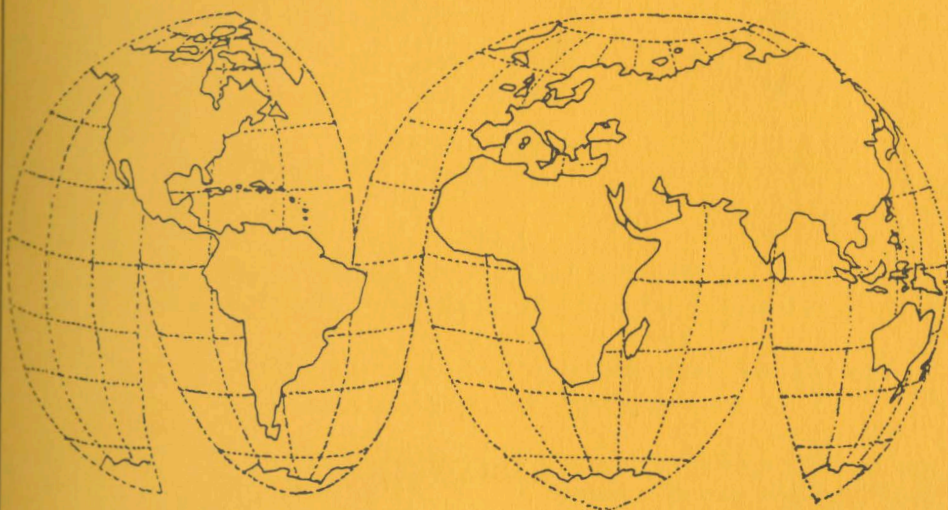


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STATEMENT OF PURPOSE

The study of international affairs as an academic discipline no longer belongs exclusively to the specialists in that field; rather, its scope has been extended to include the work of other related disciplines in recognition of the fact that international problems are not exclusively political in nature. It is the purpose of this journal to speak on matters involving international problems with many academic voices. More important, it is the purpose of this journal to permit undergraduate students to try their wings in describing, analyzing, and possibly suggesting solutions to the problems that have vexed nations in their contacts with each other.

The underlying premise of this journal is that undergraduate students *can* contribute effectively to a reasoned, moderated, academic analysis of international problems and that such contributions will have a more profound effect on the study of international affairs as well as the student contributors to this journal than the passionate, partisan, and emotionally-charged outbursts which have in the past permeated American campuses.

Consequently, the *Journal* invites contributors to take an active interest in this publication. It encourages students as well as members of the Towson State faculty, and the students and faculty from other campuses to contribute articles, reviews, and other pertinent materials.

THE UNIFICATION OF GERMANY IN 1989-1990 AND THE WRITING OF GERMAN HISTORY

Harmut Lehmann*

It is in two respects that the unification of Germany in 1989-1990 presents a challenge to those writing the history of Germany: First, the events of 1989-1990 deserve careful analysis, circumspect interpretation, and emphatic description. When did the loyalty of those supporting the communist regime in the GDR begin to waver? Exactly when did the economy in the part of Germany occupied by the Soviets in 1945 begin to stagnate? What was the role of the major ecological damages inflicted in the region between the Elbe and the Oder rivers in the process of economic stagnation and disappearing loyalty? In 1989 and 1990, what decisions were made in Moscow, and what was the role of the ruling SED in East Berlin? There are a host of questions which have to be answered, and presently there are a number of historians and political scientists actively engaged in finding answers. The major obstacle they confront is a lack of sources: not that there are not plentiful materials about the events that took place from August 1989 to the summer of 1990; what is difficult, however, is to gain access to key documents, such as the protocols of the Central Committee of the SED in East Berlin, and there can be no doubt that a close look at these documents is necessary if one wants to reconstruct cause and effect, and if one wants to place responsibility on the shoulders of those who made crucial decisions, or who failed to do so.

The other challenge to historians writing German history is even more difficult to master: What happened in Germany in 1989-1990 has to be understood as a caesura in German history, a caesura of far-reaching importance, I should add, which should serve as an impulse to start discussing continuities and discontinuities in German history once more. In 1989, Werner Weidenfeld and Hartmut Zimmermann published a work which they called *Deutschland-Handbuch: Eine doppelte Bilanz 1949-1989* (Germany Handbook: A twofold account, or reckoning). The question we have to face, and discuss, is how these two times forty years of German history from 1949 until 1989, the forty years of the Federal Republic, and the forty years of the German Democratic Republic, can be brought into a meaningful relationship with the twenty times forty years of prior German history, if I may sum up German history from the Middle Ages until 1945 in this way. The discussion about this matter has hardly started. At the same time it is obvious that it is up to the historians to comprehend and to explain how German history from 1949 until 1989 may be connected with the earlier phases of German history encompassing both the older and the more recent past. This is what I want to address in the following remarks.

Let me begin with some observations about historiography. Some of the authors of the most widely used and influential accounts of German history cover their topic up to 1945 but not beyond. This is true, for example, for Hajo Holburn, for Gordon Craig, and also for the widely used German history series published by Vandenhoeck & Ruprecht. There are two works which include the Immediate Post War Era. I am referring to Golo Mann's *Deutsche Geschichte* and to Karl Dietrich Erdmann's contribution to *Gebhardt's Handbuch*. Three works in German, but none so far in English, contain more comprehensive parts on the post-war time: *Deutsche Geschichte* published by Ullstein with the volume by Andreas Hillgruber describes German events up to 1972, the new

*This was an address given at the 22nd Annual Earle T. Hawkins Symposium on International Affairs in April 1991. Hartmut Lehmann is Director of the German Historical Institute.

edition of *Rassowa Handbuch der Deutschen Geschichte*, published in 1987, with a chapter by Peter Wulf brings the story up to 1982, and the *Deutsche Geschichte*, published by Siedler, with Adolfe Birke's volume, *Nation ohne Haus*, published in 1990, also covering the time up to the 1980's. All three of these series try to inform readers about the main events in post-1949 German history. At the same time, in these series no attempt is being made to relate post-1949 German history with pre-1945 German history which is being written, and presented, by other authors. What we are confronted with, therefore, is a compilation of single parts by specialists, but no synthesis; what we receive are perhaps too many facts, and not enough meaning.

Certainly, during the past years, a number of important books on post-1949 German history have been published. I mentioned the *Deutschland-Handbuch* by Weidenfeld and Zimmermann, and I should also refer to the volume *The Federal Republic of Germany at Forty*, edited by Peter H. Merkl, the *History of West Germany*, published in two volumes by Dennis L. Bark and David R. Gress, and the *Geschichte der Bundesrepublik*, edited in five volumes by Narl Dietrich Bracher, Theodor Eschenburg, Joachim C. Fest, and Eberhard Jackel. All of these books deserve praise for their scholarship. What we look to them for in vain, or almost in vain, however, are paragraphs which tell us how pre-1945 German history influenced post-1949 German history, how these very different parts of German history were connected and how they can be linked in a meaningful way.

Not all these aspects of such a complex and complicated topic can be addressed in a brief presentation. Rather, I want to bring to your attention three aspects which should not be ignored when one tries to give meaning to the German past: first, the role of federalism, or regionalism; second, the meaning of the rule of law; third, coming to terms with myth-creation and memory-control by historians which includes the extent, and limits, of our knowledge of German history.

After the German Democratic Republic joined the Federal Republic of Germany in 1990, one of the first, and seemingly simplest procedures was the division of the former GDR into states. Without much controversy, five new states were created: Sachsen, Thuringen, Sachsen-Anhalt, Brandenburg, and Mecklenburg-Vorpommern, and these five new states were added to the eleven states of the Federal Republic, giving the Germany of today a total of sixteen. Thus, in a matter of far-reaching political importance, namely in the question of federalism, the former GDR adapted to the model that had been created in the Federal Republic in 1949, where federalism had become one of the main pillars of post-1949 democracy.

Compared to developments in other European countries from the Middle Ages to the modern time, centralization came late in Germany. The Holy Roman Emperor possessed power as the sovereign of the Habsburg lands, and after the Reformation, some influence as the head of the Catholic party within the Empire. But, his powers with regard to the various members of the Empire were clearly limited by constitutional provisions such as the Capitulation of Election signed by Charles V in 1519.¹ The Second Empire created in 1870-1871 meant a step toward centralism, especially because of the overwhelming influence of Prussia within the unified German state, but it was not until the Weimar Constitution that the centralizing elements out-weighed the rights and powers of the member-states. After Hitler's seizure of power, and the Gleichschaltung that followed, the

¹ Herman Wellenreuther, ed., *German and American Constitutional Thought: Contexts, Interaction, and Historical Realities* (New York, Oxford, Munich: Berg, 1990) 25-98, 247-350.

path toward a more centralized form of government was completed, but only for a short twelve years. Unconditional surrender was followed by the dismemberment of the Third Reich; four zones of occupation were created which meant a more decided decentralization of Central Europe than at any time since 1870. After the decision was made to reunite the zones of occupation of the three Western powers, much of this decentralized structure was then embedded into the Basic Law of 1949, thus linking the Federal Republic of Germany, in this respect, with earlier periods of German history.

In the four decades since 1949, federalism has proved to be one of the impressive elements of post-war German democracy.² Despite some attempts to strengthen the federal authorities, since 1949, the role of the states has grown in significant ways. Most obvious is the development of a regional cultural identity, supported by a highly successful cultural policy of the various states. Regional dialect has been given more recognition, especially in literature and theater; regional customs are no longer considered an indication of backwardness and provincialism. Stuttgart, Munich, Hannover, Hamburg, Bremen, Dusseldorf, Cologne, and Frankfurt have become centers of the arts, and in most cases, regional pride served to support cultural progress and to provide political stability. Even in the field of economics, the single states within the Federal Republic developed their own policy with Baden-Württemberg and Bavaria leading the way.

In the period from 1870 until 1945, centralism and nationalism lead to demarcation vis-a-vis neighboring countries. After 1949, the cultural diversity of the regions in Western Germany also opened the door to closer contacts with the other countries of Europe: Schleswig-Holstein created ties with Denmark, Lower Saxony with the Netherlands, the Rhineland with Belgium, the Palatinate and Baden with France, Bavaria with Austria and Italy. Many of the contacts on the state level were supplemented by partnerships between cities and even between villages. The wish of post-war Germans to reach out extended far beyond that; exchanges of students with North America were created, also with Britain and France, and German tourists in many countries are proof of the German's attempt to overcome nationalistic limitations, as is the German contribution to the unification of Western Europe. Today, one could expand the title of Friedrich Meinecke's famous study, *Weltbürgertum und Nationalstaat* so that it signifies that the course of German history led from *Weltbürgertum* (Global Citizenship) to *Nationalstaat* (Nation-State) but then back to *Weltbürgertum*. In this sense, the states of the Federal Republic are more than just an effective way of organizing public affairs. Rather, they should be seen as safeguards against nationalism and centralization renewed, and as bridges that connect the peoples of Central Europe without claims of German hegemony.

Finally, in the political life of the Federal Republic, the states also formed viable counter-weights against the central government. Over the years, the Bundesrat has gained respect as a policy-making body. Within the parties, the Minister-präsidenten, or Landesfürsten, have no less influence than the national leadership. Characteristically, three of the six chancellors who rode to power in Bonn made their career as Ministerpräsidenten, that is governors, or as mayors of a city-state; first Kurt-Georg Kiesinger, governor of Baden-Württemberg, then Willy Brandt, the former mayor of Berlin and also Helmut Kohl, formerly governor of Rhineland-Pfalz. In the case of Konrad Adenauer, one would argue that it was his reputation as mayor of Cologne that qualified

² Donald P. Kommers, *The Constitutional Jurisprudence of the Federal Republic of Germany* (Durham, London: Duke University Press, 1989) 69-120.

him to become chancellor in the eyes of many, and the same is true for Helmut Schmidt, who gained national fame, not as a defense expert of the SPD in the Bundestag in the 1950's, but as the Senator for Interior Affairs in Hamburg when dealing most effectively with a major flood-tide. If many Germans today want to retain Bonn as the capital of a united Germany, some of the same political sentiments play a role. As we know, Bonn not only signals continuity in German commitment to democracy, to the Western Alliance and to European Unification, but also Bonn seems to guarantee the continuation of federalism better than Berlin, the capital of Prussia-dominated Germany from 1870 until 1945.

If federalism is one of the pillars of post-war German democracy, the rule of law, the recognition of personal rights and liberties as laid down in the Basic Law, and the basic division of power between the executive, the legislative and the judicial branches of government are the other pillars.³ Ever since Gustav Heinemann, federal president from 1969 until 1974, challenged German historians to describe the history of democratic traditions in Germany, research into the history of basic rights, demands by the people, and the role of the legal system in German history has been quite lively. At the same time, the more we came to a better understanding of democratic elements in the German past, the more we had also to recognize the influence of undemocratic, authoritarian traditions. In this sense, the division of Germany in two parts in 1949, the democratic west and the non-democratic east, seemed like an exemplification and continuation of older German history in which democracy had never been able to prevail on the national level for any length of time. On the other hand, looking back from the Federal Republic, one could see that the Basic Law rested on older democratic traditions, on lessons learned by the Germans from their past, much as this constitution also corresponded to the wishes of the Western Powers.

