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28 August 1980

# Near East/North Africa Report

(FOUO 32/80)

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NEAR EAST/NORTH AFRICA REPORT

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INTER-ARAB AFFAIRS

NEEDY ARAB NATIONS URGED TO PROVIDE SECURITY FOR AOPEC MONEY

Paris AL-WATAN AL-ARABI in Arabic 21-27 Jun 80 pp 45-47

[Article: "Arab Funds Give Banks of the World Indigestion; Where Will Surplus of 100 Billion Petrodollars Go This Year? Foreign Banks Are Threatening to Refuse OPEC Deposits if They Are Not Invested for Long Terms"]

[Text] Arab oil money accumulating in foreign banks face the threat that these banks might not be able to absorb it or invest it. It is also feared that this money might be frozen in the event of a political crisis between the Arabs and the West. Why is it that the non-oil producing Arab countries do not offer the necessary guarantees for the investment of this money in development, industrial and agricultural projects?

This question is directed to the countries that own these deposits and to their sister countries which are in dire need for such deposits.

Estimates show that the OPEC countries will have a surplus this year of 100 to 120 billion dollars, and that this surplus could reach, within a period of 5 years, 500 billion dollars.

What would the oil producing countries do with this legendary wealth?

Traditional financial policies of the OPEC countries have developed very little from 1940 until 1980. These countries have gained some experience in circulating their surplus in the international banking system. However, these countries are still conservative and cautious on one hand. On the other, they lack long range financial and banking planning and coordination which would guarantee stable and qualified investment.

The international banking system was successful in absorbing the financial surplus of the OPEC countries last year, and was able to circulate it, or in other words, was able to successfully transform it into short and long term loans for the developing countries.

Statistics of the International Settlements Bank show that the commercial banks received during the past year financial surpluses estimated at 30

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billion dollars, and that these banks were able to offer 24 billion of these surpluses in the form of loans to the developing countries.

The banks which took part in this complicated and successful financial operation were the major banks of the top ten industrial countries, overseas branches of American banks and banks in such countries as Switzerland, Austria, Denmark, Ireland and Luxembourg.

To appreciate the measure of success of the international banking system in circulating the oil money, one must bear in mind that this operation was conducted under unfavorable circumstances for the banks. These circumstances were represented by tight money policy and a rise in the interest rate in the U.S., strict lending requirements imposed by international banks (e.g. the International Monetary Fund and the World Bank), and the negative effects of the freezing of Iranian assets in American banks and in their branches overseas.

#### Hardships of the Developing Countries

This success in absorbing and circulating the financial surpluses of the OPEC does not mean that this will continue to be possible in the future. Experts of the European Common Market say that the international monetary system will face a crisis in trying to circulate this money in 1982.

It seems that the international monetary system will be capable of absorbing and circulating the financial surpluses this year and the following one. However, with the rise in inflation, the developing countries which have weak economies will face a severe crisis in repaying their debts in 1981, and in getting new loans to finance development and imports.

In fact a number of private commercial banks have begun to be hesitant in offering loans to the developing countries, in view of the increase in their existing debts and the failure of some of them to either repay these debts or to request that they be refinanced.

Statistics of the European Common Market show that the debts of the developing countries have increased from 75 billion dollars to 250 billion dollars during the past 7 years, and that these debts are expected to reach 400 billion dollars in 1982.

The oil countries offer tremendous assistance to the developing countries which exceeds that offered by the advanced industrial countries. However, with regard to their financial surpluses on deposit in foreign banks, the OPEC countries, like any businessman, want to loan them for short terms, not exceeding six periods and for secured interest, while the developing countries try to secure loans for relatively low interest rates and for long terms.

There are two dangerous aspects of this crisis. The developing countries want, at the present time, to secure loans to repay their previous ones.

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This means that these new loans are not being used any more to finance development and reconstruction projects. Instead, they are increasing the financial burdens of countries which are becoming poorer and poorer as a result of this. But, what is the solution for this slowly approaching crisis?

What Is the Role of International Banks?

Commercial banks are currently calling upon the international banks and institutions to help them in absorbing and circulating oil money surpluses. The call is mainly made to two international banks: the World Bank and the International Monetary Fund.

The commercial banks are capable of securing OPEC financial surpluses and offering them to the developing countries at terms easier than those under which the two banks are offering their loans presently.

However, the two world banks are hesitant about absorbing any additional surpluses, mainly because they are presently offering large loans (sic).

Another suggestion is that the OPEC countries should themselves offer loans in the form of bilateral contracts to the developing countries or to the developed countries which are suffering from financial or commercial deficits.

In fact, bilateral contracts and transactions have been made between Saudi Arabia and Germany, whereby Germany received a large Saudi loan to cover the deficit in its national budget.

An indication of the beginning of the inability of the international banking system to absorb and circulate oil money surpluses is the sudden disappearance of billions of dollars from commercial banks. Banking experts in international money markets say that some of these billions have migrated to the U.S. not as bank deposits, but in payment for real estate and bonds.

It is said also that some Middle Eastern oil countries have made large secret transactions for the purchase of gold from the Soviet Union in exchange for dollars, which are being sought by the Soviets to finance their purchases from the West.

An intense battle is presently under way between the owners and directors of commercial banks and the OPEC countries, mainly the Arab oil producing countries, for the purpose of convincing these countries to leave their large deposits in these banks for long periods ranging between four and five years, instead of for short-term periods which do not exceed six months.

Commercial banks claim that they will fail, under current conditions, to absorb, circulate and invest the oil money in the developing countries. The battle has reached the level of threats and blackmail. Some banks are even calling for solidarity in refusing oil revenues.



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Some Western experts say that, in the end, freezing bank deposits will lead the oil producing countries to lower their oil production. This would be natural, since it is better to retain the oil wealth in the ground than to maintain paper money in banks where its value depreciates by the effect of inflation.

Lowering oil production would mean higher demand and lower supply. This situation would eventually lead to large sporadic leaps in oil prices which would cause inflationary pressures in the industrial countries and lead to waves of economic stagnation. In the end, all concerned parties would suffer from the failure to reach a formula to absorb and circulate the oil revenue.

#### Oil Revenues Are Heading Toward the Arab Market

However, there is an increasing tendency on the part of the Arab OPEC countries to invest their financial surpluses in the Arab and Islamic world in an attempt to liberate the money markets and industry from Western domination.

In fact, large banks and companies have been established during the current and past year. It also has been decided to establish an insurance company with a 3.5 billion dollar capital to compete with Lloyds of London which has a capital of 4.5 billion dollars. The reason behind such a move was the fact that Lloyds increased its insurance rates on shipping to the Gulf area under the pretext that it is a dangerous area.

The Arab League of Nations is currently preparing a campaign for economic cooperation and coordination among its 21 members. This campaign aims at working equitably with the Arab economic blocks for the purpose of investing Arab money in the rapid development of Arab projects.

In fact, the Arabs are no longer rushing their money to the United States. Instead, they are searching for a more stable and secure market. There are now between 30 and 40 billion Arab petrodollars in the U.S. market. However, this sum has not decreased, but has also not increased since the U.S. government froze the 8 billion dollars of Iranian assets.

An Arab financial institution, which is the Arab Monetary Fund, has been established in order to coordinate the Arab economic policies.

A draft of the Arab economic charter will be submitted through the Secretariate General of the Arab League to the Arab Economic Summit Conference which is to be held at the end of the current year.

The largest and most successful Arab economic projects are those of the CAPEC such as: a ship maintenance and repair company in Bahrain and a maritime shipping company. However, profits are low in comparison to the size of the investment.

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There is real interest among the Arab Gulf oil countries in increasing their investments in the Arab Islamic countries. Saudi Arabia is encouraging private capital to be invested in Arab markets, rather than in Western markets, and Kuwait is investing more than one-fourth of its financial reserves in Arab markets.

Several Arab countries have begun establishing joint companies in partnership with both Arab and radical (socialist) countries.

There are also several Arab banking and financial institutions with partners such as Kuwait, Libya and the UAE.

However, there are political, administrative and financial obstacles which prevent the flow of Arab oil money toward investment opportunities in Arab non-oil producing countries.

This could be caused by either political instability or faulty administrative systems which hamper money transfers and economic projects.

