SWASIA
NORTH AFRICA

a weekly news digest of southwest asian and north african events plus translations from the hebrew and arabic press focusing on the israeli-palestinian conflict, the arabian/persian gulf, and the great power policies

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from LE MONDE *January 23-25, 1977*

The Petroleum Revolution

(Parts: I & II)

by Eric Rouleau, LE MONDE's special Middle East correspondent

I. Despairingly Rich

Riyadh—In the crowd of men who come and go before the entrance of a grand hotel can be recognized the imposing figure of Mr. Spiro Agnew. Dressed with meticulous care, his silver-tinted hair carefully coiffed, his dispatch case in hand, the ex-Vice President of the United States looks worried. He paces back and forth constantly consulting his watch. Suddenly his face brightens. He has just sighted a Saudi, clad in the traditional Arab robe, advancing majectically toward him. Mr. Agnew hastens forward to offer him his hand and many bows. The two men are swallowed up in a Cadillac which disappears at high speed.

Mr. Nixon's former adjutant turned businessman has not had good luck. Several months earlier he had come to offer to the Saudi government a consignment of bullet-proof vests and, praising the quality of his merchandise, had left one as a sample. The vest was returned to him the next day riddled with holes. "It was hardly more impenetrable to bullets than a sponge to water," according to the statement of a Saudi official. Chagrined, but not at all discouraged, Mr. Agnew returns regularly to Saudi Arabia to keep on presenting a varied offering of the products of American industry.

The perseverence of the ex-Vice President is understandable. Billions of dollars are here for the taking of those who know how to get them. But it is not enough just to offer goods and services for the almost inexhaustible needs of Saudi Arabia. It is necessary to have influence in high places and inexhaustible patience. Entrepreneurs from England or Japan, agents from Stockholm or New York come again and again, remaining often for weeks of suspense, besieging the antechambers of ministers or princes who are prone to tantalize them a bit before managing to finagle a contract. Hotel rooms are booked up for months in advance; visas are granted parsimoniously according to the availability of rooms. Many businessmen who are forced to stay in Jeddah make a daily shuttle by Boeing between that commercial metropolis of the monarchy and its capitol city.

Saudi Arabia consumes much and imports almost everything from abroad; it must carry out an ambitious five-year plan (1975-1980), which will have the effect of filling the coffers of the foreign suppliers with a great portion of the pretty sum of $142 billion earmarked for this plan. The plan's goal: to lay the basis for a modern and diversified economy, which will reduce the kingdom's dependence on its oil resources before their depletion. (***Le Monde's* Footnote:** In 1980 according to the Minister of Planning, Hisham Nazar, oil's percentage of the G.N.P. will be reduced from 86.6% to 84.6%, only by 2%. This suggests the efforts and the measures still necessary to relieve Saudi Arabia from its dependence on oil.) The priorities: to establish basic infrastructures and industries. The means: regardless of cost, to induce foreign enterprises to take root in the country so as to enable it to benefit from their technology, their managerial experience and, eventually, their distribution networks in the world market.

Excessive Profits

Astonishingly extensive privileges are given foreign contractors. The state advances 50% of the cost of the project to the company in the form of an interest-free loan, repayable over twelve years, rents land to it at a token price, furnishes it water and electricity

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Notice to our Readers

Due to financial considerations, SWASIA's frequency of publication will shift from appearing weekly to every two weeks. The change, effective with the March 4th issue, will be accompanied by the introduction of a new SWASIA feature: a news chronology. For further details, see next week's SWASIA.

INSIDE

KREISKY REVEALS MODERATE PLO DOCUMENT

Austrian Chancellor Bruno Kreisky has received a PLO document which expresses the PLO's willingness to co-exist in a Palestinian state alongside Israel. According to Kreisky, "It looks like a total change of policy... It is up to the Israelis now to find a way of co-existence with the Palestinians" (JP 2/14-3). Kreisky, as head of the Mideast fact-finding group of the Socialist International, of which Israel is a member, has been asked by the PLO to play a "constructive and active role" in Mideast mediation efforts.