In the past three decades, German historians have published ample proof about the importance of Landstand, or diets, in many of the territories of the Holy Roman Empire, despite the fact that absolutism came to Germany earlier than nationalism. Pioneer work in this area was done by Dietrich Gerhard, who had to leave Germany in the 1930's but who returned in the 1950's and served as director of the Modern History section at the renowned Max-Planck-Institut für Geschichte in Göttingen. In addition, German historians, some from the former East, most from the former West, have published new research on the Peasant's War, on Grund-und Freiheitsrechte in the early Modern period.⁴ Research has been ongoing on the conception, formulation, and application of legal codes on German supporters of the French Revolution, on the German left in the 19th century, on the revolutions of 1830 and 1848. Implications of the democratic thought have been derived from studies on the Catholic and socialist resistance against the authoritarian tendencies in Bismarck's rule, the opposition against German imperialism and militarism, the difficult early stages, the promising middle years, the tragic end of the Weimar Republic, and the resistance against National Socialism by Germans from all walks of life who risked, and very often lost, their lives in doing so.

Of course, there is also a long and strong anti-democratic tradition in Germany: disrespect for the rule of law, contempt for the rights and liberties of individuals, and the use of military power to suppress the people, to name some aspects of a history which discredited the Germans among the freedom-loving peoples of the world. But wherever,

³ Ibid., 121-503.

⁴ Günther Birtsch, *Grundund freiheitsrechte von der standischen zur spatburgerlichen Gesellschaft* (Göttingen: Vandenhoeck and Ruprecht, 1987).

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and whenever, there was despotism in Germany, we can find also representatives of "the other Germany," and it is their example, their ideas, and their sacrifices which gave substance, integrity, and forcefulness to the rule of law and to personal freedom in the Federal Republic. In fact, the Germans can look back to a tradition of non-conformism and dissent reaching from men like Menno Simons, the founding father of the Mennonites, and Hans Hut, the founder of the Hutterites, to the German opponents. Through the centuries since the Reformation, some of these people had to suffer exile, most notably, the Germans who were expelled.

From the time of the Reformation until post-war Germany, therefore, authoritarian traditions were confronted by the ideas of the "other Germany" which survived abroad if they were suppressed in Germany. German-American relations should be studied from this perspective: the Krefelders who sailed west on the Concord in 1683 were religious dissenters. In the course of the 18th, and into the 19th century, they were followed by many religious groups searching for a place of refuge. After the revolution of 1848, several thousands of those who had supported the upheaval came to these shores. After 1933, there is no part of American academic life which was not affected by German refugees, as the "muses had to flee Hitler."⁵ Thomas Mann, Bertold Brecht, and many others proudly claimed: Germany, that is true German culture is where we are. In other words, if one wants to interpret the rule of law in German history, one has to include the history of emigration and exile.

After 1945, some of those exiled returned to East Germany, some to West Germany. In both instances, their contribution was quite remarkable. At the same time, the legacy of the "other Germany" was handled quite differently in East Germany than in West Germany. In the East it was used, or misused, for propaganda purposes and to legitimize the communist regime. By contrast, in the West, it took much longer for the role of "the other Germany in exile" to be recognized. In 1961, when Willy Brandt made his first bid as a candidate to become chancellor, it was used against him effectively that he had been in exile from 1933 to 1945. On the other hand, eight years later, when he was elected chancellor, those who cherished the legacy of "the other Germany in exile" had a reason to rejoice.

A similar development can be observed with regard to the role of resistance against Hitler. In the East, anti-fascism became the state doctrine early on. The more the regime in the East employed totalitarian measures to retain power, however, the less convincing this doctrine became. In the West, it took some years, and the efforts of many, to give due recognition to those who had stood up against Hitler. Perhaps the turning point in public sentiment was the speech by Theodor Heuss in 1954.

"We not only underwrite the inner motives" of those who opposed Hitler, Heuss stated, "but we underwrite their historical right to think and act the way they did. In thanking them, we are aware that their failure did not deprive their sacrifice of symbolic meaning: in a time in which dishonesty and cowardly, brutal arrogance of power had soiled the name of the Germans, they attempted to free the state from murderous maliciousness and to save their fatherland from destruction."⁶

Despite some difficulties, the new German army successfully incorporated the legacy of the officers who had stood up against Hitler.

Already in the 1950's, a large number of East Germans left to resettle in the West. Since

⁵ Carla Borden and Jarrell C. Jackman, eds., *The Muses Flee Hitler* (Washington, D.C.: Smithsonian Institution Press, 1983).

⁶ Theodor Heuss, *Die groben Reden* (Munich: dtv, 1967) 212-222.

that time, there is no community or institution, no organization or party, in West Germany which does not contain a fair number of exiles from Saxony, Thuringia, Brandenburg, Pomerania and Mecklinberg. With a considerable degree of legitimacy, therefore, the West German policy of reunification was formulated by Germans from all parts of the country. After the wall was built in 1961, the exodus continued. While the numbers of those who fled became smaller, the circumstances became more dramatic. Some successfully overcame the border barriers; others found a way out via other East block, or neutral, countries. Quite a few who opposed the regime, were held as political prisoners and were freed by a deal between the two German governments in which the West paid a considerable sum of money per prisoner who was allowed to go West; some were exiled in a straight-forward manner by the East German regime hoping to reduce the pressure of inner opposition. In East Berlin, this policy was considered valid until the summer of 1989 when the Iron Curtain began to crumble and masses of East Germans fled their country via Hungary or the West German embassies in Prague and Warsaw.

For the interpretation of these matters, the Basic Law plays a key role. Until 1949, in German constitutional thinking, the rights of the state overruled personal rights. In the Basic Law, for the first time, personal rights and liberties were given priority over the powers of the state, which was allowed to act only insofar as personal rights were not infringed. While resistance and exile have been a constant element of older German history, the Federal Republic not only guaranteed basic rights to its own citizens, but provided refuge to exiles from the other part of Germany and from other countries. With this, the rule of law had gained a new quality, although as we know, this did not automatically put an end to xenophobia. Besides, the obligation to provide asylum to persons persecuted for political reasons, has been and still is being, tested by thousands upon thousands of refugees from Third World countries who came to West Germany primarily for economic reasons yet claimed to be political refugees, rightfully requesting asylum. As many scholars pointed out in 1989, however, the Basic Law provided an enlightened framework for the development of democracy in Germany; The German Constitutional Court has wisely interpreted and emphatically guarded the Basic Law.

Before summing up, a few brief remarks about the role of historians in what I have called myth-creation and memory-control. In the Federal Republic, the part played by historians was most significant. Historians not only wrote the history of "the other Germany", but they also gave penetrating accounts of the Third Reich, including the persecution of the Jews and mass-murder. Furthermore, historians not only criticized German chauvinism, and demythologized German nationalism, but they discussed, at length and with much fervor, the question of how much of German politics under National Socialism were but a consequence of older traditions, thus linking, for example, the question of German guilt for the outbreak of the war in 1939 with the German aggressiveness and expansionism before 1914. Also, it linked both with yet older traditions such as Prussian hegemonical policies, which led to the defeat of Austria in 1866 and the war against France in 1870. While an older generation of German historians had praised the Prussian victory over Austria, representatives of a new generation of German historians, such as Thomas Nipperdey, deplored the events leading up to the battle of Königgratz and called 1866 the first division of modern Germany.⁷

Important as this reevaluation of the Prussian-led Second Empire may be, for post-1945

⁷ *Deutsche Geschichte 1945-1972* (Munich: Beck, 1983) 791.

Germany, no issue was more disturbing than the mass-murder of Jews by the Nazis at Auschwitz and other places. In the political arena, Adenauer shouldered the responsibility by arranging reparation payments to survivors. On the private level, many Germans joined the Society for Christian-Jewish Understanding and the German-Israel Society. Young Germans went to Israel to help build up that country, others restored Jewish cemeteries in Germany. Nor did German historians shy away from their responsibility. Some published extensive documentation about the "Final Solution". Others tracked the origins of antisemitism and described the various stages of development from Christian antisemitism to racially founded modern antisemitism. German political scientists analyzed the residues of antisemitism in post-war Germany. German publishers, journalists, and television cooperated in making known this most bitter part of the German past to a wider public. As for the historians, their approach resembled the approach taken by enlightenment historiography. While German historians of the 19th century and the post-1945 historians set out to destroy myths and to create a rationally controlled view of the past.

By contrast, in East Germany, historians looked differently at the German past, and the special debate about the German-Jewish relationship developed differently as well. As a consequence of the laws of Historical Materialism, as they were spelled out by Marx and Engels, and as they were applied by the ruling SED, historians were forced to engage in the propagation of this doctrine, which postulates that all history leads in dialectical leaps from feudalism to the rule of the bourgeoisie, and from there to socialism and communism.⁸ As we know, this resulted in East German intellectual life in quite a bit of myth-creation. The peasants rising under the leadership of Thomas Muntzer, the revolutionary workers in 1918, and of course, the role of the Soviet Union, were all glorified. Inquiry into the past was directed by questions which were controlled by the political leadership. While the excesses of National Socialism, including the extermination camps were duly depicted, political reconciliation with Israel was evaded because the SED had opted, under pressure from Moscow, to support the cause of the Palestinians. As one can imagine, this resulted in a highly unsatisfactory situation. This may also be the reason why citizens who felt strongly about Israel, were overrepresented among dissidents in East Germany and those wishing to leave the country.

As we know, there were some changes with regard to historical research in East Germany since the late 1970's. For example, in 1983, Martin Luther was incorporated into the so-called progressive ancestry of the so-called first socialist state in German history. But characteristically enough, the orders for the reevaluation came from the top and were not the result of free historical research.⁹ Until the collapse of the regime in the East in 1989, therefore, historiography in both parts of Germany were in sharp contrast. One engaged in myth-creation and the other involved in the destruction of myth.

In 1946, the "Kulturbund zur demokratischen Erneuerung", headed by Johannes R. Becher, invited Theodor Heuss to speak in Berlin. In conclusion, let me quote and use some of what Heuss said on March 18, 1946, less than a year after German unconditional surrender, on the topic of the future of Germany; "In intellectual and political life ...the question of how to come to terms with the German view of the past is the most difficult to

⁸ Alexander Fischer and Gunther Heydemann, eds., *Geschichtswissenschaft in der DDR* (Berlin: Duncker and Humblot, 1988-1990).

⁹ Hartmut Lehmann, "Die 15 Thesen der SED über Martin Luther," *Geschichte in Wissenschaft und Unterricht* 34, 1983, 722-738.

answer. It is not enough to get some cleaning-firm which takes off the brown color (the Nazi view) and then applies some other color which is readily available" Heuss admonished, "rather, we have to demand that we reintroduce the spirit of free inquiry into academia and that we profess that scholarly activities should be free." "After twelve years in the hell of history," Heuss said in conclusion, Germans were on the way to purification. Would they now reach paradise? No, Heuss contended, because paradise existed only in utopian novels. The Germans should be happy if they reached the solid ground of a free society, and this they should reach under the guidance of democracy.¹⁰

In the Federal Republic, much of what Heuss envisaged in 1946 became true. The solid ground of a free society has been reached with the help of a democratic system. Looking back on the forty years of the Federal Republic, we are able to detect the revival of parts of the German past which were lost in the decades before 1945 and which reappeared after 1949. I have drawn your attention to federalism, to the rule of law and to the views the Germans had of their past. Not that I think the Federal Republic became the paradise which Heuss already knew did not exist. We should acknowledge, however, that under the protection of the Western powers and because of the strong desire of many Germans to learn the lessons taught by the moral, political, and military catastrophe of the years from 1933 until 1945, that some of the best of the German past could be reactivated and gain historical Gestalt in the Federal Republic. This, in turn, should help open our eyes to some of the treasures of the German past. How much of this can be preserved into the future, how much of it will continue to grow now that Germany is united, we do not know. The progress that we have experienced in the Federal Republic should help us, however, to overcome the obstacles that may be ahead. In this, I think, historians have to play a double role; 1. by undigging, interpreting, and preserving the past, they should be able to contribute to the awareness that democracy has not come easy in Germany and, 2. by exercising and fostering the spirit of free inquiry, they should help to facilitate the kind of discourse which is essential for a free society, thus linking the united Germany firmly with the Western world.

¹⁰ Heuss, *Die groben Reden*, 81-93.

