, as I have shown in chapter 4, represented a forum for urban merchants to express their interests and cushion themselves against the ravages of the Great Depression. However, the urban merchants were a different group than the tribal ones. The latter came from different ethnic and sectarian backgrounds, did not concentrate in Manama (i.e., they populated the island of Muharraq) and they were heavily engaged in production. The urban merchants, on the other hand, were mostly traders, landowners and moneylenders. In sum, the strong political institution Crystal would look for in Bahrain did exist before the oil era, but it served Manama's heterogeneous "economic grouping," not Muharraq's "merchant class."

Perhaps future researchers may begin solving this puzzle by looking into the Muharraq's Municipal Council. This Council is scarcely discussed in the literature (including Fuccaro's book) as well as the primary record researched herein. Given that the tribal merchants dominated Muharraq at the time, it is very likely that they had likewise dominated the membership of this Council. Did this Council attempt to cushion its members against the depression? If so, did they fail? Or were there another host of factors that brought about their decline?

### 3. Further Study

Crystal's insights, then, help us understand why Bahrain's merchants suffered from a structural disadvantage. But it does not provide an explanation for why the record does not show any instance of political contention among the ranks of the merchant class as their fortunes were declining. Here, one may extend the dynamic that Michael Herb has observed in the Gulf states with the advent of the oil era; i.e., that ruling families established themselves as resilient institutions by reserving to them key positions within the new bureaucratic apparatus. Just as this provides members of the ruling families an incentive to maintain the integrity of the family as well as the incumbent political leadership, it is worth investigating to what extent the same dynamic has been extended to Bahrainis of tribal backgrounds as well. If a careful investigation succeeds in extending Herb's argument in such a way, this may partially help to explain the island's sectarian and loyalist-opposition dynamics from a structuralist point of view.

I have encountered another mystery in the course of conducting this study: within the constraints of the primary sources available to me, I have been unable to explain how the merchants – their backgrounds notwithstanding – became integrated within the new order in the oil era. However, there are a number of cues that point the future researcher in the right direction: 1) we know from Fuccaro's work that many merchants rebuilt their fortunes around the oil industry and by representing foreign companies; 2) we also know that the latter method has been overseen by the state – a procedure that goes back at least to 1932, when the administration required all merchants to seek explicit government permission; and 3) one may read the government's control over who represents which company within the framework of

clientelistic patronage, which characterizes political and economic life in the oil era Gulf.

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