The PLO document, received by Kreisky on January 26th and published on February 13th by the Austrian Socialist Party newspaper *Arbeiter Zeitung*, said that "a non-belligerent status could be established between the future state of Palestine and Israel," but that in preparation "for a total peace, other agreements would have to be reached, of which the most important would be recognition and acceptance by Israel of the right of Palestinian refugees to return to their homes (if they so desire) or to receive compensation" (JP).

The territorial dimensions of a Palestinian state acceptable to the PLO were spelled out as: the entire West Bank and Gaza Strip "and the enclaves of Hamma (near the Sea of Galilee) and Auja (in the Negev near the Israeli-Egyptian frontier)" (LeM 2/15-2). The enclaves presumably provide for land links between the projected Palestinian state and its Arab neighbors of Syria and Egypt.

Denials of the legitimacy of the PLO document have been issued by Voice of Palestine (VP) broadcasts. The VP (Clandestine) radio, announcing the text of a Fatah Central Committee statement, said on February 16th: "The leadership of Fatah refutes Palestinian-Israeli-Zionist meetings and denies the existence of any document that has been delivered to any side that recognizes Israel" (BBC 2/18-2 VP). The VP (Cairo) radio referred to a denial by Abu Mayzar, official spokesman of the PLO Executive Committee, that the PLO had submitted "a Palestinian document, which included a change in the PLO position, to the Austrian Chancellor..." (BBC 2/18-3).

RESTRICTIONS ARE IMPOSED ON PALESTINIANS IN LEBANON

Strict new political and military restrictions have been placed on Palestinian forces in Lebanon. The regulations, drawn up by an Arab commission, supplant the 1969 "Cairo Agreement" and its various subsequent annexes (NYT 2/13-8).

Although there are currently about 350,000 Palestinians in Lebanon, the new regulations limit the number of Palestinians to those registered with UNRWA by November 3, 1969—about 200,000 (WP 2/13-1; LeM 2/15-3).

The 15 Palestinian camps in Lebanon are to be completely disarmed except for automatic rifles which the police force (Palestinian Armed Struggle Command) will be allowed to retain. The number of police, however, is restricted to five per 1,000 camp inhabitants (WP). Heavy weapons and Palestinian guerrillas are to be allowed in an as-yet-unspecified area of Lebanon; Palestinian

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leaders may have no more than two armed bodyguards; and the guerrillas will be held financially liable for damages incurred by any retaliatory Israeli raid. Politically, Palestinian activity in Lebanese affairs is banned; radio broadcasts prohibited; and publications, subject to strict press censorship, must pay a $250,000 franchise tax (WP).

The implementation of the new restrictions "is not solely Lebanon's job, but is placed under the collective responsibility of the Arab states involved," according to *LeMonde's* paraphrasing of a Syrian official's words (LeM). On the eve of the announced restrictions, Syrian-Palestinian fighting intensified and a pro-Syrian Beirut newspaper warned of stricter measures "to rid the country" of "elements still obstructing the security plan here" (NYT 2/12-3).

CARTER INCREASES AID TO ISRAEL, BLOCKS ISRAELI PLANE SALE

While announcing an increase in aid to Israel ($285 million more than budgeted by President Ford but $515 million less than Israel's request), the Carter administration also announced its rejection of Israel's request for permission to sell to Ecuador 24 Israeli fighter bombers (NYT 2/8-1).

The Israeli-made Kfir planes have an American-made engine, and therefore American approval must precede Israeli sales of the plane to third countries. A State Department spokesman explained that such a transaction with Ecuador "would run counter to our policy against the sale of advanced and sophisticated aircraft to Latin America" (WP)

PRES. CARTER CANCELS BOMB SALE TO ISRAEL

President Carter has cancelled the sale of CBU-72 concussion bombs to Israel, according to a February 17th White House announcement. The sale, along with that of other military equipment to Israel, was authorized by former President Ford on October 8th, two days after Mr. Carter had accused him of not adequately supplying Israel's military needs (NYT 2/18-1).