THE ARABS, ISRAEL, AND BLACK AFRICA: THE POLITICS OF COURTSHIP

By Dr. C. Owusu Kwarteng*

Introduction

Black Africa and the Arab world have been economically and culturally linked for a dozen of centuries.¹ For the past three decades, however, increased tension in Africa and in the Middle East has brought conflicts, cooperation and confrontation in the relationship between the Arabs and Black Africa and has also affected the nature of Arab-Israeli penetration in Africa. As a result of the Arab-Israeli conflict and the need to mobilize Africa's diplomatic support, Black Africa has been a target of Arab-Israeli competition.² Mitchell Bard noted that:

while there is no doubt that Israeli leaders have always had philanthropic attitudes towards Africa, their primary interest in the continent rested on the more tangible grounds of Realpolitik. Just as Africa has been the scene of a battle of influence among the superpowers, so too has it been a battlefield between Israel and the Arabs.³

A senior official at the Israeli Foreign Ministry noted that the struggle for Africa was "a fight of life and death for us."⁴ Analysts of Afro-Arab relations often put much emphasis on the role of Arab petro-dollar power as an influence on Black Africa's policy towards Arab-Israeli issues. Others also explain Black Africa's position on Arab-Israeli issues in terms of Black Africa's efforts to please the Arabs. For example, Opoku Agyeman, concluded that:

Since African states maintain diplomatic relations with France, West Germany, Britain, Japan and the U.S. (all these powers have strong ties with South Africa) this insistence on the ostracism of Israel cannot logically have anything to do with Israel's relations with South Africa, but only with the Africans' compulsion to please the Arabs at the expense of their own best interests.⁵

The arguments often brought forth to explain Africa's position on Middle East issues are often parochial, since they fail to address some fundamental questions: what was the basis of Afro-Arab relations prior to the Arab oil embargo in 1973 and what explains the inability of Arabs, in some cases, to influence Africa's policy towards Middle East issues? Similarly, an attempt to explain the rupture in diplomatic relations between Black Africa and Israel, solely in terms of the Middle East conflicts, misses other essential factors. While many African countries broke ties with Israel following the 1972 war, some of them broke relations based on reasons not necessarily connected with Arab pressure or the 1972 Arab-Israeli-war. For example, Chad broke links with Israel, partly to reduce Arab involvement in the Chadian civil war that involved the Frolinat, the Muslim separatist

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¹ Ali Mazrui, "Black Africa and the Arabs," *Foreign Affairs*, (June 1975), 725.

² For an overview of the conflict, see for example, Aaron David Miller, "The Arab-Israeli conflict: A Retrospective," *Middle East Journal* 41, #3, (Summer 1987).

³ Mitchell G. Bard, "The Evolution of Israel's Africa policy," *Middle East Review* (Winter 1988/1989), 21.

⁴ Samuel DeCalo, "Israel and Africa: The Politics of Cooperation, A Study of Foreign Policy and Technical Assistance" (Ph.D. diss., University of Pennsylvania, 1970): 87, cited in Mitchell G. Bard, "The Evolution of Israel's Africa Policy," *Middle East Review* (Winter 1988/1989).

⁵ Opoku Agyeman, "Pan-Africanism Versus Pan-Arabism: A Dual Asymmetrical Model of Political Relations," *Middle East Review* (Summer 1984), 20.

movement of the North.⁶

The purpose of this paper is to highlight some of the major political, economic, cultural, and strategic factors that have influenced Black Africa's relations with both Israel and the Arab world, in the context of Arab-Israeli competition and rivalry in Africa. Using some relevant examples, this paper examines some of the relative strengths and weaknesses of the methods and strategies that Israel and the Arabs have used to woo Black Africa. A principal assumption underlying this paper is that the outcome of both Israeli and Arab efforts to woo Black Africa depends on the strategy to secure the support of, or at least, not to alienate the Black Africans.

Israel and Africa: The Politics of Penetration

When the State of Israel was created in 1948, its primary diplomatic attention was not focussed on African countries, but on the colonial powers that controlled Africa: Belgium, Britain, France, and Portugal. Several developments were to occur in international politics that would intensify Arab-Israeli competition, and Arab-Israeli diplomacy in courting Black Africa. At the Afro-Asian Conference in Bandung in 1955, a resolution was adopted that condemned Israeli occupation of Arab lands. The Bandung Conference was a diplomatic set-back for Jerusalem. The fact that the Jewish state was not invited to the Afro-Asian meeting meant that, seven years after its foundation, the state of Israel still remained isolated. To end its diplomatic estrangement, Israel was to mount an aggressive diplomatic incursion into the independent Black African nations.

Israel became the first country to establish an embassy in Ghana, less than a month after Ghana's independence in 1957.⁷ Two years later, Israeli Premier Golda Meir, made an official visit to Africa and held talks with leaders such as Nkrumah, Tubman of Liberia, and Houphouët-Boigny of the Ivory Coast. A major motive was behind this trip: to sell to the African leaders Israel's interest in African liberation.

Political decolonization of Africa, which largely occurred in the 1960s, also saw the emergence of an African constituency at the UN, where votes were taken on both the Arab-Israeli conflict and apartheid in South Africa. The formation of the Organization of African Unity (OAU) in May 1963 provided another problem for Israel, since unlike the UN, Israel is not represented in the Afro-Arab organization. On the other hand, by virtue of their dual membership in the Arab League and in the OAU, Arab radicals such as Gamel Abdel Nasser of Egypt, could forge alliances with other radical black African leaders like Kwame Nkrumah of Ghana.

An examination of Ghana's policy towards Israel and the Arab world (under the Nkrumah regime, 1957-1966) suggests that Black African leaders were cautious in dealing with both the Arabs and the Israelis. Though he developed close identification with the Arab cause, President Nkrumah never completely severed ties with Israel. In 1964, at the OAU summit in Cairo, Kwame Nkrumah, a leading pan-Africanist, agreed that Egypt alone could not solve the problem of the Middle East, but a united Africa could.⁸ Nkrumah's cautious diplomacy not to alienate the Arabs could be seen from the fact that he never made an official visit to Jerusalem, even though he was in Cairo on

⁶ Oye Ogunbadejo, "Black Africa and Israel: Towards a Rapprochement?" *Africa Contemporary Record* (1982/1983), A. 122.

⁷ See Michael Williams, "Nkrumah and the State of Israel," *TransAfrica Forum* 7, #1, (Spring 1990), 43.

⁸ *Ibid.*, 48.

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many occasions. On the other hand, Nkrumah never developed any anti-Zionist positions in his writings and speeches as President of Ghana. In addition to established cultural links between Ghana and Israel, the Black Star Line, Ghana's shipping company, was jointly owned by the Ghana government (with a 60 percent share) and Zim Israel Navigation (with a 40 percent share).⁹ There was an Arab boycott of the Ghana Black Star Line because of Israeli joint ownership.

The 1970s also saw the emergence of Third World Solidarity groups, such as OPEC and the Group of 77. Israel confronted both the Arab oil weapon and pro-Arab solidarity in the Third World. In 1973, President Houari Boumedienne of Algeria became the Chairperson of the Non-aligned Movement. At the Algiers Conference of the Non-aligned Movement in 1973, resolutions were passed which supported Egypt, Syria, and Jordan in regaining their lost territories from Israel. These resolutions welcomed those countries that had broken ties with Israel because of Israel's occupation of Arab lands, and called on those countries which had not broken ties to do so. Cuba, Togo and Zaire were the first countries to act.¹⁰

Togo's decision to break ties with Israel did not please Nigeria which had maintained that in order for the OAU to continue mediation efforts in the Middle East conflict, it was politically expedient for it to retain diplomatic relations with both sides of the conflict. Neither did Nigeria's position please Algeria, since General Yakubu Gowon, Nigeria's Head of State, was at that time, the Chairman of the OAU. Algiers particularly saw Lagos' position as paradoxical. Unlike the Israelis who supported Biafra's secession from Nigeria, the Arabs, including Algeria, supported the federal government's position on the Nigerian civil war (1967-1970).

In 1974, the following year, the Algerian Foreign Minister, Abdul Aziz Butaflika, was nominated president of the UN General Assembly. The Arabs, backed by their petro-dollar power, could increase the political legitimacy of the PLO and at the same time delegitimize the state of Israel. Therefore, it was not surprising that on 13 November 1974, the leader of the PLO, Yasir Arafat, was invited to address the UN General Assembly and, contrary to UN precedents and procedures, was "treated as a head of state."¹¹

Against the obvious diplomatic odds, the success of Israeli penetration in black Africa can be partly attributed to the effectiveness of the methods that it has adopted. Jerusalem chose to assist the African countries in the area of technical assistance. Israel's focus on technical assistance and developmental projects reflected its weakness, in terms of competition with major powers such as France, the Soviet Union, and Britain, as a donor of economic aid to Africa. Unlike the aid given by the superpowers, Israeli aid came without many strings attached. This was because Israel feared that Egypt, its Arab rival in Africa, might fill the vacuum if Israel did not step in. Israel would also sponsor visits by African leaders and officials so they "could see for themselves what Israel had achieved in such a short time."¹²

Israel has also provided arms to African countries in addition to military training. This has involved providing assistance to individuals who are either influential or potentially

⁹ Ibid., 43.

¹⁰ Colin Legum, "African, the Arabs and the Middle East," *African Contemporary* (1973), A5.

¹¹ On this issue see, for example, Avi Beker, "UN North-South Politics and the Arab-Israeli Conflict," *Jerusalem Journal of International Relations* 10, #1, (1988), 48.

¹² Gad W. Tako, *Intervention in Uganda: The Power Struggle and Soviet Involvement* (UCIS Occasional Working Paper Series, #1, University of Pittsburg, 1979), 28.

influential. Such was the case of the Israeli-trained soldier, Mobutu Sese Seko, who was to be the President of his country and a reliable ally of Israel. Jerusalem also invests much diplomatic capital in the African countries that are of strategic importance:

Where these countries shared common borders with Arab countries, Israel concentrated on military assistance, intelligence training and police training, in addition to the normal diplomatic and economic assistance. For example, in Ethiopia, where the country shared borders with Egypt, the Sudan, Somalia and was a vital strategic outlet to the Red Sea, Israel was heavily involved in military cooperation. Similarly in Zaire, Uganda and Kenya, which all share a common border with the Sudan, Israel provided military or para-military training as well as police and intelligence training.¹³

The "Islamic factor" in Israeli African diplomacy becomes clear by examining Jerusalem's policy towards African conflicts with Islamic background. Israel's aid to the Sudanese Peoples Liberation Army (SPLA), in anti-Sudanese rebel group, falls within this analytical context. The SPLA constitutes the southern resistance to northern Arab and Islamic domination in Sudan.¹⁴

In 1972, when President Idi Amin visited Libya, the Libyan leader, Colonel Qaddafi, allegedly told Amin that Milton Obote's group had approached him not to recognize the new Amin regime—the regime that had overthrown the Obote government—because it "was not acting in the interest of the Arab cause."¹⁵ Qaddafi also reportedly revealed to Amin that Obote's group had approached him for financial and material assistance in order to topple the Amin regime. Amin was reminded that his flirtation with Jerusalem which afforded Israel a strategic presence in Uganda, a country bordering Sudan and an Arab League member, was a "threat" to the Arab world. In a joint communique, Amin and Qaddafi pledged to establish diplomatic relations at the ambassadorial level and to cooperate diplomatically, economically, and militarily in the name of "Afro-Arab solidarity."¹⁶

A few weeks later, Amin gave an ultimatum that all Israeli nationals in Uganda should pack up and leave the country. Under the pretext that Israeli nationals were engaging "in subversive activities," the Israeli embassy in Uganda was ordered closed, and the Embassy buildings were later turned over for use by the PLO, Israel's arch enemy.¹⁷

Phillippe Decreane suggested that the impact of Libyan aid on Amin's decision was important because Amin had sought financial aid from Jerusalem and had been unsuccessful because Uganda had incurred a huge debt with Israel.¹⁸ In 1976, Amin suffered a humiliating defeat when an Israeli commando released Israeli nationals taken hostage by Palestinian hijackers at the Entebbe airport in Uganda. The Entebbe episode was exploited by the Soviets, who invoked Israeli "aggression" against Uganda as a way of securing diplomatic leverage in Uganda. What even worsened the Israeli position in Uganda was that Amin was also concerned that the Israelis who had aided him in the overthrow of Milton Obote, could turn their back on him.¹⁹

Another key Israeli encounter with the Arabs occurred in Ethiopia. For a long time, Ethiopia was concerned about the threat posed by the radical Nasserite regime in Cairo.

¹³ Ibid., 26.

¹⁴ Ann Mosley Lesch, "A View From Khartoum," *Foreign Affairs* 65, Issue 4, (spring 1987).

¹⁵ Tako, *Intervention in Uganda*, 64.

¹⁶ Ibid.

¹⁷ Phillippe Decreane, "Africa and the Middle East: Is the Romance With israel Over?" *African Report* (May-June 1973), 20.

¹⁸ Ibid.

¹⁹ Oye Ogunbadejo, "Black Africa and Israel," A122.