In addition, Arab capital needs investment security with regard to ultimate repatriation of the investment and its profits. It is very possible that the absence of such security prevents the investment of Arab capital in Arab markets, and forces it to seek security and easy profits in areas distant from the Arab world.

The cold safes and vaults of foreign banks are filled with Arab deposits and accounts. These banks look for favorable opportunities, proper guarantees and carefully studied projects before they agree to finance them.

The non-oil producing Arab countries are in dire need for these billions to invest in their development projects, to secure work for tens of thousands of people, and eventually to secure social and political stability.

The opportunity is here, but it is the duty of the regimes of these countries to be more serious and concerned about attracting oil money than to just wait for crumbs which fall from the tables of foreign banks and monetary funds.

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INTER-ARAB AFFAIRS

EXORBITANT COMMISSIONS, BRIBES CALLED MAIN CAUSES OF CURRUPTION

Illegal Financial Activities

Paris AL-WATAN AL-'ARABI in Arabic 3 May-6 Jun 80 pp 27-30

[Text] The exorbitant commissions that brokers, middlemen, local and foreign agents are receiving have become a phenomenon that is threatening the political, economic and social stability in the Middle East. AL-WATAN AL-'ARABI is shedding some light on this phenomenon, on its secrets, its secret avenues and its negative effects. It is expressing the hope that ways and procedures will be prepared to eliminate this phenomenon in the area of operations, transactions and major industrial and commercial contracts. This phenomenon is undermining the relationship between the ruler and the citizen, on the one hand, and it is disturbing the economic cycle, on the other.

On the street it is called a tip; in educated circles it is called a bribe; and in commercial and economic circles as well as in administrative departments it is called a commission.

This [sum] varies from a few francs or pounds in the pocket of a worker in a coffee shop, a restaurant, a hotel or a government civil servant to hundreds of millions of dollars flowing into the pocket of an official, an executive, a middleman, a client, a network or a joint, mutual corporation.

Whether it is large or small, a bribe or a commission has destructive effects on society, on politics, on the economy, on morals and on the state machinery.

Bribery is a common disease that has equally afflicted the young and the old, the poor and the rich, small countries and rich countries. But it has assumed the form of an epidemic and a disease that is spreading in the countries of the Middle East as fortunes accumulate and as spending expands. It is like cholera, which has become a native disease in the area after moving to it from parts of Africa and Central Asia.

The [average] citizen, especially in the Third World has come to believe that his question or his problem cannot be solved through government channels without a middleman or an agent and unless he pays the price. A bribe or a commission has become like a passport, easy and fast; a bribe or a commission has become the rule, and [compliance with] the law is the exception.

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The matter is not confined to the citizen. When local and foreign companies compete for contracts, they know that they have to pay a price or a commission to win the contract or the deal. And here a middleman is always ready to play his overt or confidential role in promoting a contract between two concerned parties--between a company and the administrative or governmental agency in question.

With the exception of a few Third World countries, and also perhaps a few in the capitalist and the socialist world, government and regimes have been obviously unable to deal with this destructive form of corruption in spite of the fact that the penalty [for such actions] in some of these countries may be execution or life imprisonment.

General Laxity in Confronting Corruption

There actually is general laxity in confronting this phenomenon of corruption for numerous reasons. Among those reasons is the fact that clients, middlemen and brokers are most often a privileged group with broad influence and close ties with those in power. [Another reason] is that corruption is no longer confined to a privileged group, but it has overwhelmed a specific class or segment, and this broad segment has joined [its forces] and held them together to conceal its corruption.

In a non-oil country in the Middle East there were almost mass resignations among senior civil servants. Those people formed semi-superficial companies; they obtained authorizations from foreign corporations; and they entered the field of competition to obtain contracts to implement development and construction projects listed in the development plans.

Those people benefited from the influence they had in the past in the administrative agencies; from their friendships with their colleagues who stayed in government; or from their contacts and the tempting offers they made to senior executives to reap large fortunes in the shortest possible time.

The result was that enormous investments were wasted on projects that were not fully investigated economically and technically.

Today, it is not strange that opposition programs in the Middle East in particular and in the Third World in general are teeming with urgent demands to abolish the role of middlemen and brokers in the economic and administrative sectors. They are calling for the implementation of specific rules and regulations in the drawing up of contracts and deals, and they are calling for the adoption of a system of absolute secrecy in weighing the offers that are made to select the most suitable and the most economical.

The billions of dollars which middlemen, brokers and functionaries have received have left their marks on the various aspects of life in the Middle East. Suffice it here to make quick reference to some of the negative effects of commissions:

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-- They disrupt governmental and administrative activity, and they place a secret authority in place of the official or the legitimate authority.

-- They spread an atmosphere of distrust in transactions with government agencies, and [they bring about] the deterioration of morals and noble principles which are required in a government official.

-- They arouse citizens' suspicions about the integrity of senior officials who control matters in the political leadership.

-- They shake up political stability in the country in question over the long range, and they open the door for the appearance of movements that adopt political violence as a means for their actions and for their general conduct. This is especially the case if administrative corruption accompanies suppression and political and social oppression.

-- Large commissions have inflationary effects since corporations which paid these commissions to a limited number of people want to get them back quickly from the public's pockets.

What Do the Statements of the Opposition Say?

There would be no objection to citing passages from a secret report distributed recently by an opposition party in an Arab country. The report describes the negative results of commissions, bribes and administrative corruption:

"...A large portion of these (government) expenditures finds its way into the pockets of new or old local wealthy men in the form of purchases and supplies. In fact a portion of the business of foreign corporations was guaranteed for local groups."

The report adds, "After the 1973 War the demand for entrepreneurs grew, and some invitations to submit bids that were announced went begging for three consecutive times. This provided the opportunity for a not inconsiderable number of people, who were close to men in government, to enrich themselves. These contractual businesses used to produce for these men enormous sums of money through the partnerships [they formed] with the entrepreneurs."

After referring to the effects of these economic "violations" on prices, the report refers to the fact that the country in question rushed to obtain major aid and loans from Arab, eastern and western countries. "It was thus marginally possible to carry out private deals with foreign corporations and their agents. These deals guaranteed for officials commissions that could not be sneered at. Those officials acquired fortunes and capital inside the country and abroad."

Middlemen do not look alike nor do they have the same affiliation. There may be senior officers among them or executives who are not working in a government agency; they are, however, close to a [government] official because of friendship, a family relationship or a tribal or sectarian affiliation.

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The middleman may be a woman who can use her power and her influence to conclude profitable deals, or he may be a foreign agent. There are now scores of prominent figures in the world of finance and politics traveling in the capitals of the Middle East to conclude deals and to arrange commission rates.

Among those "desirable" figures who visited Cairo in the last few days were the Jewish major financier, Baron De Rothschild; David Rockefeller, chairman of the board of the Chase Manhattan Bank; Spiro Agnew, Nixon's former vice president; and Richard Helms, director of the Central Intelligence Agency and currently director of an American public relations firm. Those visitors are not strangers to these capitals.

The deposed Shah of Iran had relied totally on U.S. middlemen and brokers in particular--especially those like Rockefeller--to slip billions of dollars of Iran's funds into the coffers of U.S. banks and corporations in return for projects that yielded a small or an imaginary return to his country, or in return for projects to purchase and amass weapons which the Iranian army could neither absorb nor use. These weapons were purchased at prices higher than their real prices, and the difference went to the Shah and to the brokers.

Trading in Oil

Trading in oil is a market in itself. Fantastic profits are realized in this market by foreign oil companies, but after they pay a commission to the functionaries.

The oil companies used to submit to the Iranian Ministry of Oil requests to purchase quantities of oil outside the framework of the long-term contracts. They would indicate their willingness to pay the official price determined by the government. They would agree with the men of the [Shah's] court, who were brokers, clients and functionaries, to pay a secret "allowance" above the official price. An imperial order would then be issued to the Ministry of Oil to sell the required quantity of oil to the company.

This allowance used to vary in some cases between 5 and 8 dollars for every barrel of oil. It would be possible to make an estimate of the commission if we indicated that the smallest quantity of oil that would be purchased by any company would be 100,000 barrels. This means that the middleman or the agent would receive somewhere between half a million dollars and 800,000 dollars for facilitating the conclusion of a deal. There is no doubt that scores of deals are concluded on this basis per month.