In announcing the cancellation of the sale, presidential spokesman Jody Powell stated the president's belief that the decision

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at reduced rates, exempts it from customs duties, pays for obtaining its professional staff, exempts it from taxes on its earnings for periods of five to ten years, makes a commitment to buy its products at prices set by the fortunate enterprise, which has the right to repatriate much of its profits as well as its capital. It is hardly surprising then that the profits realized are of a speculative character: from 15 to 20% in basic industries (much better than those obtainable in the developed countries) and 100, 200, even 600% for small and medium-sized enterprises.

Without going so far as to speak of a "rip-off"—a word that certain foreign economists in Riyadh do not hesitate to use—responsible Saudi officials are becoming uneasy about what the Minister of Finance, Mohammed Aba al Kheil, cautiously calls the "excessive profits" of the oil companies, about foreign exporters "who sell us their goods at prices swollen beyond the effects of inflation in the producing country," even about industrialists "who avoid competition by agreeing among themselves in advance to offer us their services at exorbitant prices." Hisham Nazer, the Minister of Planning, adds, "Unfortunately, we have no choice. We strive to stimulate the appetite of our foreign partners because we are hurrying to catch up with the 20th century."

Saudi Arabia is in a race against the clock which some observers consider already lost. At first glance, their industrialization plan appears modest. "We have no ambition to become an industrial country," Mr. Ghazi Kosseibi, the minister responsible for this sector of the plan, told us. "With the exception of oil we do not have sufficient quantities of the necessary raw materials, even less do we have the manual labor, the technology or the potential markets to nourish such an ambition. We hope, quite simply, to take advantage of the abundance of our oil and natural gas resources to produce not machine tools or precision watches or automobiles, but to establish industries supported by our hydrocarbon economy: refineries, petrochemical plants, steel and aluminum smelting plants.

Two gigantic complexes are planned, one at Jubeil on the Gulf, the other at Yanbu on the Red Sea. Mr. Farouk Akhdar, the man in charge of the work, said to us, "It may be the greatest undertaking ever conceived in the history of humanity." The infrastructures alone will cost the state, at the lowest estimate, some 30 billion dollars in the space of eleven years.

The Bottlenecks

The five-year plan calls for the creation of 890 enterprises of varying sorts, in addition to the 620 already functioning; the establishment of water disalinization plants and electricity grids which, in each case, will double present supplies; the construction of some 18,000 kilometers of asphalt roads (presently the kingdom has some 12,000 kilometers), new schools, hospitals, sea ports and airports.

Hardly six months after the start of its implementation last year, the plan has run into a series of obstacles which have put it behind schedule: administrative inexperience, the shortage of manual labor, of electrical power, of water storage facilities of ports and of inland distribution networks.

Until recently ships often had to wait for four to six months for their turn to unload their cargo at the port Jeddah. Thousands of tons of vegetables, fruits, and cereals, dumped pell-mell on the docks, spoiled under the fierce sun; tens of thousands of pieces of electrical equipment, of machines, of vehicles deteriorated beyond any possibility of being used. At great expense, the government called in a fleet of helicopters which can still be seen operating for some ten hours of each day ceaselessly transporting equipment directly from the ships to the docks. Many other drastic and costly measures and more rational organizing have, according to officials, made it possible to reduce waiting time at the port to three weeks and to increase the daily delivery from 4,000 to 28,000 tons.

If the congestion at the ports is being relieved, the lack of labor power, trained or untrained, remains the most dramatic bottleneck. Because of its limited population—some 4 to 7 million persons according to the estimates—Saudi Arabia must import workers and technicians on a massive scale to insure its development.

Few native Saudis will work with their hands. One employer told us that of his 1040 employees only 4 were Saudis. According to official statistics native Saudis constitute only a third of the nation's 45,000 industrial workers. Manual laborers are mainly Yemenis (about one million), Sudanese (88,000) or Koreans (20,000); Egyptians (180,000) are teachers bureaucrats and skilled workers; Indians (75,000) and Pakistanis (50,000) are artisans, technicians or professionals. All told, the foreign population of the kingdom—which includes also Palestinians, Lebanese, Syrians, Philipinos and Chinese from Taiwan—is close to about 1,500,000.