While President Nasser vowed to expel Israel from Africa, Israel increased its presence in Ethiopia.²⁰ Mossad, the Israeli secret service, sent agents to train the Ethiopian police.²¹

In May 1973, Libya used the OAU meeting in the Ethiopian capital, Addis Ababa, to put pressure on Ethiopia to break ties with Israel. Pressure also came from moderate Arab states, such as Saudi Arabia. Some Arab members of the OAU, particularly Libya, threatened to move the headquarters of the OAU to another capital such as Cairo, if the host, Ethiopia, failed to sever ties with Israel. Ethiopia was able to retain the OAU seat. Nevertheless, Emperor Haile Selassie was warned about his close relations with the Israelis. To wean Addis Ababa away from Jerusalem, President Boumedienne of Algeria held confidential discussions with officials in Addis Ababa, where he promised to use his influence to halt Arab support for the anti-Ethiopian secessionist movement, the Eritrean Liberation Front, support that mainly came from Syria, Iraq and South Yemen, provided that the Emperor would sever ties with Jerusalem.²²

Even with the exit of the Selassie monarchy in Ethiopia and the institution of a Marxist regime in Addis Ababa, relations between Ethiopia and Israel remained friendly. For example, Ethiopia abstained from voting for the Arab-sponsored resolution in the United Nations in 1975 that equated Zionism with racism. What strengthened the Ethiopian-Israeli alliance even more was that the Arabs supported Eritrean insurgency while the Israelis supported the central government of Ethiopia. Mengistu Haile-Mariam, the Marxist leader of Ethiopia, secretly invited Israeli military advisors to return to Ethiopia in December 1975.²³ Israel also negotiated an exchange of arms for Ethiopian Jews in 1977.

There are some geo-political elements as well. Ethiopia's location and its frontage to the Red Sea is an attraction to Israeli strategists. Part of the strategic coastline is occupied by Eritrea, and Israel has always supported Ethiopia's effort to prevent Eritrean secession. For the Mengistu regime, which was fighting hard to repulse the Eritrean insurgency, there were political incentives in accepting Israel military aid, particularly in view of the new Gorbachev policy of reducing Soviet commitments (in terms of military and economic assistance) to Soviet proteges.

Probably one of the most dramatic cases involving Arab-Israeli penetration and counter-penetration in Black Africa was President Mobutu's sudden defection from and dramatic comeback to the Israeli camp. Zaire, an ally of the West and strategically important for Israel, broke ties with Jerusalem in a speech delivered by President Mobutu at the U.N. on October 4, 1973.²⁴ Mobutu's decision was politically delicate. Though a committed ally of Israel, Mobutu nevertheless saw an "African dimension" of the Arab-Israeli conflict. The Zairian leader had to support Israel.

Mobutu's defection from the Israeli camp was a dramatic set-back for Israeli-African diplomacy and was celebrated in the Arab world. Mobutu was gracefully rewarded with the honor of being the only Black African Head of State specially invited to attend the Arab Summit in Algiers in 1973. Since then, Jerusalem invested a lot of diplomatic capital in order to win back the 'Prodigal Son'—an effort that involved several trips by David Kimche, the Director-General of the Israeli Foreign Ministry to Kinshasa and that

²⁰ Bard, "The Evolution of Israel's African Policy," 25.

²¹ Tako, *Intervention in Uganda*.

²² Colin Legum, "Africa, The Arabs and the Middle East," *African Contemporary Record* (1973), A5.

²³ "Ethiopian and Israel Drawing Closer," *Africa Analysis* (3 February 1989).

²⁴ Ogunbadejo, "Black Africa and Israel," 122.

culminated in Ariel Sharon's own visit to Kinshasa in November 1981. During the visit, contracts for arms sales and economic development were signed, and diplomatic relations were resumed in 1982.

The Arabs took steps to contain the situation, reminding other African leaders about the dangers of the Zairian move to Afro-Arab solidarity and the negotiations on Namibia's independence. Qatar and Saudi Arabia broke diplomatic relations with Kinshasa; Syria called for a special meeting of the Arab League to discuss the situation, which was followed by a joint meeting of the Arab League and the OAU.²⁵ The Arab Bank for Economic development of Africa (BADEA) suspended all aid to the Mobutu regime. Given the high incidence of dissident activities in Zaire, Mobutu particularly valued the Israeli offer of military training and weapons.

In the 1960s, major Arab propaganda against Israel was focused on Israel's alleged collaboration with South Africa. During the Yom Kippur war, South African troops were reportedly dispatched through Portuguese territories to join the U.S. planes in the Azores to fly supplies to the Israelis. African leaders considered this collaboration as a threat to the security of Africa.²⁶ Far from being mere "Arab propaganda," the OAU agreed that there existed links between Israel and South Africa. The Eighth Extraordinary Council of Ministers of the OAU, which met in November 1973 to discuss the war and its impact on Africa, noted in a preamble to the resolution that was passed that this collaboration among Portugal, South Africa, and Israel constituted a threat to Africa's security.²⁷

The Arab nations' attempt to identify Israel with South Africa's interests must be explained beyond Israel's support for South African policies. There is an ethnic dimension. The Jewish Community in South Africa was described by J. Leo Cefkin in the following terms:

About 118,000 Europeans in South Africa are Jewish. They are white, urban, and affluent and are also an important source of support for Israel. Their religious and ethnic association with the Jewish homeland obligates Israel to take an interest in their welfare. Israel's ties with South African Jewry have remained close over the years despite Jerusalem's attacks on apartheid. The Jewish Board of Deputies, the body which speaks for the South African Jewish community, agreed with Israel's stand on apartheid as a matter of principle with being loyal South Africans.²⁸

The State of Israel was founded by Jews in Europe; South Africa was established first by the Dutch and later by English immigrants. It is the only white-ruled country in Sub-Saharan Africa. Thus, both Israel and South Africa are perceived as intruders.²⁹ Critics of Israeli policies compare Israel's treatment of Arabs in the West Bank with South Africa's treatment of its black population.³⁰

Phillippe Decreane noted some of the paradoxes of the criticisms of Israel when he noted that:

Critics of Israel blame her for having supported separatists movements, notably Biafra against Nigeria and the Southern Sudanese. Yet at the same time, those critics attack her for backing Mobutu Sese Seko's government against the Simba rebels in Zaire, President Tombalbaye against the Chadian nationalist movement

²⁵ Ibid., A125.

²⁶ Colin Legum, "Africa, the Arabs and the Middle East," A6.

²⁷ Ibid., A9.

²⁸ J. Leo Cefkin, "Israel and South Africa: Reconciling Pragmatism and Principle," *Middle East Review* (Winter 1988/1989), 33.

²⁹ John J. Mc Taque, "Israel and South Africa: Reconciling Pragmatism and Principle," *Journal of Palestine Studies*, XIV, #3, Iss. 55, (Spring 1985), 101-103.

³⁰ Ibid.

PROLINAT and Emperor Haile Selassie against the Eritrean Liberation Front in Ethiopia.³¹

Even though other major powers sell arms to South Africa, principal attention has been placed on Israel's arms sales to Pretoria. Mitchell Bard suggested an explanation for this double-standard in criticism, when he noted that:

Although it is the Arabs who fuel the apartheid regime in South Africa with their oil, it is Israel which continues to receive the opprobrium of the Africans because of Israel's highly publicized relationship with Pretoria.³²

Black Africa and the Arabs

Black Africa and the Arab world share some common interests and sentiments that emanate from their common experience of colonialism and exploitation. In the era of decolonization, Egypt, one of the first African countries to achieve independence in the post-World War II era, supported national liberation not only in Algeria but in Black Africa.³³ Ghana, the first Black African country to achieve political independence (in 1957), also supported liberation movements in North Africa. At the first Conference of Independent African States held in Ghana in 1958, both Arab and non-Arab countries, (Ethiopia, Egypt, Ghana, Liberia, Morocco and Sudan, were brought together under the banner of anti-colonialism. It was the extension of such cooperation, particularly in the Casablanca Group, that resulted in the formation of the Organization of African Unity in May 1963.

In courting Black Africa, the Arabs have also tried to amplify the cultural bonds that exist between the Arabs and Black Africa. Both Arab and Black African leaders manipulated the symbol of Afro-Arab unity.³⁴ For example, President Nkrumah of Ghana was married to an Egyptian woman who became the First Lady of independent Ghana. President Sadat's assertion that Egypt is both Arab and African could be explained in its cultural context. Sadat was the son of an African-Sudanese mother and a semitic-Arab father.³⁵

The introduction of Islam into Africa helped forge a common identity among Africa and the Arab world.³⁶ Similarly, the introduction of Arabic language helped stimulate other African languages, namely Swahili and Hausa. Arab oil diplomacy and aid policy has always emphasized this cultural component. Saudi Arabia has, for example, supported the building of Islamic schools and communities in Black Africa. The annual Muslim pilgrimage to Mecca has helped forge identity among Black African moslems and the Middle East.

Ironically, the Islamic element, which has helped forge identity among Arabs and Africans has also been criticized. Opoku Agyeman cited cases where in October 1973, President Bongo of Gabon "was compelled to change his name from Albert-Bernard to Omar."³⁷ Another example was Idi Amin, who, following Colonel Qaddafi's visit to Uganda in 1974, was asked to "Islamize" Uganda at all cost. Amin later admitted that he had even declared Fridays into days of prayer and rest because he needed Arab

³¹ Deceane, "Africa and the Middle East," 24.

³² Bard, "Israel's African Policy," 27.

³³ On Arab support for African liberation, see for example, *Africa Report* 27, #3, (May-June 1982), 33.

³⁴ See Resolution of the All-Africa Peoples Conference, published in *Africa Today*, (1981), 49.

³⁵ Raphael Israel, "Sadat Between Arabism and Africanism," *Middle East Review* 11, Issue 3, (Spring 1977).

³⁶ Omari H. Kolole, "The Islamic Factor in African-Arab Relations," *Third World Quarterly* (July 1984).

³⁷ Agyeman, "Pan-Africanism Versus Pan-Arabism," 23.

petro-dollars. Amin's gesture was reciprocated when at the Islamic Summit Conference in Lahore, Pakistan in 1974, Uganda was admitted as a "Muslim" state, even though it had a relatively small Muslim population.³⁸

The establishment in Khartoum, Sudan of the Arab Bank for Economic Development in Africa (BADEA) is the institutional underpinning of Arab petro-dollar diplomacy in Africa. Even though the Arabs were behind the technical expertise that Israel provided, they had the petro-dollar power to buy arms. With dwindling oil prices, the salience of petro-dollar diplomacy has faded dramatically. Black African countries, most of them being dependent on oil imports, have been critical of Arab oil and aid policies. Criticizing Arab oil policy from African perspective, Baffour Ankamah who noted:

...they did not even give us oil price concessions when we needed their help most. They kept selling oil to us at the same price as they sold to their 'enemies' in Europe and America, and when we had committed more than 50% of our national budgets to buying oil from them...they came back to us with some loans which...should have been rejected.³⁹

Another divisive factor has been Black Africa's fear of Arab dominance in the OAU, the main diplomatic forum for Afro-Arab relations. In Mogadishu, Somalia in 1974, Afro-Arab tension was reinforced when the Arabs lobbied for the Somalian Foreign Minister to contest for the post of the next OAU Secretary-General. The Black Anglophone countries rallied behind the Zambia foreign minister to contest for the same office. Since the Somalian Head of State was at that time the Chairman of the OAU, this would have been the first time that the two most prestigious posts of the Afro-Arab body would have been held by the same country. Thanks to divisions within the ranks of the black Francophone countries (divided because Somalia is Muslim and Zambia is non-Muslim), the OAU was not torn asunder.⁴⁰ That the Arab initiative to assert influence in the OAU was successful is evidenced by the accession to the OAU chairmanship by President Moktar Ould Daddah of Mauritania in 1971, King Hassan of Morocco in 1972, and of an "Islamicized" Idi Amin in 1975.

The OAU has also been a theater of intra-Arab feuding that Israel could exploit. A major one was the irredentist claims involving the admission into the OAU of the Sahara Arab Democratic Republic (Western Sahara), at the abortive OAU Summit in Tripoli, Libya in 1982. Algeria and Morocco, two Arab countries with divergent ideological leanings, began to contest the status of Western Sahara at the Malagasy Summit of the OAU in 1977. The conflict revolved on the Algeria-initiated admission of the SADR into the OAU and Morocco's determination to preempt the SADR's independence.

Superpower influences have equally played a part in Black Africa's position on Arab-Israeli and Afro-Arab issues. Uche Chukwumerije, saw the OAU's stalemate in Tripoli in 1982 as having been engineered by the Reagan White House. In an article titled "Roots of OAU's Malaise", Chukwumerije noted that:

Between 1981 and August 1982, the month of the Summit, a month rarely passed without a 'distinguished' African visitor on his way to the White House. Said Barre [of Somalia] (March), Mobutu [of Zaire] (June), Sekou Toure [of Guinea] (July) and Ahidjo [of Cameroon] (August).⁴¹

Former U.S. Secretary of State Alexander Haig described the Polisario as a

³⁸ Ibid.