The oil company in question would also realize fantastic profits from selling the quantity of oil it obtained on the spot market in Rotterdam, for example. Prices on the spot market are always higher than prices for long-term contracts.

This method is still being used now. International oil companies, and especially American companies, are still realizing fantastic profits from selling OPEC oil which they obtain even at its current high prices.

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The grave nature of the commissions received by weapons merchants and middlemen may be estimated if we know that the world will spend close to 500 billion dollars on weapons this year. This means that it will cost 20,000 dollars to equip one soldier.

Secret trading activity in the arms field has become one of the most dangerous commercial operations. It is more dangerous than trading in the area of manufacturing and smuggling narcotics. Some clients and prominent weapons merchants have lost their lives in mysterious circumstances in the next [sic] few years as a result of the competition between the weapons racketeers.

Other brokers and middlemen have also been able to supply weapons through complicated operations from communist countries to rightist countries or regimes, or they were able to supply weapons from western countries to leftist countries or organizations. It is therefore not strange, for example, for a Soviet or a Czechoslovakian Kalashnikov to show up in the hands of some rightist organizations in Lebanon or in the hands of Afghan insurgents.

In most cases multi-national corporations play a negative role in the economic cycles of countries in the Middle East through the strong influence that is practiced by their clients, their middlemen and the delegations of their directors.

A European Common Market report says that multi-national corporations are trying to gain control of the international economy through immoral means such as corruption, extortion, threats and tax evasion.

Estimates indicate that there are 4,500 multi-national corporations and that 2,500 work in Europe and in the Middle East. Altogether they control between 650 and 750 billion dollars worth of international trade. At present, efforts are being made in Europe and in the United Nations to subject these corporations to laws that determine their conduct and their moral course in business and profit by monitoring their relations, their records and their finances as well as the control they have over their branches.

Saudi Arabia has recently announced its third development plan which includes about 300 billion dollars in expenditures for construction and development projects. Sources of foreign corporations are currently admitting that obtaining contracts to take part in implementing Saudi projects has become more difficult than at any time in the past because concerned Saudi authorities are strictly observing the determination of specifications and conditions and also because they are making certain that the terms of the contracts include the best conditions that are suitable to the interests of the state.

There seems to be unanimity, however, among conservative and radical Arab regimes that the role of a middleman in trade has been broadened and enlarged in the seventies and has become predatory and negative.

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But major government efforts must be made in addition to the efforts that have so far been made to reduce this role and to shrink it down to an appropriate size without letting it have negative effects not only on the economy, but also on all the various fields, and chiefly the political field.

Will the regimes actually be able to do this?

The matter is to a large degree tied to what can be done in the foreseeable future. This is because popular sentiment against the role of brokers and middlemen has increased noticeably under the delicate circumstances which the area is experiencing. This is happening at a time when hundreds of billions of dollars are being budgeted for expenditures on growth, development and services.

#### Two Prominent Middlemen

Paris AL-WATAN AL-'ARABI in Arabic 3 May-6 Jun 80 pp 30-31

[Text] Major middlemen and brokers who are men of business, finance and politics in the Middle East do not share their critics' opinion that brokerage and mediation are improper activities in the international or regional economic cycle.

They generally view their roles in positive terms, and they consider them to be legitimate or rather indispensable in the context of international trade and economic cooperation between the countries of the world.

There are prominent Arab names in the field of business in the world. Those people have achieved a major portion of their profits through brokerage operations for which they received large commissions.

The lights have been focused on names such as those of 'Adnan al-Khashuqji Akram al-'Ajjah, Ghayth Fara'un and Rif'at al-Asad. This is perhaps because those people have won fame in social or political circles in addition to their economic and commercial fame.

But this does not prevent us from saying that those people are treated unfairly if people sometimes criticize them severely and bitterly and pursue them with this criticism in their commercial operations or in their social activities. There are also Arab names that are almost unknown; the fortunes and the profits of those may exceed the fortunes and profits of those with famous names. The limelight does not fall on them, however, because they stay away from the lights and prefer to work in the narrowest scope of fame and publicity.

#### Al-Khashuqji Unhappy in Love, Happy in Trade

The most famous Arab business man at present is perhaps Mr 'Adnan al-Khashuqji (45 years). He is a Saudi citizen of Turkish ancestry. His father was a physician for the late King 'Abd-al-'Aziz, the founder of the Kingdom of Saudi Arabia.

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'Adnan made his way in the world of trade and finance with a small capital. His daring and his close ties [with people] enabled him to achieve a huge fortune gradually and to establish a complicated network of corporations, organizations and businesses all over the globe.

"Adnan was destined to pursue his business in the Middle East and in the world away from the limelight. But his friendship with a number of senior politicians in the world and his entry into the society of the jet-set in the United States and in Europe has made him a target for the goodwill and the ill will of the major yellow newspapers in the world.

The interests of these newspapers soon turned from al-Khashuqji's social activities to his commercial activities. His reputation was slightly affected 3 years ago when the U.S. government accused the Lockheed and the Northrop Corporation of paying commissions to 'Adnan for facilitating operations, deals and contracts on their behalf in some countries of the Middle East.

The Northrop Corporation alleged, for example, that he had asked for a 450,000 dollars commission to pay two senior officers in the air force in one of the Third World countries.

The Lockheed Corporation alleges that he received a 105 million dollars commission from it to promote its unfortunate airplanes, the L-1011, during the period from 1970 to 1975.

Although Mr al-Khashuqji neither confirmed or denied the charges, he explained that receiving a commission to promote specific products was a legitimate, permissible and known action in the world of trade and finance.

But the worst thing that happened to the major Arab billionaire was his dispute with his British wife Thurayya; his separation from her; and then his divorce.

It seems that Thurayya (34 years) found someone to encourage her to sue al-Khashuqji and to try to defame him. She rushed to the Los Angeles court in California, which is known for settling domestic cases promptly, and filed a suit against him asking for compensation of 2.5 billion dollars. She said that this sum was half the sum that 'Adnan had gained while he was married to her.

'Adnan became furious when Thurayya began to publish memoirs about her private life and her relations with some known political and non-political figures. She said that she had established some of these relations while she was still married to her former husband. She soon presented documents to the Los Angeles court claiming that Mr al-Khashuqji's employees had sent girls and gifts to some senior employees of U.S. corporations that are implementing contracts in the Middle East.

She also claimed that some of al-Khashuqji's employees had established romantic relations with the secretaries of senior officers in U.S. corporations to obtain from them trade secrets that pertain to the activities and the business of these companies in areas that are of interest to Mr al-Khashuqji.

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She said that an account had been opened in a Swiss bank in the name of one of the secretaries by way of bribing her.

The corporations in question denied the allegations that were made by Mrs Thurayya. 'Adnan himself asked that the court not allow journalists to have access to these documents that his wife was submitting because they were hurting him ethically and financially, especially since he was "a respectable business man" with commercial interests in various countries of the world.

Akram al-'Ajjah: From Sports to Trade

Mr Akram 'Ajjah (65 years) appears much younger than he is with his thick hair and his copper tone complexion, which has been tanned by the heat of massage baths, when he shows up at the nightclubs and the French restaurants which he frequents.

His most recent successful undertaking last year was his marriage to the 21-year old daughter of Maj Gen Mustafa Talas, the Syrian minister of defense.

Akram 'Ajjah is a Syrian from a commercial family that is well-known in Damascus. He grew up in Damascus and won a scholarship to study in France. One of his most successful projects there was his marriage to a French gymnast in which his strong love for sports was exemplified.

Fortune smiled upon the big businessman: he did not achieve his dream of becoming a sports teacher like his first wife was, but fortune led him to make the acquaintance of a number of Arab executives, and he was able with his skill and his good conduct to embark upon successful commercial and industrial businesses with their help.

But these businesses were thwarted for a period of time when France entered into a bloody dispute with Egypt, Tunisia and Algeria in the fifties. He was then accused of siding with his first Arab homeland against his second French homeland, and he was sentenced to prison in absentia for 3 years.

Then he returned to France in the sixties to affirm his affection and his loyalty to France. Since 1963 he has been able to contribute to the establishment of a number of successful industrial and commercial projects in Switzerland and in France through trilateral relations with Arab and French businessmen.