Even taking into account increased automation and labor-saving machinery, authorities estimate that 500,000 additional workers and technicians will have to be "imported" before 1980. But Saudi Arabia is not capable of absorbing them for lack of the necessary living facilities. which cannot be built quickly enough—for lack of manual labor!

The Dilemma

This dilemma fuels debate, even controversy, in the ruling elite. Some maintain that the five-year plan is too ambitious, that it exceeds the supply capabilities of the industrial world and the absorption capacity of Saudi Arabia. Mr. Hisham Nazer, Minister of Planning, is, however, determined to realize the plan in its totality. "The plan," he told us, "is a living organism. We will adapt it to changing circumstances by revising its programming."

"We must set new priorities," adds the Minister of Finance, Aba al Kheil. "We thought we could do everything at once because we believed mistakenly that money could buy everything. Paradoxically, it is more difficult to set priorities, to develop a country harmoniously when one has a surplus of funds than when one has a shortage."

"We face a situation without parallel in the world's annals," continues the Minister of Finance. "Usually, developing nations have an abundance of unusual labor, but lack the financial means. For us, it is the reverse of this problem that haunts our dreams." The Minister of Planning adds, "True wealth is not measured by the amount of dollars that one has, but by the capacity to translate these liquid assets into lasting economic assets."

Saudi Arabia has decided to devote to its development in the fiscal year 1976-77 a sum amounting to 4,217 dollars for each of its inhabitants. The propostion is almost ten times higher than that for the other twelve Arab oil producing countries, which is 521 dollars per inhabitant. (*Le Monde's* **Footnote:** According to a study published in the journal *LePetrole et le Gas arabes* of December 16, 1976—7 Avenue Ingres, 15016 Paris.) Despite all the extravagances, the waste and even the chaos, the government in Riyadh is not able to spend as much and as rapidly as it wishes. Its reserves abroad, which amount to about 40 billions of

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dollars, continue to grow at a rate of 5 to 10 billion yearly, all the time increasing the prospects of world monetary instability.

Responsible Saudi officials are unanimous in admitting that their country produces two to three times more oil than it really needs for its own development. But they add, that they assume this "sacrifice of the national interest" in order to meet the "overall" needs of the western world at "reasonable prices." In reality, the economy and the finances of the kingdom are so thoroughly meshed with those of the industrial powers that the Saudi ruling class feels itself condemned, cost what it may, to ladle out its petroleum bounty. "We are protecting the economic and political stability of the free world because we are an integral part of it," declares the Minister of Finance.

The ministers charged with implementing the five-year plan, with investing the fabulous sum of 142 billion dollars by 1980, compete in their ardor to use the funds put at their disposal. But they cannot spend as they want. To their great dismay, none of them succeeded last year in using up his budget. The officials of the Ministry of Industry, the most dynamic of all, admit with some embarrassment to having spent only 50% of the funds at their disposal.

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from LE MONDE *January 25, 1977*

II. The Cake and its Crumbs

by Eric Rouleau

Jeddah: Traffic in Saudi Arabian cities already exceeds the capacity of the new avenues, which are as wide as French freeways. In Jeddah and Riyadh, as in Los Angeles, pedestrians are absent from certain arteries which at rush hour are clogged bumper-to-bumper with cars.

Center city traffic jams here would outrage even the most blase of Parisian drivers (in ten years the number of vehicles, mostly large American, German, and Japanese cars, has jumped from 40,000 to 800,000, for a population which probably numbers less than seven million).

The neat and clean paved boulevards, well-lit at night, and lined with palms and grass contrast sharply with the sordid dark, narrow alleys in the old quarters, often piled high with trash, which become smelly swamps with the smallest rain shower. The larger cities have phone connections with America, Australia, Europe, Taiwan yet still lack adequate drain and sewer systems, and in some areas electricity and running water. The precious liquid, which is distributed parsimoniously because of its scarcity, is still home-delivered in tanks or, more prosaically, in jugs carried on a donkey's back.