³⁹ Baffour Ankamah, "Let Us Recognize Israel," *New African* (October 1988): 16.

⁴⁰ Timothy Shaw, "Oil, Israel and the OAU: An Introduction to the Political Economy of Energy in South Africa," *Africa Today* (1976), 22.

⁴¹ Uche Chukwumerije, "Roots of OAU Malaise," *Sunday Times* (Lagos) 3 October 1982.

"Soviet-Libyan surrogate." Washington was convinced that the independence of Western Sahara could lead to the overthrow of King Hassan of Morocco who had staked much economic and psychological resources in the irredentist war with the Polisario and had used the war as a rallying point against internal opposition. Washington calculated that domestic turmoil that was fatal to royalty could mean defeat.⁴² The U.S. did not want to take chances after the fall of the Shah of Iran in 1979. Saudi Arabia's strategy of Islamic confraternity and financial aid also played a part. The influence of Rabat's petro-dollar diplomacy was to end new recruits like Chad, Guinea and Gabon to join the anti-Tripoli camp that boycotted the OAU summit.⁴³

For Israel, the Tripoli summit would have had important diplomatic consequences. Most importantly, it would have conferred an automatic chairmanship of the OAU and its accompanying prestige to the host, Muammar Qaddafi. Given Libya's anti-Israel credentials, it is likely that Qaddafi's chairmanship could have hurt, rather than help Israel's diplomacy in Africa.

Israel: South African Relations

Relations between Israel and South Africa go back to 1948 when the State of Israel was created. South Africa was one of the first countries to accord official recognition to the new Jewish state. The then South African Prime Minister, Daniel F. Malan, was the first Head of State to pay an official visit to Israel.⁴⁴ Ironically, as a way of muting Africa's criticism of Israel's relations with South Africa, Jerusalem supported resolutions "condemning" apartheid at a time when African countries were less effective at bringing pressure on South Africa.

The demand for more militant anti-apartheid measures at the UN became stronger with the emergence of more independent African nations in the UN in the 1960s. Anxious to court the Africans in the face of Arab diplomatic pressure to isolate Israel, Jerusalem increasingly identified with Black Africa's political aspirations. In November 1961, Israel voted for a UN resolution that called for sanctions against South Africa although it did not endorse a clause that demanded that South Africa be expelled from the UN because of her policy of apartheid.⁴⁵ In the early 1960s, Israel also gave assistance to some African liberation movements. Apart from voting in support of UN resolutions calling for the decolonization of Portuguese territories in Africa, Israel supported a motion in 1963 that called for the expulsion of Portugal from the International Conference on Education.⁴⁶ Olusola Ojo noted that Israel's pro-African policies put her on a collision course with South Africa. In the face of increasing political, economic, and cultural contacts between Israel and Black Africa, Israel's relations with South Africa deteriorated.⁴⁷ For instance in 1963, South Africa withheld its permission for the free transfer of funds raised by South African Jews to Israel.⁴⁸

Nonetheless, the Arab-Israeli War of June 1967 had a catalytic impact on Israeli-South

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Olusola Ojo, "Israel-South African Connections and Afro-Israeli Relations," *International Studies* 21, #1, (1982), 37.

⁴⁵ Ibid., 38.

⁴⁶ Ibid., 39.

⁴⁷ Ibid.

⁴⁸ Ibid., 38.

African relations. Israel could cultivate friendly relations with Pretoria at a minimum risk of losing favor in Black Africa. According to Olusola Ojo:

...although relations between Israel and South Africa grew between 1967 and 1973, it did not substantially change African attitudes towards Israel. The OAU did not pass a single resolution before November 1973 which made mention of the links between Israel and South Africa.⁴⁹

Both South African Jews and the White population in South Africa began to show some common sentiments and drew parallels between the Arab-Israeli conflict and South Africa's situation. In 1968, the Friends of South Africa Society was formed in Israel under the leadership of Prime Minister Menachem Begin. In 1972, Israel allowed South Africa to open a Consulate-General in Tel-Aviv. On the military front, South Africa was eager to learn from the Israeli experience in combatting terrorism and advancement in military technology. Both states exchanged information on joint defense and collaborated on containing Communism.

After the Arab-Israeli war in 1973, Black Africa's perception of Israel changed. Rather than seeing Israel as the underdog (a small country and a victim of Arab aggression), Israel became associated with aggression and expansionism. One country that benefitted from the anti-Israel sentiments was South Africa, which exploited the situation to foster closer relations with Israel. Also at this time, Israel did not feel obligated to take into consideration Black Africa's reactions to Israeli policies.

The Angolan War in the mid-1970s also helped intensify Israeli military collaboration with South Africa. Confronted with Cuba, South Africa sought more sophisticated weapons from Israel. In April 1976 when South African Premier, John Vorster, paid a visit to Israel, military co-operation—including nuclear cooperation—featured high on the agenda.⁵⁰ South Africa has been concerned about guerilla activities and communist infiltration in Southern African in the same way that Israel would worry about Soviet influences in the Middle East. Both Jerusalem and Pretoria share common interests in repulsing Soviet penetration, especially in the Indian Ocean.

Despite Israel's alleged links with the Pretoria regime, Israel has had relative success in muting Black Africa's criticisms. Part of the reason could be attributed to Israel's good relations with the West, particularly the U.S. In 1978, the World Conference to Combat Racism and Racial Discrimination met in Geneva and issued a declaration that included two offending paragraphs, charging Israel with racism. In protest, the EC countries, Austria, New Zealand and Canada quit the Conference; the Nordic countries disassociated themselves from the declaration.⁵¹ At the 1983 Conference on the Israeli-South African relationship, only a few African countries bothered to send delegates.⁵² W. Ofuately-Kodjoe concluded that most Third World countries, especially those in Africa, are constrained by their dependency on the major powers that are also allies of Israel.⁵³

In the face of rising violence in South African townships in 1984 and the refusal of the Botha regime to dismantle apartheid, international pressure, particularly from the US mounted. The U.S. Congress adopted the Anti-Apartheid Act of 1986, a measure which included sanctions and which also required a report on violations of sanctions by the recipients of U.S. aid. Under pressure from Washington, Israel imposed sanctions on

⁴⁹ Ibid., 43.

⁵⁰ See *African Contemporary Record* (1876-1977), 853.

⁵¹ Cefkin, "Israel and South Africa," 39.

⁵² Ibid.

⁵³ W. Ofuately-Kodjoe, "Third World Perspectives at the United Nations: The Problem for Israel," *The Jerusalem Journal of International Relations* 10, #1, (1988), 122.

South Africa. Ironically, it was pressure from the U.S. more than Afro-Arab pressure or UN resolutions that largely influenced Israel to adopt sanctions against the Botha regime.

Arab-Israeli Wars and Implications

After 1967, the Arabs enjoyed a propaganda advantage based on Israel's occupation of Arab territories, which was perceived by Africans as having a potential precedent for South Africa, or Rhodesia, in Black Africa. However, the OAU was indecisive on the stand of the Arab-Israeli conflict, and for the most part, the African body was guided by UN Security Council Resolution 242 which recognized the illegality of Israel's occupation of Arab territories. Somalia, for example, failed in getting the member states of the OAU to hold an emergency session to take a stand on the June 1967 war.⁵⁴ When the African body met later in September in Kinshasa, it merely adopted a declaration that mildly expressed "concern" over the partial occupation of Egyptian territory by a foreign power and offered sympathy and promise to work within the UN to secure Israeli evacuation from the territories in dispute.

Such ambivalence on the part of the Black African states was to change in the next decade. Black Africa was disappointed by the Western powers for not supporting the OAU's strategy to isolate South Africa, Portugal and Rhodesia, especially at a time when the Arabs had increased their support for liberation movements in Southern Africa. Israel was seen not only as an ally of the West, but as a supporter of anti-colonial, anti-imperialist forces. For example, the British Broadcasting Corporation announced that Israeli mercenaries were fighting against African liberation movements in Angola and in Rhodesia.⁵⁵

In Black Africa, Israel's image was particularly tarnished by its failure to favorably consider the OAU's peace initiatives. For example, in 1971 when the pan-African body dispatched a Peace Mission to the Middle East, Israel rejected the principle of non-acquisition of territory by war.⁵⁶ Not surprisingly, at the next OAU meeting in Rabat, Morocco in 1972, the OAU adopted a strongly-worded resolution that not only condemned Israeli occupation of Egyptian territories but also offered support for the North African country in its struggle for territorial integrity.

On October 6, 1973, Egypt mounted a pre-emptive strike on Israel and brought the Arab world into conflict with Israel. This precipitated a mass African boycott of Jerusalem. Black Africa did this at a cost; they had to forego bilateral technical programs that existed between Israel and African countries.

The Arabs polarized the OAU into "friends" and "enemies" camps and denied economic assistance to countries that were not prepared to support the Arab position on the Middle East conflict. The increase in Arab concessional aid to non-Arab countries after the 1973 war could be seen as the economic lever of Arab diplomacy of winning Black Africa's support (see Table 1).

⁵⁴ Muddathin Abdel-Rahim, *Afro-Arab Co-operation* (Nigerian Institute of International Affairs, Lecture Series No. 27) 17 January 1979, 3.

⁵⁵ *Ibid.*, 4.

⁵⁶ *Ibid.*

Table 1—Arab Concessional Aid to Non-Arab African Countries**Commitments \$ Millions 1973-1979**

Beneficiaries	1973	1976	1979	1973-1979
Sahel Zone	24,962	178,952	135,096	904,994
Other LDCs	1,004	136,573	151,742	760,587
Other MSACs	—	165,230	100,997	570,117
Others	5,335	58,652	138,082	517,234
Unspecified	3,490	17,328	2,000	270,645
Totals	34,791	556,735	527,917	3,023,577

Source: Anthony Sylvester, *Arabs and Africans: Co-operation for Development*, (London: The Bodley Head, 1981), 227.

There were limits to Arab petro-dollar influence though. For example, at the Kampala Summit of the OAU in 1975, black African leaders rejected the Arabs' proposal on Israel and did not endorse the Arab-orchestrated multinational diplomacy to expel Israel from the UN. Arab countries, particularly Algeria and Libya, were entangled in a cross-fire of criticism at the Kampala Summit as Kenya and Zambia became critical about the Arabs' stand on the oil embargo. In 1974, the previous year, the Arabs had refused to offer a preferential two-tier oil price to their African neighbors to help alleviate the balance of payment problems that were associated with the oil price hikes. Nigeria's gestures of reducing her oil price was fiercely resisted by the Arab-dominated OPEC. In the East African Legislative Assembly in Nairobi, Kenya in 1974, it was suggested that the course of the Nile River be diverted so African countries could sell water to the Arabs in exchange for oil.⁵⁷

Peace Initiatives and Aftermath

If wars have created problems regarding Africa's relations with the Middle East, so has peace. The Arabs never succeeded in influencing their black neighbors to condemn Egypt for her peace overtures in the Middle East conflict. In protest over Anwar Sadat's admission, six Arab members of the OAU, including Morocco, Algeria, and Libya, boycotted the OAU summit in Liberia in 1979.⁵⁸ Largely as a result of the Camp David accord, Cairo had made peace with Israel and regained the Sinai. Israel has also made efforts to regain her lost ties with Africa. It was Zaire that made a bold attempt to embrace Jerusalem on 14 May 1982.

In an article entitled "Let us Recognize Israel," Baffour Ankomah raises two questions: if Egypt has, since the 1973 war, found a "modus vivendi" with Israel, "why don't African countries do the same, and why should Africa continue to take sides in a Middle East conflict?"⁵⁹ In analyzing the logic behind Black Africa's decision to break with Israel, Ankomah raised a number of paradoxes regarding post-Camp David Afro-Arab relations. The author noted that:

⁵⁷ Ali Mazrui, "Black Africa and the Arabs," 725.

⁵⁸ Joseph Margolis, "OAU Summit: Dissension and Resolution," *Africa Report* (December 1979), 51-56.

⁵⁹ Ankomah, "Let Us Recognize Israel," 16.

It was Egypt, a member of the OAU which led Africa to break with Israel. Now Egypt and Israel have exchanged ambassadors, and we, who went to mourn with Egypt over the loss of Sinai, cannot come home from the funeral.⁶⁰

Among both the Arab and African countries, attitudes toward the recognition of Israel diverge. For example, Saudi Arabia's opposition to the Camp David Accord was grounded on the conviction that the treaty provided no avenue for the realization of Palestinian rights and autonomy. The Saudis' sponsorship of the Fahd Plan and the subsequent 1982 Fez summit resolutions were in line with this strand of thought.

Though critical of Israeli policies, a number of African states still defend Israel's right to exist. At the OAU Summit in Kampala in 1975, African states refused to endorse a Libyan-PLO proposal for the expulsion of Israel from the UN, and some of them disassociated themselves from the compromise resolution passed at the Summit.⁶¹ To many black African countries, the headache of the Middle East conflict could only be cured through the swallowing of the two bitter pills: the granting of Palestinian autonomy and the PLO's recognition of Israel's right to exist.