Akram 'Ajjah owns palaces and luxurious homes in both European countries. One of his most famous deals was that in which he acquired the famous passenger ship, France, in 1974 when he announced that he would turn it into a floating hotel. But he sold it last year for 18 million dollars, and he also sold with it art objects worth 54 million French francs.

'Ajjah is not less famous in European press and social circles than his counterpart Mr al-Khashuqji. But it is thought that he does not match him as far as wealth is concerned.

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An indication of this is the fact that the net profits of the principal U.S. oil companies which deal with the Middle East area are estimated to be 221 billion dollars from their sales and operations inside the United States and abroad in the present decade. Carter has been trying to take away 272 billion dollars of these profits in the eighties.

#### Commissions Paid by Airline Companies

The scandals of the three principal U.S. airplane manufacturing companies are still on the minds of Americans. The Lockheed, MacDonald Douglas and the Boeing corporations paid hundreds of millions of dollars to clients, brokers and executives in the capitalist and in the developing world to sell the airplanes they manufacture.

Profitable deals were concluded for the first two companies, but the countries that purchased DC-10's, which are manufactured by MacDonald Douglas, and L-1011 Tristars, which are manufactured by Lockheed, suffered enormous losses as a result of the fact that a flaw was discovered in the devices of these airplanes. This flaw caused some of the airplanes to crash, and they were then grounded in most of the countries that own them out of concern for the safety of passengers.

The Boeing Corporation was accused of paying 3.6 million dollars in commissions to sell a Lebanese airline company three jumbo 747 airplanes.

U.S. courts were obliged to forego the trial of ITT Telecommunications Corporation after it was discovered that the company's record was full of bribes and commissions that were paid in foreign countries. This is because such a trial would reveal secrets that would affect U.S. political interests.

It is known that this corporation has a special relationship with the Central Intelligence Agency. It was the front through which the CIA took action to strike Allende's regime in Chile in the early seventies.

The U.S. press held a tight hold a few months ago on a resounding scandal in which the wife of the Jewish senator, Jacob Javits was implicated. This happened when the new regime in Iran presented documents to prove that Mrs Javits had received payments from the deposed Shah to facilitate arms deals. Mrs Javits claimed that she had received these payments to "to improve" the reputation of the Shah's regime in U.S. public opinion shortly before the Shah fell. The testimony of the senator's wife was taken seriously, and it was possible to keep a tight hold on the question due to the fact that the U.S. press under the effect of Zionist influence covered it up.

#### The World of Secret Weapons

Commissions paid in the arms trade are not any less than those paid in the oil trade. But secrecy here is tighter for obvious reasons.

There are scores of names of prominent political, military and economic figures that appear on the secret list of clients and middlemen, especially in the Middle East which is considered the most important international market for the most modern and the most complex weapons.

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At any rate the value of their fortunes remains a secret even though some French newspapers did claim last year that the businesses of Mr al-'Ajjah had been somewhat affected. The newspapers provided evidence for this by stating that al-'Ajjah had been forced to sell [the ship] France and his objects of art.

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INTER-ARAB AFFAIRS

HISTORIC ARAB DIVISIVENESS DISCUSSED

Paris AL-WATAN AL-'ARABI in Arabic 21-27 Jun 80 pp 20-22

[Article: "Has Iran's Revolution Split the Arabs"]

[Text] This headline may be unjust to Iran's revolution, since the Arabs were not united to begin with for Khomeyni to come and tear them apart. They were not one united state that was split into as many states as there are "ayatollahs" by the Tehran revolution.

The Arabs, in their ancient and modern history, have always been torn, split, divided and even fighting each other. Their disputes allow some to charge that they have never been and never will be one nation. Some even deny their Arabism, saying that it is neither an Arab race, people, or nation, but only a language, a culture or a league...like our Arab League which is in itself a dedication to separation and division.

The Arabs, even after their countries became independent and after they established their league in the 1940's, have always been subject to polarization. They had polarization of royal families, of different political politics ('Abd al-Nasir's Egypt versus Nuri al'Sa'id's Iraq over the issue of alliances), and of national and ethnic affiliations ('Abd al-Nasir's Egypt versus 'Abd al-Karim Qasim's Iraq).

Recently, even before Khomeyni's revolution, axes or strong relations between two or more countries were still being formed (al-Sadat's Egypt and al-Asad's Syria, followed by al-Sadat's Egypt and Faysal's Saudi Arabia).

Later, al-Sadat independently formed an axis in which he included Israel, the historic enemy which is foreign to the Arab nation. He formed this axis against all other Arab nations, including those he was allied with or closely related to, from Qadhafi's Libya to al-Asad's Syria to Faysal's Saudi Arabia.

Iraq, under al-Bakr and Saddam Husayn, was able to rally almost all the Arabs into a least common denominator axis in Baghdad at the end of 1978, to face the Carter-Begin-Sadat axis. This may have been the first

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time in modern Arab history that [almost] all Arabs organized around one [common] purpose. The purpose, briefly, was to confront the Egyptian-Israeli axis which wants to penetrate the Arab front against Zionist occupation and usurpation.

Some Arabs thought, or imagined, due to the intensity of their longing for unity, or at least for firm solidarity, that the Baghdad axis would result in a cohesive Arab position, or least in minimal Arab solidarity on most issues, not just against al-Sadat and Camp David. They thought that the Arabs could unify their position toward Europe, the Soviet Union, international polarization in their region, etc. But they were wrong. Saddam Husayn's Iraq concurred with 'Abd al-Fattah Isma'il's Yemen and Hafiz al-Asad's Syria on a minimal common stand against the Camp David trio, but found itself in disagreement with Isma'il's Yemen over the Soviet intervention in Afghanistan, and with al-Asad's Syria over its position on Iran's revolution. While Baghdad condemned Soviet intervention in Afghanistan, Aden welcomed it, and Damascus approved of it or overlooked it.

In other words, what united Baghdad, Damascus, Aden and Tripoli together in facing Camp David did not necessarily unite them to confront Soviet intervention in Iran (sic) or international polarization of the Gulf.

#### Role of Affiliations, Interests and Connections

The reason for the above is obvious. If the ultimate Arab interest had united all these nations against Camp David in an act of self-defense against surrendering to the enemy, this interest was not relevant in other situations.

In the case of Soviet intervention in Afghanistan, the criterion for Saddam Husayn's Iraq was national affiliation. Thus, he condemned this intervention. Aden's criterion was ideological affiliation or rather ideological subordination. The Marxist regime in Aden did not find anything wrong with Marxist Russia's crushing of nonaligned, Islamic, or more specifically, conservative Afghanistan.

This leads us to the factual conclusion about our Arab policy, namely that the standards set by various governments to measure and define their political positions are vastly different. These contradictory and different standards tear the Arabs apart, and result in diverse political decisions and positions.

Had there been adherence to the sole criterion of national or Arab independence, there would have been a united position, as happened with regard to Camp David, and as did not happen with regard to the situation in the Gulf, the intervention in Afghanistan, and the revolution in Iran.

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Had there been one standard to adhere to, there would not have been Arab policies on Lebanon, and this small country would have been saved from steadily drowning in a sea of blood for 5 years. There would not have been as many armies and militias in Lebanon as there are armies and militias in the Arab countries. At least, there would have been one united Arab position to confront foreign intervention, be it by Israel, the U.S., or anyone else.

Had there been one standard to adhere to, there would have been one unified Arab position on Iran's revolution.

What we want to say is that Arab fragmentation and political differences are caused by the diversity of Arab standards more than by other non-Arab factors.

We are not trying to acquit the Iranian revolution from its role in dividing Arab ranks. But this division would not have been an instrument in Iranian hands had there not been more than one Arab will and more than one standard by which to determine Arab policy toward diverse situations.

What, for example, makes relations between Tehran and Baghdad so extremely tense, while they are so clear, pure and almost innocent, between Tehran and Damascus?

What makes an Arab leader like Libyan President Mu'ammarr Qadhafi, who is undoubtedly of old Arab bedouin descent, stand up and say that he discovered that the Iranian religious leader is his relative, and send his deputy Major 'Abd al-Salam Jallud to emphasize recognition of Khomeyni's revolution? This is done at the same time as Iraq demands that the new Iranian government prove its "friendliness" to the Arabs by returning three islands to the UAE. These are the same islands that caused Libya to break its diplomatic ties with Iran when the latter seized them in the early 1970's, and which Khomeyni and Bani-Sadr emphasize that they will neither return to Qadhafi [sic] nor to al-Shaykh Zayid Nuhayan in the early 1980's?