Development has failed to keep pace with the rapid urbanization engendered by the petroleum boom. Sedentary Bedouins, pastoral ones, peasants, and immigrant workers, all seeking better pay and better living conditions, have come in droves to the cities, which now account for about 80% of the kingdom's population, compared to 50% hardly 10 years ago. Entire quarters have been demolished to make way for proud buildings housing new firms, apartments for their professional, and sumptuous private villas of cut stone and marble.

But shanty-towns, with their crude straw construction spread their tentacles still farther into the cities' peripheries and around industrial plants.

In the port of Jeddah, frail and tan-skinned Yemenite laborers, and Somalian and tall dark Sudanese dock workers sleep under tents or under the stars. Austrian technicians, meeting by chance in Riyadh, complain of having been dumped along with a team of their colleagues, in a dormitory where they shiver in the cold. Since appropriate housing is non-existent, foreign contract employees must promise to leave their wives and families at home.

Frantic for Profit

While a foreign immigrant's ambition is to improve his family's lot, the Saudis have become frantic for profit. The 1973 rise in the price of crude oil has caused the kingdom's petroleum revenues to increase five-fold above their level of three years ago. The government is anxious to spend $142 billion for the realization of a five-year plan, and each and every individual is trying to get a piece of this fabulous "cake".

In fact, perhaps unknown to the majority of the population, the lion's share has already been committed to foreign corporations, mostly American, for the supply of equipment and services. According to the Minister for Industry, Mr. Ghazi Kosseibi, 80% of all contracts, and by far the largest among them, have been granted to North American firms, which among other tasks, have been given responsibility for developing the whole heavy industry sector. Riyadh's treasury, notes Edward Sheehan in the *New York Times Magazine* of Nov. 19, 1976, will in three years have paid the tidy sum of $53 billion to various American organizations, both private and governmental, as compensation for public works projects already in progress. In addition, approximately $30 billion, at least, will go for arms and war material, almost all provided by Anglo-Saxon suppliers who have contracts to outfit the royal troops.

(***Le Monde's* Footnote:** According to the International Institute for Strategic Studies in London, Saudi Arabia's defense budget in 1975 was the equivalent of $712 per capita. Except for Israel, this is the highest level for any country between the Persian Gulf and the Atlantic.)

Nevertheless the Saudi government has taken measures to redistribute the remaining national income among its own citizens. But to each according to his rank: thus the ruling class is the principle beneficiary. Members of the royal family, the grand bourgeoisie of Hejaz, traditional members of the secular business community, notables from the steppes of Nej, the cradle of the Saud dynasty, all made the transition easily, whether with foreign partners, or on their own, to become industrial entrepreneurs, bankers, or international business consultants.

When possible, the state limits its business deals to those foreign firms which agree to take on local partners. Only such joint ventures, for example, have access to generous loans from the Saudi Development Fund. Thus a Saudi can become majority shareholder in a "mixed" enterprise by putting up his own capital to the tune of 1% and borrowing 50% of the total capitalization, interest free, from the government financial organization. And with the good fortune of the appropriate acquaintances, or protection in high places, he may become sole owner by borrowing the remaining 49% from private banks or from his future suppliers. Exempt from customs duties, business and income taxes for an indefinite period, with a guaranteed market (the government, which has priority access to all merchandize, and free to set his own profit margin,

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the entrepreneur can easily pay off his borrowed capital in the customary term which runs from 12 to 25 years. Thus a young doctor, from Jeddah's respectable society, starting with his modest savings, succeeded in developing a trucking business, a construction firm, and a home furnishings outlet. He is now planning to build a large private hospital, again with government loans, he told me.

The State's Favors and Kindnesses

By choice or by necessity, the state also favors the accumulation of capital within society's lower classes. Last month's prohibition against all commercial activity by foreigners thus forced many shop owners to sell their businesses at low prices or to take in a Saudi partner under whose name they do business. An analogous law gives numerous savy Saudi "sponsors" the right to take a "commission" in return for serving as intermediaries between the Saudi authorities and foreign businessmen. The sponsor's support is essential in applying for visas, obtaining introductions, buying land or a space for a business, and greasing bureaucratic palms with real or ficticious "fur coats," which are then charged as expenses to the foreign "protege."