Some African countries including Kenya, Ethiopia, and the Central African Republic (CAR) have reportedly resumed diplomatic ties with Israel, following the new peace initiatives involving Israel and the PLO. Jerusalem is hopeful that more African countries will use the same pretext to resume ties with it. The Nigerian government is reportedly considering restoring diplomatic ties with Israel, a hint that was dropped by the Nigerian leader, General Ibrahim Babangida, during a visit to neighboring Ghana.⁶²

The basis of the new Nigerian overtures towards Jerusalem is a diplomatic logic based on the reasoning that if Nigeria has recognized a nominal Palestinian state and that the PLO has explicitly recognized Israel's right to exist then the rationale for severing diplomatic ties with Israel in support of the Arab cause has lost its importance. There is a historical analogy. President Anwar Sadat's peace initiative in the Camp David Accord led to the argument that since Egypt was prepared to normalize relations with Israel, Black African nations should not waste time in re-establishing relations with Israel. After all, it was in solidarity with Egypt, an OAU member, that the African nations broke relations with Israel.⁶³

Nigeria is an important investment for the Israelis, for political and economic reasons. It is the most populous black African country and has a sizable Muslim population. As a member of OPEC (an organization largely controlled by Arab states), Nigeria is also a major foe of South Africa.

In the absence of formal diplomatic ties, Israeli companies have been quietly expanding economic links with Africa, including Nigeria, where construction, public works, and mechanized farming projects are under way. According to figures released by the Nigerian-Israel Friendship Association, Israel supplied 68 percent of all external agricultural inputs in several African countries, including Kenya, Ivory Coast, Cameroon, Uganda and Nigeria between 1978 and 1990.⁶⁴ Such unofficial or economic links with Africa serve a diplomatic purpose: Israel hopes that this will mute African and Third World criticisms of Israeli policies in the United Nations and other Third World fora.

⁶⁰ Ibid.

⁶¹ *Africa Report* (September-October 1975).

⁶² Kenneth B. Noble, "Nigerian and Israel May Restore Ties," *New York Times* 10 March 1989.

⁶³ Ojo, "Israel-South African Connections and Afro-Israeli Relations," 49.

⁶⁴ *Newswatch* (Nigeria) 1 June 1991, 1.

The current peace talks involving Israel and its Arab partners constitute a milestone in Arab-Israeli peace negotiations. The African countries that have expressed interest in resuming ties with Israel have monitored changing global trends, particularly in the Middle East. There is a possibility that the Middle East talks could provide a diplomatic cover for African nations which have hesitated so far to resume ties with Israel.

Changing Trends and Implications

The past decade has witnessed major developments and shifts in Afro-Israeli and Arab-Israeli relations. After years of diplomatic hesitation, Black African nations have begun to re-examine their positions on the Arab-Israeli conflict. Supporters of renewed ties with Jerusalem argue that in view of the ongoing talks involving Israel and the Arabs, severing ties with Israel is tantamount with taking sides in the Arab-Israeli dispute. It is also argued that Africa's policy is hypocritical, since Africa has not broken ties with Western nations, which like Israel have ties with Pretoria.⁶⁵ Thus at the 1991 OAU Summit in Abuja, Nigeria, the Nigeria-Israel Friendship Association mounted a fierce campaign to lobby African leaders who had gathered there to rethink their policies towards Israel.⁶⁶

Pan-Africanism, an ideology that provided a *modus vivendi* for Afro-Arab co-operation, if not unity, has fallen into limbo. Namibia's independence in 1990 closed the last chapter of colonial rule in Africa. The challenge for the Arabs will be to re-examine policy towards Black Africa in view of these developments.

If the ongoing negotiations between Pretoria and the ANC succeed in bringing an end to apartheid in South Africa then the Arab world would have lost a propaganda mine that of linking Israel with the support of apartheid. Also to the extent Arab oil power has been essential in the decision taken by African countries to break ties with Israel, it is reasonable to conclude that the precarious oil economy is likely to weaken the Arab world's ability to influence Africa's policies regarding the Middle East. More importantly, the Persian Gulf war would shift the Arab world's attention to internal reconstruction.

Changing regional and global alignments in addition to internal political developments in Africa are bound to affect the parameters of Israel's maneuverability in Africa. Israel is not likely to be able to regain its former status as a mentor and benefactor in Black Africa until it has mended fences with the PLO and reduced ties with Pretoria. While Israel's lead in development assistance in Africa gave her an anchor in Africa, its reputation on the continent in the near future is likely to be based more on "the covert aid it extends and the assistance it gives insecure leaders in developing their personal security forces."⁶⁷ If warring factions in Africa are able to find a *modus vivendi* for peaceful settlement, and the thaw in superpower competition in the post-Cold War era leads to a relaxation of regional tensions, then Israel's military role and influence in Africa is likely to dwindle. In the case of Ethiopia, for example, if the exit of the Mengistu regime provides peace in the region, then Israel's influence in the Horn of Africa will weaken as Jerusalem will only have her influence in Washington to offer Mengistu.

The policies of Black African governments and leaders must also be taken into consideration in assessing the relative weights of both Arab and Israeli diplomacy in

⁶⁵ *African Concord* (Nigeria) 19 August 1991.

⁶⁶ *Ibid.*, 19.

⁶⁷ *Ibid.*

Africa. Even though the relative strengths and/or weaknesses of both Arab and Israeli diplomatic baiting could tilt the scale, governments in Black Africa could be influenced by national interests, ideological leanings, or superpower pressure.

AN ECONOMIC ANALYSIS OF SAUDI ARABIA

J.T. LeCompte*

I. Economic, Social and Political Background

The kingdom of Saudi Arabia lies between the Red Sea and the Persian Gulf and occupies eighty percent of the Arabian Peninsula. The kingdom contains approximately 860,000 square miles of territory. It is one third the size of the continental United States and the same size as the European Community but is mostly inhospitable desert with little or no rainfall. There are no lakes or rivers, but large amounts of groundwater have been discovered.¹ However, these underground aquifers are a depletable resource.

Saudi Arabia lies at the crossroads of Europe, Asia, and Africa. The Egyptian Suez canal, which links the Red Sea to the Mediterranean Sea, is only one hundred and twenty-five miles from the country's northwestern border. The close proximity of major shipping routes on Saudi Arabia's east and west coasts combined with modern port facilities has provided a significant location advantage for international trade.

Saudi Arabia's most abundant natural resource is petroleum. Twenty-five percent of the world's known reserves lie under its sands, and further oil discoveries are increasing this percentage. Other natural resources include bauxite, gold, silver, nickel, zinc, pyrite (used in producing sulfur), molybdenum (an element used to strengthen steel), phosphate, and gypsum. In the last five years, the Saudi government has begun a more concentrated effort to exploit its non-oil mineral assets.²

The population of Saudi Arabia is estimated to be 12 to 14 million, including 2 to 4 million foreign workers from Islamic and third world countries, and an estimated 200,000 American and European workers.³ Saudi Arabia faces serious manpower shortages, but its high population growth of 5.0 percent may help lessen future dependence on foreigners employed throughout the kingdom.⁴

The capital city of Riyadh is the political and business headquarters of the country. Riyadh's growth in population from 8,000 in 1920 to over 1.8 million in the late 1980s is reflective of the rural to urban migration that has occurred in most cities as oil revenues provide new employment opportunities.⁵ The Islamic capital of Mecca and the sacred city of Medina are also important cities. Each year almost 2.5 million religious pilgrims converge on these cities as they make their Haj, the holy pilgrimage of Islam. The pilgrims provide an important source of income for the cities' residents whose combined population is about 800,000.⁶

An Islamic monarchy has ruled Saudi Arabia since 1932. The country was unified by King Abd al-Aziz al Saud who governed by the rules of the Koran. The Koran is the holy scripture of Islam and provides the countries legal system and constitution.⁷ Executive and legislative authority are exercised by the king who has ultimate power in almost every

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¹ Richard Nyrop, *Saudi Arabia: A Country Study* (Washington, DC: The American University, 1985), 157.

² Gretchen Bratvold, *The Geography of Saudi Arabia* (Minneapolis: Lerner Publications, 1989), 17.

³ Demos Menegakis and Greg Gerard, "Saudi Arabia: Growth and Opportunity," *Business Week*, 8 July 1991, 86.

⁴ The World Bank, *World Tables* (Baltimore, MD: Johns Hopkins University Press, 1991), 257.

⁵ Bratvold 26-27.

⁶ Fouad Al-Farsy, *Saudi Arabia: A Case Study in Development* (London: Routledge, Chapman and Hall, 1988), 39-43.

⁷ Nyrop, 72.

aspect of government.⁸ The Council of Ministers, composed of prominent businessmen, religious leaders, and Saud family members, advise the king on economic and social policy. The Saudi monarchy has passed through five male descendants since Abd al-Aziz's death in 1953. The current ruler of the House of Saud is King Fahd, a Princeton educated, pro-Western monarch who took the throne in 1982. King Fahd is a close ally of the U.S. and is considered more liberal compared to his predecessors, but his rule has not produced any notable reform from the strict Islamic governing policies outlined in the Koran.

II. Petroleum and Rapid Growth in Saudi Arabia

The changes that brought the isolated herding society of Saudi Arabia into the modern world began in 1938 with the discovery of oil.

Slow but steady growth occurred through the 1950s and 1960s as the government struggled for more control of the foreign owned oil companies.⁹ The year 1970 marked the starting point for incredible growth in Saudi Arabia. The economic transformation of the Kingdom in only a few decades is unprecedented in world history. The gains in ownership of oil companies and the efficient control of world prices allowed Saudi Arabia to earn huge profits through petroleum exports into the 1980s.

Table 2.— Saudi Arabia's Oil Revenues 1950-1987 (in U.S. Dollars)

1950	56.7 million	1977	36.5 billion
1955	340.8 million	1978	32.2 billion
1960	333.7 million	1979	48.4 billion
1965	662.7 million	1980	84.4 billion
1970	1.2 billion	1981	109.7 billion
1971	1.9 billion	1982	70.0 billion
1972	2.8 billion	1983	30.6 billion
1973	4.3 billion	1984	35.1 billion
1974	22.6 billion	1985	22.0 billion
1975	25.7 billion	1986	18.3 billion
1976	30.8 billion	1987	17.4 billion

Source: Gene Lindsey, *Saudi Arabia* (New York: Hippocrane, 1991), 351.

A. OPEC and the Flood of Revenues 1974-1981

In 1960, five oil producing nations formed an alliance to gain more control over the foreign owned oil companies. Saudi Arabia, Kuwait, Venezuela, Iran, and Iraq established the Organization of Petroleum Exporting Countries to force foreign oil companies to increase production and stabilize prices at profitable levels.¹⁰ Significant increases in oil revenues followed, and by 1970 OPEC countries had gained enough strength to implement the purchase of controlling interest and nationalization of the foreign oil

⁸ Sandra Mackey, *Inside The Desert Kingdom* (Boston: Houghton Mifflin, 1987), 32.

⁹ Al-Farsy, 33.

¹⁰ Bratvold, 40.

companies.

Saudi Arabia took steps to gain twenty percent ownership of U.S. owned ARAMCO oil company in 1972.¹¹ The ownership of ARAMCO and increasing oil royalties overwhelmed the underdeveloped economy of the kingdom. Its inability to absorb the excess revenues resulted in the investment of foreign reserves and gold.

In October 1973, OPEC voted to raise the price of oil and placed an embargo against the nations who had supported Israel in its war with Syria and Egypt. The resulting five times increase in revenues from \$4,340.0 billion in 1973 to \$22,573.5 billion in 1974 marked the beginning of the oil boom. The price per barrel of oil climbed rapidly until 1982 when it saw its first decline. Table 3 shows the increase OPEC established on the price per barrel of crude oil. OPEC justified its price increases by comparing the costs of other energy sources and by the realization of oil's finite existence.¹²

Table 3.— OPEC Price Increases Per Barrel of Crude Oil
(in U.S. Dollars)

1973	5.12 per/barrel	1980	30.87 per/barrel
1974	11.25 per/barrel	1981	34.50 per/barrel
1975	12.38 per/barrel	1983	29.00 per/barrel
1978	12.93 per/barrel	1985	26.00 per/barrel
		March 1990	20.00 per/barrel

Source: Todd Vogel, John Rossant, and Sarah Miller, "Oil's Rude Awakening," *Business Week* 26 September 1988:44.

The huge increases of money enabled the Saudi government to embark on a massive plan for modernization of the country and diversification of the economy.