It is Arab conflicts and rivalry which open the way for the foreign powers to widen differences between the Arabs and polarize them.

Distant people do not appreciate the hardships and problems of others. There are eastern Arabs, for example, who changed their attitude more than once on the Moroccan-Algerian conflict over the Sahara.

Why are there no guidelines except convenience, self-interests, and small alliances that lead to weak and unstable tactical policies?

If there was a national standard, there would have been someone to warn that it is dangerous to establish an Arab state whose population is only 100,000 people in a desert area as large as Syria.

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ALGERIA

**ARMY WINS: GENERAL STAFF RESTORED**

Paris JEUNE AFRIQUE in French 30 Jul 80 p 31

[Text] The cabinet reshuffle on 15 July was not the biggest event in Algerian politics, coming as it did a month after the FLN Party congress (16-19 June). The important thing was what that move camouflaged: President Chadli Bendjedid's decision to revive the army general staff after a 13-year slumber, and to replace Mohamed Saleh Yahiaoui as head of the party. These two decisions indicate something of a break with Boumedienne's policies.

Hitherto accepted as a potential successor to the late President Houari Boumedienne, party coordinator Mohamed Saleh Yahiaoui now steps down. Although still a member of the politburo, he and former presidential counselor Abdelaziz Bouteflika alone no longer have positions either in the government or in the party apparatus, and his place at the head of the party has been taken by Cherif Messaadia. Messaadia, however, will hold only the title of "permanent secretary of the central committee." So ends an experiment begun by Boumedienne in 1977 to placate party members who wanted, at long last, to build a genuine mass party and give the nation a set of institutions under law.

Still another move marks the break with the Boumedienne tradition: the army will have a general staff again. This is a tremendous event in Algeria's political history, in the course of which the general staff was often implicated in the upheavals of the Sixties: when in 1963 President Ben Bella named Col Tahar Zbiri to head it, the then-defense minister, Boumedienne, who was in Moscow at the time, perceived that move as a plot aimed at him. And it was Zbiri's support for Boumedienne that enabled him to overthrow Ben Bella in June 1965. But when Boumedienne in turn created the post of secretary-general to the defense ministry and chose Col Abdelkader Chabbou to fill it,



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he triggered the wrath of his one-time chief of staff and ally: Zbiri flung his tanks against algiers in December 1969 in an attempted putsch. Boumedienne had him arrested, and determined then and there to abolish the general staff once and for all. He would run the army himself.

Thirteen years later, the decision to "rehabilitate" the general staff, the appointment of two deputy defense ministers (Col Abdellah Belhouchet as inspector general and Col Kasdi Merba to handle "support and military industries") and the appointment of LtCol Mustapha Belloucif as secretary-general to the defense ministry indicates that Chadli Bendjedid is willing, up to a point, to share his power. Perhaps it also means that he will be giving more weight to the army than to the party from now on. It remains to be seen whether he himself purposely chose to rely on and trust the army, or whether the army forced that decision upon him.

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MAURITANIA

EVIDENCE OF 'INTOLERANCE, REPRESSION, VENGEANCE' DEPLORED

Paris JEUNE AFRIQUE in French 30 Jul 80 pp 26-29

[Article by Abdelaziz Dahmani]

[Text] A single president in 20 years, who had "made" the country and had assured its stability. After his overthrow by the military, three chiefs of state followed in 2 years. And the country of the Moors and Haratines is falling apart.

There was an unusual spectacle in Nouakchott on 10 July 1980. Two years earlier, on the same day, a military junta overthrew President Moktar Ould Daddah, "the father of the nation," who in less than 2 decades had caused one state and one capital to arise out of the sands of "the whole of Mauritania." Celebrating the second anniversary of the coup d'etat, the country's new master, Lt Col Khouna Ould Haidalla, presided over the ceremonies flanked by two of his 1978 companions who were also his predecessors in the presidency: Lt Cols Moustafa Ould Saleck, chief of state from July 1978 to June 1979; and Mohamed Mahmoud Louly, from June 1979 to January 1980. The latter had even been "summoned"; and he participated in the ceremony somewhat constrained. Seated not far from them was Lt Col Ahmedou Ould Abdallah, former chief of state and former "strong man," who had contributed to the elimination of anything that might stand in the way of Khouna Ould Haidalla's itinerary. He is said to be back in favor.

In Spite of the Peace

This unanimity of circumstances to reconstitute "the spirit of 10 July" did not incite unbounded enthusiasm. To mobilize a crowd, it was necessary on the very morning of the ceremony to circulate rumors about the imminent release of a great number of Mauritanian prisoners being held by the POLISARIO; however, the airplanes which were to have returned these prisoners never showed up. Another rumor, this one verified: the voluntary exile of the great imam of Nouakchott, Ould Bousseiri, who from Mecca announced that he would refuse to return to the country. Taking place after so many others, the departure of this man of religious stature created high feelings.

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The concerns of the Mauritanian military junta were elsewhere. From the speakers' platform which was erected on Gamal Abdel Nasser Avenue, Lt Col Khouna Ould Haidalla once again rendered homage to the POLISARIO and invited Morocco to find "an honorable way out" of the Sahara conflict as he had done. However, his optimism is not very evident in the tone of the tracts which circulated in Nouakchott that day, in particular publications by the AMR (Alliance for a Democratic Mauritania) which is advocating the return of civilians to power.

Nevertheless, for 2 years, Mauritania has been at peace. POLISARIO forces no longer stream out of Algeria--on occasion out of Mali--to impose their will and to put "this weak link" of the war in a position of being unable to do any harm. That did not keep Mauritania from struggling with internal problems which were to say the least complex. This country, which was once highly respected, seems to have lost a bit of its soul, therefore, some of its credibility. Of course, some of yesterday's detractors are unstinting in their praise today; and some of them are extolling the "courage" with which the country abandoned the Sahara and ceased laying claim to territory formerly considered as its own.

The ancestral ties with the Saharans are many, and Khouna Ould Haidalla himself is a native of the Western Sahara where some of his family still lives.

Since the separate peace signed with the POLISARIO in August 1979, Mauritania has been seeking "internal peace." Paradoxically, that is the reason for these perpetual changes in men at the head of the state. It seems that the most difficult part is the stabilization of the country's neutrality.

#### Seven Shakeups

However, Mauritania has been learning for the last 2 years that the desired neutrality does not rhyme with weakness. And that each of its close or distant neighbors and friends would like to put this neutrality to its own profit. In addition to the succession of three chiefs of state and two prime ministers, this situation has led to seven more or less profound shakeups. In this manner, there have also been five ministers of interior, five ministers of information, four chiefs of staff and even six permanent chiefs of the Military Committee for National Salvation (CMSN), formerly called Military Committee for National Recovery (CMRN).

The big national companies have not been spared by these waves of change: the SNIM [National Industrial and Mining Company], which exploits the iron of Zouerate, has also had four changes of general manager in the last 18 months...This has caused a 2-year delay in the start of the principal economic project, the Guelbs project, whose iron ore deposits had an overall worth of over \$1 billion.

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#### Anxiety and Silence

Moreover, the successive governments have not begun any new project, and the major works underway, such as the deep water port at Nouakchott, the construction of the Transmauritanian railroad and many others, date from before July 1978. The uncertainty and perpetual changes in men and alliances have more and more prevented efforts at economic recovery. Recent Iraqi aid has nevertheless provided the country with time to catch its breath.

Mauritania has moved suddenly from "too much stability" under the Moktar Ould Daddah regime to the chronic instability of the military teams. The very day after the 10 July 1980 celebration the commander of the Nouakchott garrison was removed. Suspected of being too close to Col Moustafa Ould Saleck...

These various changes have been made on the pretext that those eliminated were "pro-Algerian," "pro-POLISARIO," "pro-Moroccan," "pro-Libyan," "pro-French," "pro-Baathist," "pro-Senegalese," "pro-Chinese" or even "pro-Soviet," etc. The eliminations (without violence) have resulted in bringing anxiety and silence to the great majority of the "pro-Mauritanians."