Is corruption as widespread as everyone says? Queried on the matter, Saudi leaders more or less vehemently deny its existence; nevertheless, they cite extenuating circumstances. They lead off with the comment that Saudi Arabia has no monopoly on this particular plague, as witnessed by the recent scandals which have tarnished high level public figures in the U.S., the Netherlands, West Germany and Japan. "By comparison, our country is a model of virtue when one thinks of the fantastic sums flowing through the hands of low-paid civil servants, or which foreign firms offer in exchange for special favors."

Nevertheless, it appears that the Saudi authorities have yet to go after an indiscrete functionary, nor the Generals whose names come up during the U.S. Senate's Lockheed investigation. Are we to believe those who maintain that this tolerance, like the recent decision to permit moonlighting by civil servants, is part of a policy favoring Saudis' "social morality?" And increasingly, members of the administration are setting up their own businesses with no fear of provoking official inquiry into the origin of their newly acquired capital.

True, like so many others, some have become rich through strictly legal means, often by speculating in land or office blocks. A lot purchased shortly before the oil boom in 1973 for 100,000 Saudi Rials (1 rial = \$0.28 U.S.), last year brought 6 million rials; a 10,000 square meter lot in a commercial section of Jeddah recently sold for \$50 million. And for good reason: a five-bedroom house commonly rents for \$60,000 per year. Rents, which have gone up ten-fold since 1973, must be payed three years in advance. Real property ownership is reserved exclusively for Saudi citizens, who can get interest free 20-year construction loans from the government.

According to the Minister of Finance, Mr. Mohamed Aba Al-Kheil, "in the last 17 months we have made 48,000 such loans for a total of \$13 billion. We are champions of free enterprise. Thus we naturally inject into the private sector the government's petroleum revenues." And in the words of Mr. Saleh El-Tuweijri, "Seventy-five percent of the stock in industry firms, which has been financed by the government, will be turned over to the public within six years after they begin production."
(*Le Monde's* **Footnote:** Excluding the petroleum industry, the private sector's share in the Gross Domestic Product is presently five times that of the public sector: 11% versus 2.4% By 1980, according to the Minister for Economic Planning, their shares will be respectively 12/7% and 2.7%.)

Thus the Saudi bourgeoisie has no cause to criticize the government's economic and financial policy. This class can only rejoice at its profits from the especially remunerative, if somewhat unrealistic five-year plan, and from the abundant revenues from overproduction of crude oil, which nevertheless leads to a wasteful use of funds and premature exhaustion of petroleum revenues.

Workers, for the most part of foreign origin, has less cause for satisfaction. Of course their wages have on the average tripled since the oil boom's beginning, and a manual laborer now earns about \$20 per day, which exceeds the salary of a university graduate in the civil service. Like Saudi citizens, they enjoy the protection of labor laws comparable to those in industrialized countries: a 48 hour work week, annual leave of 15 to 21 days (depending on seniority), free education and medical care, and various other fringe benefits.

But their position is constantly eroded by inflation of 50% per year, caused simultaneously by the increases in prices of imported goods, large injections of capital spendings, and businessmens' speculative profits. Housing costs are outrageous and in general, the cost of living in Jeddah or Riyadh exceeds that prevailing in Paris.

While from time to time strikes erupt and are quickly repressed, social polarization has not yet reached a worrisome level. More fundamental is the profound mutation taking place within Saudi society: the commercial bourgeouisie rapidly grows richer, while the proletariat is gaining in numbers and strength; new middle classes appear and take roots, and the old economic structures are crumbling under the weight of industrial development.

The petroleum revolution is underway. The revolution in mores and institutions is soon to be set off.

PARTS III & IV NEXT WEEK

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from HA'ARETZ, Israel's most prestigious Hebrew-language, daily newspaper *January 21, 1977*

The Israeli Fourth Republic

by Jeremiah Yoval

Every French citizen knows what the "Fourth Republic" means, and most of them remember it as being outrageous. That was the era before De Gaulle took office, when governments would disintegrate one after the other and would thus adversely affect the nation's reputaion. During that time period, the two major issues after World War II could not be acted upon. These issues were: 1) the rebuilding of the French economy along the lines of the rebuilding of other Western economies, and 2) the facing of the hardships connected with and the differences in public expressions concerning the bloody wars in Indo-China and Algeria.