B. Decreasing Dependence on Oil and Increasing Economic Diversity

In 1968, King Faisal created the Central Planning Organization. The CPO, aided by a group of Western economists, developed the first of a series of Five-Year Plans to expand and modernize Saudi Arabia. The First Five-Year Plan lasted from September 1970 to January 1975. The resources of the plan were directed to urban development. The total expenditures for the 1970-1975 period equaled 27 billion U.S. dollars with higher percentages of funds allocated to the construction industries and the transport and communications industries.

The growth rate of GDP for Saudi Arabia from 1970 to 1975 was 13.2 percent.¹³ However, this figure does not indicate the actual rate of growth for the non-oil sectors. Non-oil real GDP increased by 11.6 percent a year.¹⁴ Between 1970 and 1975, the construction industry achieved an 18.6 percent growth rate of GDP in the non-oil sector and received 15.2 percent of total budget appropriations. Transportation and communications also achieved a significant growth rate of 17.0 percent of non-oil GDP,

¹¹ Nyrop, 344.

¹² Al-Farsey, 171.

¹³ Jeffery B. Johnson, "Saudi Arabia's Prospects Are Encouraging Despite Financial Strains," *Business America* 22 April 1991, 21-22 (Johnson's article provides March 1990 figure)

¹⁴ Nyrop, 168.

receiving 20.8 percent of budget appropriations.¹⁵ Significant rates of growth were achieved in these sectors in the First Five-Year Plan due to their association with the government sector. Also, the absence of fiscal restraints after the tremendous 1973-1974 revenue increase ushered in the construction boom and freer government spending.

The private sector of the Saudi economy did not achieve the growth rates of the public sector in the first Five-Year Plan. Agriculture had a 3 percent growth rate of non-oil GDP but received 5.8 percent of budget allocations.¹⁶ The government provided free land, financial grants, and no interest loans, but many formerly subsistence level farmers used the assistance for personal consumption.¹⁷ Also, primitive farming methods were still being practiced by Saudi cultivators, and the government sponsored few programs for agricultural reform.

Manufacturing achieved an 11 percent growth rate of non-oil GDP but received only 0.4 percent of budget allocations. Saudi manufacturers lacked an efficient productive base in agriculture and food processing, but the construction boom after 1973 provided a good market for the manufacture of cement and related construction materials. The government's reliance on the private sector in agriculture and manufacturing is a negative aspect of the first Five-Year Plan.

Another negative aspect of the first Five-Year Plan was the government emphasis on urban areas. Allocations for social services totaled 6.2 percent of the budget for 1970 to 1975.¹⁸ Although the foundations of an educational system had been laid in the major cities, the rural areas remained untouched. Illiteracy in Saudi Arabia for 1974 was 70 percent and only 13 percent of the Kingdom's citizens were considered "educated."¹⁹

The rate of inflation in Saudi Arabia increased from 0.2 percent in 1970 to 34.6 percent in 1975.²⁰ The Kingdom's underdeveloped economy was not capable of absorbing the huge amount of revenue pouring into the country. In addition, the physical constraints of poor infrastructure and inefficient port facilities caused long lasting bottlenecks that further increased prices. The demand for imports increased with the increase in Saudi incomes, but the poor distribution system prevented it from being met.

The increased revenues from 1970 to 1975 provided the Saudis with a high amount of capital accumulation. The government invested the money not capable of being absorbed into off-shore securities and into gold reserves.²¹ Substantial investment in the U.S. and other Western economies gave the Saudis the potential to weaken Western economic stability by manipulating their holdings.²²

Saudi Arabia embarked on its second Five-Year Plan in July 1975 facing the obstacles created by their new found wealth. The distribution bottlenecks, increasing prices, a serious housing shortage, and a growing manpower shortage all posed problems which had to be remedied.

Total government expenditures for the second Five-Year Plan were \$200 billion.

¹⁵ Ragaei El Mallakh, *Saudi Arabia: Rush to Development* (Baltimore MD.: The Johns Hopkins University Press, 1982), 140.

¹⁶ El Mallakh, 174-175.

¹⁷ *Ibid.*, 177.

¹⁸ Mackey, 46-47.

¹⁹ El Mallakh, 179.

²⁰ Mackey, 52.

²¹ Ali D. Johany, Michel Berne, and J. Wilson Mixon, *The Saudi Arabian Economy* (Baltimore, MD.: The Johns Hopkins University Press, 1986), 150.

²² Nyrop, 172.

Annual growth rates in the oil sector accounted for 4.8 percent of GDP. Non-oil GDP had a 15.1 percent average annual growth rate.²³ Oil revenues continued to increase through 1980 and allowed government planners to invest in the most important sectors of the economy. The development of non-oil sectors was the goal of the second Five-Year Plan. Production increases in these sectors would decrease Saudi Arabia's dependence on oil revenues and provide diversification for the economy.

Table 4.— Development of the Non-Oil Sector

Percentage of Development Expenditures Under the 1st and 2nd Five Year Plans:

	Total expenditures 1st plan (U.S. \$27 billion)	Total expenditures 2nd plan (U.S. \$200 billion)
Economic Resource Development	18.4%	36.6%
Human Resource Development	31.1%	15.1%
Social Development	7.5%	6.3%
Physical Infrastructure Development	43.0%	42.0%

Subtotal of 36% expenditure on Economic Resources Development in Second Year Plan

Water	37.0%
Manufacturing	48.1%
Agriculture	5.1%
Electricity	6.7%
Others	3.1%

Source: Ragaei El Mallakh, *Saudi Arabia: Rush to Development* (Baltimore, MD: The Johns Hopkins University Press, 1982), 175.

The non-oil sector, receiving the largest percentage of budget allocations, was physical infrastructure development (42%). The Central Planning Agency understood the dependency of industrialization on effective physical infrastructure. The second Five-Year Plan produced the construction of over 21,000 miles of paved main and secondary roads and 16,000 miles of unpaved rural roads.²⁴ The roads linked the major populations centers and provided transport connections to industrial centers.

The housing shortage was addressed in the infrastructure development plan by government provisions of interest free loans and large scale construction of housing projects. By 1980 over 200,000 quality housing units had been built.²⁵ Most construction

²³ Mackey, 48.

²⁴ El Mallakh, 163-166.

²⁵ Mackey, 40.

took place in urban areas to accommodate the continuing influx of rural citizens.

The development of infrastructure accounted for a 17 percent annual growth rate for construction in the Kingdom. The bottlenecks that had contributed to high prices were removed by 1980. The second Five-Year Plan accomplished the construction of new ports, rail lines, storage facilities, and airports. Saudi shipping facilities had achieved a handling capacity of 22.7 million tons of cargo per year.²⁶

Economic resource development received the second largest percentage of allocations in the second Five-Year Plan. The 36.6 percent of the 200 billion dollars awarded the Saudi economy with various benefits. The capacity to provide over 4 million people with electricity was attained, and the construction of seawater desalinization plants produced over 73 million gallons of drinking water per day.²⁷

The government planners allocated 37 percent of economic resource development funds to water resources. In addition to providing water for human consumption, water desalinizing plants benefited the Saudi agricultural sector. Agriculture contributed 5.4 percent of non-oil GDP annually from 1975 to 1980.²⁸ Considerable progress was made by commercial farming operations while areas employing traditional methods showed no progress. Saudi Arabian commercial farms had made gains in the production of poultry, wheat, barley, and fruits. The continued development of the agricultural sector reduced dependence on food imports and helped decrease the Kingdom's vulnerability to food embargoes by foreign countries.

Manufacturing in the second Five-Year Plan embodied expansion of petrochemical production. The petrochemical industries would be able to utilize the great volumes of natural gas that had previously been flared into the atmosphere. Construction of the large industrial cities of Jubail in the East and Yanbu in the West was begun in 1979. The cities would provide the country with petrochemicals and steel in the third Five-Year Plan.

Manufacturing received 48.1 percent of the allocations for economic resource development and achieved a 15.4 percent annual growth rate in the non-oil sector. Areas serving the construction industry showed the most expansion. The manufacture and supply of fabricated metal products, chemicals, plastics and rubber helped serve the needs of the booming construction sector.²⁹

The Saudi Arabian second Five-Year Plan was successful. Social aspects of success included the construction of 7,000 elementary and secondary schools. Over 1.1 million Saudi boys and girls received free education, and no cost health and welfare programs were provided for all Saudi citizens. By 1980, the average Saudi family had an income ranging from \$588 to \$2,059 per month.³⁰

The second development plan had produced some negative elements. The rural populations did not receive many of the benefits provided to urban residents, and many citizens who did grow rich were Saud family members or friends. Also, most sectors of the economy still employed a large percentage of foreign workers.³¹ The Saudi government remained extremely dependent on low wage labor from foreign countries and the technical expertise provided by Western workers.

²⁶ Ibid, 51.

²⁷ Ibid, 53.

²⁸ El Mallakh, 211.

²⁹ Al-Farsy, 187.

³⁰ El Mallakh, 183.

³¹ Mackey, 59.

III. The Effects of OPEC's Decreasing Influence in World Markets

The second development plan had provided Saudi Arabia with a modern infrastructure. The role of the third development plan (1980 to 1985) was to implement the infrastructure and increase production in the non-oil sectors.

The third development plan had a promising start. Government planners were provided with almost unrestrained funds for continuing improvements. In 1980, oil revenues reached almost 85 billion dollars, and in 1981 revenues peaked at 109 billion dollars.

The decade of the 1980s marked an end to the skyrocketing revenues the Saudi government had become accustomed to. The Iran-Iraq war increased amounts of petroleum on world markets as the two countries overproduced to fund war efforts. Other OPEC countries followed with increased production to make up for falling world prices of petroleum. The impending oil glut was complicated by falling world demand of petroleum as countries grew more aware of energy conservation and the undercutting of world oil prices by non-OPEC nations. The decreasing dependence by Western countries on petroleum affected oil sectors as well as non-oil sectors of the Saudi Arabian economy.

Growth rates for Saudi Arabia in the 1980s showed drastic decreases. The average annual growth rate for GDP from 1980 to 1989 fell to -1.8 percent. Per capita growth of GDP was reduced to 4.2 percent and the -11.3 percent decrease in exports was rivaled by a -9.9 percent fall in imports. The kingdom has yet to recover from the economic slowdown prompted by the factors which reduced the price of oil on world markets.

The infant Saudi Arabian petrochemical industry was especially dependent on the continued world demand for oil. Access to world petrochemical markets is limited and the Saudis had planned to use oil as a bargaining tool to gain entry into the world markets. Petroleum by-products such as petrochemicals, fertilizers, refined petroleum, distillates and liquid petroleum gas formed the backbone of the entire industrialization program.³²

The continuing decrease in world petroleum demand has reduced growth rates in the industrial sector. From 1980 to 1989, industry had a -4.4 percent annual growth rate.³³ The effort by Saudi Arabian petrochemical producers was derailed by steadily declining petroleum prices and the 1981-82 world-wide recession. But Saudi Arabia has begun to make small gains in the petrochemical market. The industrial plants of Jubail and Yanbu began operating in 1987. The estimated costs to build the ultra-modern facilities were 50 billion dollars each. Twelve other complexes produced a combined output of 8 million tons of chemicals per year and added revenues of 3.5 billion dollars to the Saudi economy in 1988.³⁴

The services sector of the Saudi economy had a 2.4 percent average annual growth rate from 1980 to 1989.³⁵ Both the industrial and service sectors are run by the Saudi Arabian government. The low and negative growth rates in industry and services resulted from the decrease in government spending. The dependency on shrinking oil revenues was beginning to hurt the Kingdom's economy. In 1988, for the first time in its modern history, the Saudi Arabian government received an 8 billion dollar loan to balance its budget.³⁶

Although Saudi Arabia had invested heavily in off-shore reserves in the 1970s,

³² Mordechai Abir, *Saudi Arabia in the Oil Era* (Boulder: Westview Press 1988), 126.

³³ Jeffery Flint, "Part of the Club," *Forbes* 25 July 1988, 199.

³⁴ World Bank, 209.

³⁵ Flint, 199.

³⁶ World Bank, 209.

immediate liquidations of their assets proved to be difficult. Capital reserves steadily decreased through the eighties, and remaining capital holdings were not immediately available. The spending policies that provided citizens with consumer subsidies, free education, health care, and no interest loans have also played a role in the Saudi cash shortage.

The government's heavy investment in the private sector has produced some positive results for the economy. Opportunistic Saudi businessmen have provided steady growth in manufacturing, and government reforms have stimulated significant growth in the agricultural sector.

The average annual growth rate for the agricultural sector from 1980 to 1989 was 14.6 percent.³⁷ Government programs have provided every incentive for growth. In the third Five-Year Plan, private capital financed the operation of large commercial farms with the government providing infrastructure and subsidies. Free land was provided for wheat farming while other operations received long term interest-free loans. In addition, the government provided up to 50 percent of the costs for equipment and seed purchases, free pesticides and spraying equipment, and free veterinary costs.

Agricultural produce received high subsidies which helped stimulate growth. By 1985, Saudi Arabia had achieved self-sufficiency in the production of poultry, wheat, and eggs. In 1987, the dairy industry was capable of providing the needs of the domestic market.