For 2 years, Mauritania has no longer been a partner but a stake in the game. That is because it has not been able to make itself respected any more. The signing of the agreement on 5 August 1979 with the POLISARIO bringing about "definitive peace" is an example of this. And, in exchange for giving up all territorial claims, the Mauritaniens did not even succeed in freeing their prisoners of war...

This weakness takes Mauritania back about 20 years, to the uncertainties of the period when it was sought after by many friends and neighbors. However, today being sought after has changed in form and has become more subtle than the annexationist ambitions of days gone by.

Today the country is most threatened by an outburst. A kind of "Chadization" after having been the excellent achievement of a biracial state, a buffer country between North Africa and the South Sahara, between two civilizations which in the final analysis are complementary and noncontradictory.

But the cohabitation of those two civilizations supposed a minimum of mutual respect. That balance appeared to be threatened as soon as there was a sign of a deep anxiety, which was less and less covered over, on the part of the black ethnic groups in the coastal regions of the Senegal River and of cadres, pupils, students and government employees in Nouakchott and elsewhere.

#### Self-determination?

For them, the real power is increasingly being monopolized by men from the far north. All at once, the anxieties have rightly or wrongly revived the

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old reflexes of ethnic or tribal self-defense. The auctioning of a black woman on the Atar market was enough--if we can put it that way--for the revolt to start brewing (indeed to take shape).

This deterioration is progressing dangerously fast. We recall, for example, that at the end of 1977 Senegalese President Leopold Sedar Senghor greatly shocked the nationalism of the Mauritanian Moors and Blacks: at that time he said that Senegal would demand self-determination for the 500,000 Blacks in the region of the Senegal River if the Nouakchott government were changed by force or if the POLISARIO, which, according to him, is "racist," were to control Mauritania...That statement by President Senghor seems today to many Mauriticians in this river region "less scandalous."

Some of them are even inclined to encourage the rupture and to speed it up. Some to make a reality of the dream of the nation of Beidan Moors (the Whites), others to further group the Black Africans of the river. It is within the framework of this Moorish state with a predominance of Reguibats (those from the far north) that the future Saharan state (the SDAR [Saharan Democratic Arab Republic]) is perhaps thinking about one day finding land suitable for its purposes, not limited to the cramped Western Sahara. Morocco still has to cede that land...However, in order that this dream may become a reality, it is nevertheless biethnic and biracial Mauritania which will have to be smashed. It will also mean the smashing of all those who at one time or another have helped Mauritania, as a political and geographic entity, to be more credible and as respectable as possible.

#### Prisoners of the Desert

How are we now to understand the numerous imprisonments and banishments? The most poignant case is that of Hamdi Ould Mouknass, former minister of foreign affairs for 12 years, a very level-headed man, who is fighting against death from a double cancer in the heart of the desert. In spite of the intervention of a great number of friends of Mauritania and international organizations, such as Amnesty International, several promises of his release have remained a dead letter. The principal reproach is addressed to Hamdi Ould Mouknass, also a northerner--from Nouadhibou--for having "betrayed" his tribe on behalf of "the other Mauritania."

There is a danger of this getting out of hand; and, if Mauritania continues, against its own nature, to slide onto the terrain of intolerance, repression and vengeance, it will run the risk of losing not only its unity but also its soul which is its principal wealth.

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MAURITANIA

ABOLITION OF SLAVERY HAILED

Paris JEUNE AFRIQUE in French 30 Jul 80 p 28

[Text] One of the courageous and positive actions of the present Mauritanian military leadership was the abolition of slavery on 5 July 1980. We were astonished to learn that such practices had survived until then. Although slavery in Mauritania has had a new resurgence during the last 2 years, the evil had not been entirely eliminated at any time since 1960.

In that year, the Constitution (suspended by the military in July 1978) proclaimed the total equality of all citizens. Several years later, in 1970, the case of the Haratine slaves was not heard by the traditional courts (too influenced by secular practices which even ran counter to the egalitarian thrust of Islam) but by modern courts. Moktar Ould Daddah's government often denounced the exploitation of man by man. The "proslavery" sector (the term is certainly too strong for the Mauritanian situation) had become more hung up and was ashamed of such practices right up to the accession of the first military men to power. The leader of the putsch, Col Moustafa Ould Saleck, condemned "the modernist virus" of the former government and even encouraged "the return to traditions." Nothing more was needed to reawaken the old demons. An associate of the Cadi of Aleg, for example, in 1979 opposed the marriage of his slave until her future husband had agreed to buy her back for 200,000 Mauritanian ouguiyas (20,000 French francs); four Haratines (Deidah, Brahim, Yekber and Mreizig) were held in the Nouakchott prison and beaten for having tried to leave their master...

The last straw was added in April 1980 when a young Haratine woman was sold on the Atar market...at public auction! That caused an uproar in Mauritanian society, particularly among members of the clandestine movement El Hor which is energized by several Haratine cadres. On that occasion, President Khouna Ould Haidalla, was caught between "two groups," the very day after his return from the OAU summit in Freetown, where President Senghor had once again recalled the massacre of black Mauritians by the POLISARIO.

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SAUDI ARABIA

SAUDIS PREOCCUPIED WITH BALANCING MODERNISM WITH TRADITION

Paris AL-WATAN AL-'ARABI in Arabic 14-20 Jun 80 pp 30-31

[Article: "Saudi Arabia: Concern For Maintaining A Balance Between Modernism and Faith"]

[Text] All bets are off on change in the gulf, more than a year after the Iranian revolution, which they said would cross the sea and the sands. Today, the real revolution in the Arab Gulf states is the revolution of development, for which hundreds of billions of dollars are being allocated, and the sole concern is maintaining a constant balance between the requirements of modernism and development and doctrinal and traditional requirements.

How far has Saudi Arabia succeeded in following the straight and narrow path between modernism and faith?

More than a year has passed since the Iranian revolution, and in Saudi Arabia, or in any gulf state, none of the things anticipated by most western observers pondering the affairs of the "conservative" Arab states have come to pass.

Every day, the voice of Teheran Radio goes on the air summoning everyone--child, man, woman, old man, religious man, student and officer--to the revolution.

But the fiery outcries have all gone for nought, and the Arab societies have proved that they are not ready to respond to the emotional outbursts and leaps as easily as the sages and ayatollahs of the Iranian revolution had imagined, however clothed in the garb of religion.

There may be some who ask, "Why don't the Arabs respond to the call?"

Actually, the fundamental reason is not just the drop in "popularity" of the Iranian revolution among the Arabs as a result of the chaos governing it and because of the blazing struggle among the power centers there. Instead, it goes back to the fact that basically the Arab societies are

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still governed more by logic than by sentiment and whim. Gone are the days of mad, blazing revolutions which destroyed everything in their path, including stability, the economy and development.

The average Arab citizen today is seeking stability, not revolution. This is not to imply that he is given over to inertia, or is satisfied with conditions or circumstances which might be bad. But he is seeking change through a desire for construction and development, not destruction and demolition.

Perhaps one reason that the shoutings of Teheran Radio have gone for nought is that the Arab Gulf regimes, whatever might be said of them, never did follow in the footsteps of the Shah of Iran. They still adhere, as regimes and states, to the rulings of the magnanimous Shari'ah. They are not squandering their oil revenues on pompous construction projects to breathe life into the mythical dreams of a head of state or an official. They are constantly trying to reconcile the traditions of their Arab Islamic societies with rapid steps towards development, as well as providing social and health security for broad sectors of the society. In this, they are assisted by a low population density which does not compare to the population density in Iran, where the offerings and development rates are eroded by virtue of the rapid population increase.

Although it must be said that there are many administrative, financial and even moral mistakes and excesses, the Iranian lesson has nevertheless been beneficial in correcting conditions, lining up the ranks, and reviewing the awareness and accountability of the various levels of the ruling political leaderships.

Although the complaining has not stopped and never will, in the Gulf Arab societies just as in other societies, the average, impartial citizen has to acknowledge that the ruling authorities in the gulf have made considerable progress in putting an end to manifestations of flabbiness and corruption, and in insisting on controlling matters and remedying the causes for complaint.

Saudi Arabia might be a true example of the growing, developing Arab society confronting various pressures with a great deal of self-confidence, spread throughout the various levels from the summit to the base.