Israel is also now facing crucial internal and foreign issues; Israelis also are divided. Do we have the governmental means to face the issues or will Israel go downhill to her own kind of Fourth Republic?

Admittedly, the Israeli political elite

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is unstable in this period before the coming elections. Almost every party has undergone political, ideological, and personal decay. The Knesset (parliament) and the government are turning increasingly "gray," and their qualitative and intellectual image is growing increasingly worse. The new parties more and more resemble the old parties in regard to the utilizing of multiple approaches and meaningless slogans. A fundamental problem beyond image and style exists; it is the inability to rule. For the past two years, the Israeli political parties have been paralyzed by lack of a central authority that can establish and carry out a national policy in foreign, social, or economic affairs. This paralysis passed from the previous government to the Rabin government despite the superficially "strong" politicans in the government. Golda Meir was a vigorous but not a strong Prime Minister. (A difference between vigorous and strong does exist.) Her government also depended upon coalitions and particularly upon different attitudes within the Labor Party itself. What resulted was that her government became a dual symbol of stagnation and lack of initiative in regard to issues of peace and war and in regard to social issues. Nothing changed when Rabin assumed office; the danger now exists that the situation may become even worse after the coming elections.

Every democratic system faces the problem of balancing the principles of representation and of order or, in other words, of striking a balance between multiple interests and views, on the one hand, and the need for a central authority, on the other hand. When one of the above principles is predominant, it causes either anarchy or conversely—authoritarian rule. Sometimes one of these gives rise to the other, e.g. anarchy invites "authoritarian rule" as a "solution." Both dangers exist for Israel in the not-too-distant future. The hope of having a "strong man" is senseless, so long as all political groups are playing the political game. The hope, however, may reappear if, as predicted, a stable government cannot be formed after the elections and if the "games," played by small parties, will prove detrimental in forming an effective national authority.

Politicians often consider election day as being highly decisive in terms of salavation or atonement, but, in reality, they are concerned about their party and their status in the party. Ordinary people, on the other hand, may not be much interested in parties; they may be more interested in the general object. At this time, we can predict that the new government after the elections will be the least stable government that we have ever had. Many Israelis are disappointed with the old parties; they will vote for the new parties. The two major blocs are likely to decrease in power. The Likud (the rightist faction) as already split and, thus, has lost some of its personalities. The Maarach (Labor Coalition) is in danger of disintegration both because of Mapam's intentions to quit and because of the struggle between Rabin and Perez. For the first time, this may cause a split in the Mapai faction and, thus, maximize the tension between "Achdut Ha'avoda" and "Rafi". The so-called "center" is also unable to unite; hence, small parties, in addition to that of Yadin's will compete with one another. The left, which is anyway weak, may again undergo its usual disintegration; Rakah may become stronger, and its seven to eight Knesset members, who are beyond any coalition, will make the forming of a majority more difficult.

It is, therefore, likely that no coalition combination will be strong enough to rule and that no more than one coalition may exist; this will, in turn, lay the groundwork for frequent attempts to replace the government. The integrity of the government will be in constant danger. Another possibility is that the Knesset will become a stronger element in Israeli politics, but not necessarily in a good direction. A strong parliament is best, when the executive branch is also strong. A hazardous situation exists when the parliament is strong but the government is actually—on balance—too weak to function. The French Fourth Republic was a kind of parliamentary dictatorship but with a disintegrated and split parliament that could undo but could not form governments.

At this point, an interesting exercise would be to determine at whose expense Yadin's party will receive votes. If Yadin's party receives votes, formally cast for the Maarach (and, indeed, this possibility exists), this party will not be able to assume the role that the National Religious Party had until recently; Yadin's party and the Maarach will then be about the same size or slightly larger than the Maarach is today; it will not be able to form a government. The participation of the National Religious Party will again be necessary as a vital component, not just as an addition. The National Religious Party will be ready to struggle and will desire to be independent. Mapam will be less independent in case it returns to the coalition as a party; the Liberal Party will also be less independent if it leaves the Likud after another failure at the polls.