All bets are now off, a year and a half after the religious revolution in Iran claimed that Saudi society would lose its ability to reconcile its Arab Islamic traditions with its rapid construction and building development.

A few weeks ago, the Saudi government announced the largest development budget not only in the Third World, but perhaps in many advanced

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countries and even the superpowers, with figures amounting to about \$285 billion, which proves that it is following the path of rapid industrialization without any changes or slowness.

The Role of The Religious Organization in Saudi Arabia

At the same time, it can be noted that there is a concentration on preserving the role of the old inherited virtues as represented by traditions, customs and above all the rulings of the Shari'ah.

In Saudi Arabia, the religious organization, radical in its religious purity, remains the greatest and highest authority in everything pertaining to societal affairs. It is in charge of justice, decides disputes, issues legal opinions on laws and statutes, and provides counsel and advice to the ruling political organization.

Adherence to the Shari'ah is not limited to essence alone, but deals with form and appearance as well, so as to extend to the simplest aspects of daily life. Pictures of women are prohibited in newspapers and magazines, and women are forbidden to work in places where they would come in contact with men. Children's games--dolls and the like--and dog food have disappeared from the shops, and the water level in hotel swimming pools has been lowered to prevent their use by foreign women.

Foreign western observers might find the customs and traditions of this Arab country strange, for they don't understand the spirit of Islam, and consider this to be excessive prudishness and asceticism in a society to which God has given a source of wealth sufficient to permit it to enjoy all the good things of life.

But the matter is more than an apparent staidness and adherence to trivialities, for Saudi society today, in the first awakening following the huge jump in petroleum revenues, is overcome with anxiety that laxity or flabbiness will lead to the loss of its traditions and its stern adherence to its true religion.

In light of this, many of the recently adopted official steps can be explained.

There is, for example, an awareness that the foreign worker problem has become aggravated. Whereas the doors had been open to non-Arab workers, perhaps because of the cheapness of this labor force, today there is a call to close the doors in their faces, especially those who do not follow the Islamic religion--not for fanatical or racist reasons, but because Saudi society doesn't want its traditions to be affected by incompatible foreign traditions. Therefore, today it prefers Moslem Arab manpower because it is closer and more in harmony with it.

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However, the problem is not this simple, because there are more than a million Arab and foreign workers--an unofficial figure--making up 70 percent of the labor force in Saudi Arabia. There is nothing strange about this in a country with a low population density compared to its vast area. Tens of billions of dollars a year are spent on development projects, which in turn require tens of thousands of workers.

It appears that there are some restrictions which have been imposed on granting entry permits to foreign workers, and in particular non-Islamic workers.

On the level of administrative procedures, many measures previously announced by senior members of the royal family, especially Prince Fahd bin 'Abd-al-'Aziz, crown prince, first deputy prime minister, and brother of Prince 'Abdallah bin 'Abd-al-'Aziz, second deputy prime minister and commander of the National Guard, have actually been implemented.

One of these, for example, is limiting the role of fictitious middleman companies in drawing up commercial and construction contracts with the state, as well as limiting the role of Arab and foreign middlemen and local executors.

Another example is the extensive hiring activity in administrative fields, and the selection of a group of qualified princes who have proven their administrative and governmental skill and their openness to the citizens.

#### The Arrows of the Recalcitrant Friends

The arrows directed at the kingdom do not only come from the other side of the gulf, but also from the traditional friends of the kingdom during the 53 years since its establishment. The implication here is not the arrows from the Egyptian regime after its Israeli exile at Camp David, but the arrows from European and American capitals.

There is an obvious campaign in western diplomatic and information channels intended to spread various rumors and interpretations about stability in the Arabian Peninsula.

The campaigns have reached such a pitch that they are plunging into the family relations which exist within the Saudi ruling family, especially on the political decision-making level.

However, the Saudi regime is not ascribing these attacks to hatred for Saudi Arabia for its refusal to join in the Camp David parade or to extend its hand to extricate President al-Sadat from his isolation. Saudi Arabia is striving for better cooperation with its Arab Gulf sisters, especially Iraq and the forces developing there, since Arab cooperation

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constitutes the best guarantee of the region's independence, stability and distance from the current polarization represented by the conflict of interests arising from the Soviet invasion of Afghanistan and the American mobilization at the entrance to the gulf.

Reconciling Modernism With the Faith

These are some of the regime's troubles and concerns. But what are the preoccupations and concerns of the new Saudi generation?

Actually, they are concentrated around that constant longing in the minds of the young people to reconcile the parade of development and modernism with adherence to the faith in form and content.

Perhaps it would be more appropriate here to review what went on in an indirect television discussion between a Saudi religious scholar, Shaykh Salih bin Sa'd al-Luhaydan, and some women students at Riyadh University.

The Saudi girl who is looking for a role for herself in society tries to subject its traditions to the demands of modernism, although within the context and limitations of the rulings of the Shari'ah. In this discussion, there are some questions which might appear extraordinary, or unimportant, to a generation of young men and women in another Arab society. But in Saudi society, in the land of the Prophet and Islam, they are important--in fact, extremely important.

The answers must not be viewed as the ultimate in prudishness, for in fact they are extensions of the rulings of the Shari'ah and the Sunnah according to the Wahhabi school, which restored Islam to its initial purity, austerity, simplicity and original essence.

Shaykh al-Luhaydan says, in response to a student's question about why children's dolls are prohibited, that it is because they are "images," and that it would be better to read stories to children.

As for cologne and its use by women, he says that cologne has alcohol in it and therefore is forbidden. Women ought to first wash out whatever cologne hangs around her clothing. In general, perfume is not permitted by law.

In response to another question, the religious man said that it would be better not to read books on the interpretation of dreams. It is a fact that women, by their very nature, are susceptible to these books and interpretations.

Shaykh al-Luhaydan does not agree that a Moslem woman should ride alone in a car with a driver, "be he unbeliever or Moslem."

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As for listening to songs accompanied by rhapsodizing, supplications or swaying, that is forbidden. But there is nothing objectionable about student songs, or girls singing with their friends.

The Saudi religious man adds, in response to a university student's question about a girl marrying a man "who is very adolescent and who never prays," that she should reform him first. If she ultimately fails, the final solution is divorce.

Shaykh al-Luhaydan makes no distinction between drawing by hand and taking photographs; they are both forbidden.

One young girl ventured to ask his verdict on "high heels and dancing at evening parties."

The shaykh replies that there is nothing in the Shari'ah prohibiting high heels, but that they are sure to make women sway when they walk, and this is not permitted by law. Also, the medical profession has proven that not walking straight affects the spine and may even lead to rheumatism.

As for nude dancing, it is not allowed. There is nothing wrong with normal dancing.

And television?

Shaykh al-Luhaydan says, "Television is an instrument which should best be left alone if there is any doubt. If there is a need for it, and the television shows only beneficial things, then viewing it is allowed."

These are some of the questions cropping up in the minds of young women who are open to the clamoring contradictions present in any society feeling its way between modernism and faith, and these are the answers which express the opinion of the religious organization, which is strongly influential and whose opinions carry weight.

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TUNISIA

MEANING OF INCREASED STRIKES ANALYZED

Paris JEUNE AFRIQUE in French 25 Jun 80 p 26

[Article by Souhayr Belhassen]

[Text] On 12 June, a public transportation strike paralyzed the Tunisian capital. Bus conductors went on strike out of sympathy with technical personnel, who had already walked out. SNT (National Transportation Company) employees are demanding the dismissal of the official in charge of the medical unit, who allegedly did nothing in time to treat a worker with cancer and who later died. This explanation, provided by strikers, could only be a pretext. Immobilizing the urban transportation sector is a key move in the strategy of Tunisian trade unionists practicing harassment while the negotiations for returning to a representative Tunisian General Federation of Labor (UGTT) are stalled.

The prospect of a settlement of the UGTT crisis has become credible since the change of government on 23 April, for the main protagonists in the crisis of 26 January 1978 have vanished from the political scene and the return of "preferred trade union spokesmen," such as Mr Mohamed Ennaceur, to the Ministry of Social Affairs has been noted.

A settlement of the trade union crisis has since become the main concern of the day and the difficult, discreet bargaining which has taken place has led to renewed contacts between the government and trade union members jailed following the January 1978 riots, in particular former general secretary Habib Achour.