Superficially, the situation will resemble the situation at the time of Ben-Gurion. Three major differences will, however, exist: 1) Mapai will not be a predominantly strong party, i.e. larger than all others, 2) No powerful personality, like Ben-Gurion, will be in the picture, 3) No religious party, which automatically cooperates in non-religious matters, will be operative. If, on the other hand, most of the votes for the DMC (Yadin's party) come from the Likud, then the DMC will probably be a small party and will not be able to tip the balance one way or the other. (The DMC leaders may wish to obtain Likud votes by uniting with Right Wing Party, Free Center and by giving key positions to "hawks.") The prospective voters for the DMC are mostly those who have become disappointed by the Maarach; if the DMC turns right, it will lose more voters than it may gain.

In any case, the danger exists that Yadin and his collaborators, whose slogan is a "stable government," will inadvertently bring about the contrary and will, thus herald the Israeli Fourth Republic. It is, then, important to know to what extent Yadin will insist upon changing the election law and applying it immediately.

Yadin's sincerity cannot be questioned; he has unrelentlessly struggled for many years to change the election system. Yadin, however, is also known as a responsible person, who considers the interests of the state. Will not his partners in the future coalition explain to him that to involve the state in another electoral campaign when Carter is waiting, when inflation is sky-high, when the currency balance becomes smaller and smaller, and when the state has other troubles would be irresponsible? Will his colleagues, as old-line, experienced Mapai members, not tell him: "All right, let us enact a new election law, but let us not necessarily apply it immediately"? Will his colleagues not ask further: "Why not wait at least four years until the next elections before applying the new law and thus avoid taking hasty steps?" To what extent is Professor Yadin immune to this kind of "national responsibility" argumentation, when utilized by more experienced politicians? We shall know this only after the elections are held.

CONCUSSION BOMBS, from page 3...

is "not in any way inconsistent with his [the President's] oft-repeated commitment to the security of the state of Israel" but rather is "related to a general desire to limit and reduce the sale of sophisticated and highly destructive weapons worldwide" (NYT).

SUEZ OIL IS SOURCE OF U.S.-ISRAELI FRICTION

A U.S. State Department spokesman stated the U.S. view that Israeli oil drilling in the Gulf of Suez is illegal under international law and "not helpful to efforts to get peace negotiations underway" (NYT 2/15-1). The spokesman, responding to reporters' questions, made this public "rebuke" of Israel's action mere hours prior to Secretary of State Vance's February 14th departure for his Mideast tour.

State Department officials contend that Israel's oil exploration in the Gulf of Suez violates the 1907 Hague Convention by which, according to a U.S. official, "occupation forces may tap existing resources but are enjoined from developing new ones" (WP 2/14-14).

SYRIAN TROOPS WITHDRAW FROM LEBANESE-ISRAELI BORDER

Syrian troops completed their withdrawal from the Nabatiyah area, defusing a potentially explosive situation in southern Lebanon. Diplomatic efforts with the U.S. playing a pivotal role as a go-between for Israel and Syria were credited with alleviating the "misunderstanding" (NYT 2/16-10).

During the crisis situation, Israel more precisely defined the geographical nature of the "red line" beyond which Syrian troop movements are unacceptable to Israel. According to the *Jerusalem Post*, "there can no longer be any misunderstanding as to where that somewhat elusive line actually runs: it runs from Sidon on the Mediterranean to Jezzin near the Syrian border. The area south of this line is considered an Israel security belt, where neither Syrian military nor Palestinian terrorists are admissable" (JP 2/14-8).

YADLIN CONFESSION AFFECTS LABOR PARTY

Asher Yadlin, Rabin's onetime choice to head the Bank of Israel, pleaded guilty to corruption charges and implicated other Labor Party leaders. The fund scandal is expected to adversely affect Labor's performance in the May 17th Knesset elections (WP 2/15-1).

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