Overwhelming

These contacts show the willingness of both sides to reach a compromise. Thus with the exception of two members of the federation's former executive committee, all trade unionists have been released. Habib Achour is authorized to receive them to work out the formula for a "more democratic federation," according to the expression which Prime Minister Mohamed Mzali used in his formal speech to the National Assembly.

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The temporary solution which both sides seem to support is probably that of a committee composed of members of the federation's current leadership and some of the leaders ousted in January 1978. The role of this committee will be to organize elections at the ground level in order to hold a new congress.

Paradoxically and although essential, this scenario is not the most delicate question. Because of his overly striking and overwhelming personality, Habib Achour represents the second aspect of the UGTT problem. Various approaches have been made to probe his intentions. It is clear that the old leader will not refrain from having a hand in future elections for the general secretariat. The intention is obvious, although its accomplishment is less so. The main obstacle is President Bourguiba's attitude toward a man--Habib Achour--who served him and whom he abused and then restored to favor in order to cut him down once again. It is true that the president told the director of the ILO (International Labor Office), Mr Blanchard, who interceded on Achour's behalf, that he had "nothing against him."

This is a way for the chief of state to encourage Habib Achour to make amends, which the latter has not failed to do with the support of the UGTT's administrative committee. He wrote Bourguiba a letter in which he congratulated him for the recent change of government, a step which he described as "courageous."

#### Legitimacy

While waiting for the Achour affair to be settled, about 20 "wildcat" strikes are now underway in both government and private establishments. In their demands, the workers--inevitably--"reaffirm their support for the trade union federation's legitimate leadership."

The authorities have in turn declared their firm intention not to "direct" the selection of future candidates for the federation's leadership and to take steps for a democratic and independent UGTT. If matters proceed in this way, for Tunisians that would mean that reconstruction has finally begun.

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TUNISIA

IMPROVEMENT IN AGRICULTURAL OUTPUT REPORTED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 1 Aug 80 p 1849

[Text] This year Tunisian agriculture is at last encountering more satisfactory climatic conditions.

Grain production will exceed 10 million quintals.

As the result of beneficial rains which fell on the entire country, we can say that Tunisian agriculture is healthy this year. At least in comparison to the dry years occurring since 1973. The truth of the matter is, however, that with the exception of the northern part of the country, rainfall has not been as good as might have been expected on the basis of meteorological forecasts which predicted a 30 percent increase compared to 1979.

In fact, according to a report disseminated by TUNIS AFRIQUE PRESSE, [TAP], the quantities of rain were just average and did not permit the storing of sufficient water in dams for the use in the next agricultural season, which is in danger of being subjected to atmospheric hazards all the more so because Tunisia is permanently at the mercy of climatic caprices. The fact remains that this uncomfortable situation has induced those managing water facilities to adopt more rational utilization of available water resources.

In response to this legitimate concern, a policy was developed which basically takes into account the agricultural area to be planted, the nature of the crop [speculation] and methods of irrigation. This new orientation, which in a word is designed to prevent the wasting of water, has benefited from the support of the farmers, who customarily are reticent when it comes to contravening the traditions of an outmoded agriculture. Because of this, large areas located near dams have been committed to vegetable gardening and in a general way to crops requiring continuous irrigation. Dry-climate crops have been reserved for regions with little humidity.

It is for all these reasons that the upcoming agricultural seasons show promise, particularly in the northern part of the country where the fertility of the soil and the rain are conducive to a heavy yield by the land. Of

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course, it is difficult for the moment to make estimates with respect to the precise effect of the rains. However, there is a clear inclination toward optimism, even as regards the grain season which thus far has suffered no damage. In a report which he made to the Council of Ministers on 19 June, Minister of Agriculture Lassaad Ben Osman said that the grain season for the whole country would be on the order of 10-10.5 million quintals. In the Beja gouvernat east of Tunis, for example, the upcoming grain season promises to be particularly good, quite superior, according to estimates by the agricultural services of the governor's office, to those of past years. Wheat production has been estimated at 1.7 million quintals compared to 1,058,150 quintals last year, and grain production as a whole 2.023 million quintals, representing nearly one-fourth of national production.

This is the time to recall that Beja was the largest grain market in North [romaine] Africa. Of course, the increased grain production registered this year is not only attributable to favorable atmospheric conditions. Other factors contributed to the increase, such as expansion of the grain-growing areas, the use of high-yield seeds and technical assistance.

#### Structural Reforms to Attain Food Self-sufficiency

This improvement in agricultural production expected from the present season is all the more appreciable because the agricultural sector during the first 3 years of the 1977-1981 5-year plan had not attained the production objectives which had been set for it. That was announced, the TAP emphasizes, last December at the time of the 1980 budget presentation.

The unfavorable climatic conditions which prevailed during the last few years have, in fact, particularly affected grain crops, livestock raising and olive oil, so that for this period there was a production decrease of 0.4 percent per year (while the plan forecast an increase of 2.8 percent per year); an increase in investments, involving larger budgetary resources than planned; and a food bill for 1979 alone amounting to 145 million dinars (1 dinar = about 10.30 francs). In the grain sector alone, the country's annual consumption totals 14 million quintals.

In the face of this situation, the state recognizes that an overall, in-depth study is necessary to give the primary sector every opportunity to provide food self-sufficiency and thereby to permit recovery of the agro-industrial sector and improvement of the competitiveness of Tunisian agricultural products on foreign markets.

To achieve these objectives, a series of measures has already been planned which provides principally for:

- Rectification of the situation on collective lands.
- Establishment of large production units, particularly in regions where agriculture has an important place.

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--Restructuring of the development offices and establishment of other offices.

--An increase in the number of agricultural mutual credit cooperatives [mutuelles].

--Improvement in the shipment channels for agricultural products.

--Revision of legislation relating to abandonment of land.

--Generalization and expansion of the activities of the National Company for Agricultural Machinery.

--Improvement in the management of state lands.

--Establishment of a progressive plan for the development of agriculture, promotion of livestock raising and an increase in the number of service cooperatives.

Last week, President Bourguiba called upon an interministerial committee made up of the ministers of Planning and Finance, National Economy and Agriculture to present a plan for an overall strategy with a view in particular to self-sufficiency in grain products and development of animal products.

#### Necessary Development of Service Cooperatives

It is by development of service cooperatives and promotion of their role that the government plans to most improve the parceling of land operation which is a deterrent to increased production and through their development to simultaneously respond to the unending and diversified needs of agricultural undertakings.

Conceived as structures capable of contributing to the economic and social progress of farmers, service cooperatives are being called upon today to increase and to establish themselves wherever there is a felt need for them as a means of progress and change. Service cooperatives have a long history (the first ones were established in 1930); and during the time they have been in existence, they have attempted to give not inconsiderable advantages and services to their members by providing increased technical service in the sector of crop choice, varieties and use of processes and a more or less continuous input of new members [intrants], accompanied by the shipment and at times the processing of agricultural products.

The present situation of service cooperatives, according to a study conducted in 1976 by a UN mission assigned to the UNA (National Farmers Union), is characterized by the absence of an oversight, control, support and promotion organization. In fact, the cooperatives have been gradually left to their own devices and are in a situation resulting from an incomplete restructuring action, prior economic orientations and recent poorly-organized efforts to revive the service cooperatives.

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Also, production, management, commercialization and service entities, run by the state or parastate organizations, at times continue to bear the name of "cooperatives"; e.g., production cooperatives, service cooperatives of the "polycultural kind," mutual credit cooperatives, wine cooperatives, central cooperatives, etc.

So that they may resume their activities and play their role fully, action to straighten out the present situation of the service cooperatives must be undertaken and focused on: determination of the oversight authority, responsibilities, and prerogatives; definition of the characteristics of service, credit, commercialization and production cooperatives; rehabilitation of the credit and financing channels.

If the service cooperatives are to attain the desired results, they must be linked to a gamut of supply, commercialization and processing networks. They must also be closely linked to credit channels set up for agriculture. Thus the service cooperatives will be able to rationalize the exploitation of water, the drilling of surface wells, the supply, storage and distribution of fertilizer, fodder and veterinary products and insecticides. They will also be able to organize the purchase of tractors, motors and sprayers and assorted agricultural material beyond the means of the individual.

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