The continued growth of the farming industry is partially dependent on the efficient use of depletable water resources. The agricultural sector is expected to be using almost all the water available from deep aquifers by 1997. By the year 2000, current farming methods will consume an estimated 73.9 percent of all available water in the Kingdom. The current irrigation methods require sprinklers which use 1000 to 1250 gallons of water per minute.³⁸ Alternative water resources are expensive. The desalination plants constructed since 1969 have cost the government 5.29 billion dollars but supply only 1 percent of the kingdom's needs. Additional expenses are required to transform the seawater to fresh water.³⁹

The Saudi Arabian manufacturing sector maintained an 8.8 percent average annual growth rate from 1980 to 1989.⁴⁰ Although government spending was significantly decreased through the decade as oil revenues plummeted, construction projects did not come to a complete halt. The manufacturing sectors continued to supply the building industries with supplies, enabling its steady progress through the eighties. The government reliance on the private sector in industry and agriculture had seemingly paid off. However, further investigation of the growth rates in the private enterprises reveals evidence of their dependence on the public sector for success. The diversification achieved in agriculture and manufacturing was due mainly to government subsidies. The kingdom is still heavily dependent on oil revenues to pay for the output of domestic producers. The actual diversification of the Saudi economy will not be achieved until the private sectors decrease their reliance on government assistance.

³⁷ Lindsey, 147.

³⁸ World Bank, 209.

³⁹ Abir, 227.

⁴⁰ World Bank, 209.

A. The Oil Glut and Declining Revenues

The economy of Saudi Arabia faced serious repercussions from falling revenues in the 1980s. Overproduction by world oil producers had increased supply to petroleum importers, producing an international oil glut. Until the glut subsides, oil prices are unlikely to increase.

The economic slowdown has also had a substantial impact on Saudi Arabia's society. The government's desire for modernizing the kingdom has been restrained by its requirements to conform to the strictures of Islam. The constrictions fostered by Islam have negatively affected domestic capital formation by prohibiting interest on loans and deposits. Cash shortages have resulted from the prohibition as Saudi depositors seeking higher interest yields deposit borrowed funds in other countries. In addition, Islamic discrimination against women has limited their contributions to society. In Saudi Arabia it is illegal for women to drive, their employment opportunities are limited to teaching and nursing, and every marriage is still arranged by elders.

The government of Saudi Arabia performs a delicate balancing act between appeasing the population's desires for reform and preserving the Islamic traditions of the country. The kingdom is divided by which path to choose for continued modernization. Educated moderates have voiced their concerns for a more representative government, ending the harsh discrimination imposed on women and decreasing the influence of Islam in society. Islamic fundamentalists adamantly denounce the need for reforms and continue support for the monarchy's traditional rule. The growing social discontent has been aggravated by the economic slump, but predictions for reforms seem unlikely.

IV. Security in Saudi Arabia's Future

Saudi Arabia's future is dependent on the continued demand for petroleum. The years of the oil price boom provided the kingdom's government with the opportunity to build a modern infrastructure and implement diversification for the non-oil sectors of the economy. Wise investment by the government has helped reduce the impact of declining world oil prices on the economy.

The government's efforts for social welfare improvement have provided free education and health care for every citizen; however, the Saudi educational system has failed to promote significant gains in literacy rates. Attendance is not compulsory and has bypassed the rural areas of the country. The poor effort in education seriously undermines economic self-reliance in Saudi Arabia. The country remains overdependent on foreign workers to provide the technical expertise required to operate much of its infrastructure. Females may attend segregated primary and secondary schools but are typically underrepresented in higher education.

Geographically, Saudi Arabia lies in an area of political instability. The recent United Nations intervention in the Persian Gulf was prompted largely by Western nations fearful of an invasion of the kingdom. OPEC exemplified the effectiveness of petroleum as a weapon in the 1970s; thus, oil importing nations were not prepared to let a tyrant gain control of Saudi Arabia's abundant reserves. Even the kingdom's large amount of expenditures on defense have not eliminated its potential for occupation by foreign invaders.

Saudi Arabia's internal stability faces potential threats from Islamic fundamentalists who express opposition to the Saudi monarchy's close ties with the West. King Fahd currently employs an elite fighting force to quell internal disruptions, but his National Guard has yet to clash with Saudi citizens.

The investment in the private sector supported by the government in the first and second Five-Year Development Plans will play an important role in the future of Saudi Arabia. The effective base for diversification has been developed, but its success is dependent upon the private sector's entry into broader markets. Saudi Arabian agriculture has potential for continued growth. The large numbers of Middle East countries that import food offer an export market for Saudi commercial farming operations. However, until farming operations can reduce costs and wean themselves from government subsidies and assistance, their success will be limited.

The manufacturing sector also remains heavily reliant on the Saudi domestic economy to purchase its output. Expansion into wider markets will determine its future success if the current economic situation does not improve.

The finite nature of petroleum reserves and the possibilities of alternative energy sources have motivated Saudi Arabia to invest in plans for diversifying their economy. However, the continued reliance on oil revenues by non-oil sectors of the economy decreases their chance for independent success.

STATISTICAL TABLE FOR SAUDI ARABIA(*)

I. Economic Variables

REAL AVERAGE ANNUAL GROWTH PER CAPITA

	<u>1965-1980</u>	<u>1980-1989</u>
AGRICULTURE PER CAPITA	-0.5%	9.6%
INDUSTRY PER CAPITA	7.0%	0.6%
GDP PER CAPITA	6.0%	4.2%
INFLATION PER CAPITA	17.9%	-4.4%
GROSS DOMESTIC INVESTMENT	27.6 %	-
PRIVATE CONSUMPTION	20.0%	-
EXPORTS	8.8 %	-11.3%
IMPORTS	25.9%	-9.9%

II. Social Variables

POPULATION (AVERAGE ANNUAL GROWTH RATE)	4.6%	5.0%
NURSING PERSONS (PER POPULATION)	6,060	340
PHYSICIANS (PER POPULATION)	9400	740
LIFE EXPECTANCY	-	64

ADULT LITERACY

	<u>1965-1980</u>		<u>1980-1989</u>	
	TOTAL	FEMALE	TOTAL	FEMALE
PRIMARY SCHOOL	24%	11%	71%	65%
SECONDARY SCHOOL	4%	1%	44%	35%
INFANT MORTALITY(PER 1000 LIVE BIRTHS)	<u>1965</u>		<u>1989</u>	
	148		67	
DAILY CALORIC SUPPLY PER CAPITA	1,842		2,832	
FERTILIZER CONSUMPTION	1970-71		1987-88	
(hundreds of grams of plant nutrient per hectare of land)	54		3,678	

Source: The World Bank, *World Tables* (Baltimore, MD: Johns Hopkins University Press, 1991): 205-257.

NOTES AND COMMENTS

THE CONTEMPORARY CHINESE SOCIETY

Hui Wang*

In the present Chinese society, reform, especially economic reform, is the current of social life. This reform was initiated from the countryside in 1979 and spread to cities in the mid-1980s. It is now in full swing and has a tremendous influence on all aspects of economic and social life. It has made great changes in Chinese society.

China's economy is full of vigor which it never had before since the reform. During this period, the country's economy and the life of the people have both improved unprecedentedly. From 1980 to 1990, the average increase of GNP was 9%. The GNP of 1990 was RMB Yuan 17,40 billion; national income was 14,30 billion, or RMB Yuan 1,271 per capita. The per capita incomes of Beijing, Shanghai and Tianjin were more than RMB Yuan 2,000. The industry and the agriculture have been developing rapidly. The output of many products are on the top of the world.

There are four main changes in contemporary Chinese society.

1. *A system of family contracts associated with production results.*

Since 1979, the Chinese government has changed the production mode from the Peoples' Commune brigade production to individual family production. Land and other important production means still belong to the state, but they can be used by the peasants. To boost the enthusiasm of the peasants, after a certain portion of the harvest has been turned over to the state, the surplus belongs to themselves. The government also raised the purchasing price of farm produce to increase the income of the peasants. There are other steps adopted in the countryside. Science and technology have been popularized. Peasants are encouraged to engage in manufacturing, trade, transportation, service, etc... Because of these measures, the enthusiasm of the peasants is extremely high and the agricultural economy has developed greatly. The average grain production is more than four hundred million tons per year. The highest year was 1989 when it reached more than 407 million tons. The output of grain, cotton, and vegetable oil are among the top in the world. The output value in 1990 was 1, 623.5 billion and 54.6% of it was produced by non-agricultural labor. The number of rural area industrial enterprises are about 240,000, which employ about one hundred million and output value were 900 billion Yuan.

But, there are some worrisome aspects in the reform of the countryside. The capability of planned production of the government decreased because of the scattered individual production units. The strength of social management in the countryside has also decreased. The control of population growth is not very effective since the carrying out of the family planning project has met with difficulties. The number of more-than-one-kid families has increased. The cultivated land has been excessively used and seized for buildings, and natural resources have been undermined. Some peasants use the land near-sightedly and destructively. The public order in the countryside has been less well kept. Fetishes and superstitions have revived. Efforts should be made during the reforms to solve these problems.

2. *To establish a new system of the socialist planned commodity economy*

The urban economic reform was started in 1984 and it was initiated by expanding the autonomous rights of enterprises. Before the reform started, China's urban economic system was a highly centralized planned economy. This system was set up in the 1950s

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and followed the pattern of the former USSR. Under this system, the enterprises began to have some rights to make their own decisions. For example, they could choose the method of management, decide on employing and rewarding regulations, fix the product price within the range stipulated by the state, etc. All these measures were to make the enterprises into relatively independent economic entities.

From the first half of 1987, after giving more power to the enterprises, China put the system of contract responsibility into practice in the enterprises to increase their creative ability and self-restraining strength. The responsibilities, rights, and profits shared between enterprises and the state are now determined by contracts. The enterprises which develop rapidly and with good returns can gain more profit from contracting. The effectiveness of a contract is usually 3-5 years. In 1990, the first round of contracts ended in most of the enterprises. Generally speaking, the contract system has been successful. The enterprises share the profit but are not responsible for deficits. Some enterprises seek high income for the employees within a short period and neglect technological transformations. Some enterprises invested blindly for development. The change of external economic environment of the enterprises after signing the contract sometimes puts them into a difficult position. Moreover, the enterprises are unable to secure fully some socially important rights, such as the right of employment and right of product pricing, etc.

How to make the 12,000 large and medium sized enterprises owned by the state full of creative power and vigor? It is now a key problem and topic of the government officials and scholars.

3. *To develop a variety of economies beside the public-owned.*

Guided by this policy, China's state-owned and collective-owned economies have been added with private and individual economies and joint-ventures of Sino-foreign investment or Sino-foreign joint management enterprises as well as enterprises solely owned by foreigners. The appearance of the multi-form economies has changed greatly the social structure of China. The key point is the emergence of a certain number of private entrepreneurs, individual businessmen, and hired laborers.

4. *The field of income distribution has been changed greatly since the reform.*

The bonus system has been restored again. Beside the basic wages, employees now can get bonus according to the performance of the enterprise. Because of the emergence of varieties of economy and varieties of reform, there are now various types of income, such as contract income, service income, profit of private-owned enterprises, interest from stocks and bonds, profit-sharing income, etc. The average income of the employees nowadays is 4 to 5 times higher than before the reform.

The goal of the income reform is to establish a system which distributes income essentially according to peoples' work and also allows other forms of distribution. However, the recent investigation of the National Statistics Bureau shows that the income from wages of the city and town residents still tends to be like sharing food from a big wok, and the gap in the incomes, aside from wages, is increasing. Those having high income are usually contractors, employees of joint-ventures, taxi drivers, individual businessmen and pedlers, actors and actresses, etc. The goal of distribution reform is far from reached. Some people divide the various forms of income into "black income," "white income" and "gray income." The unfairness of distribution is one of the grievances of the present Chinese society.

The housing system reform began to be implemented this year after brewing and experimenting for a long time. In the past decade, housing was provided by the state or built by state-owned enterprises and institutions. They were assigned to employees freely

and the rent was extremely low, usually 2% of family income. The investment could hardly be returned because of this welfare housing system. Therefore, the demands for housing have been inflating boundlessly, and so are the unfairness and corruption in housing distribution. The main points of the current reform in the housing system are to raise the rent, to encourage people to raise funds for building houses, and to sell houses to people on favorable terms. The Chinese government is trying to put housing construction and assignment into a reasonable path with these measures. The housing reform just started from this year (1992). The rent has not been raised much and most urban residents endorse the reform.

In general, China's reform since 1979 is now in a rather important stage. It has several characters:

a) Now we are in a transition stage from the old system to the new, there must be many frictions between the two. The old system is undergoing changes but still functioning. The new system is forming but not yet established. There are loopholes and vacuums in the rules and in the management. The frictions among different interest groups are increasing.

b) Now the reform is developing and spreading from individual territories to all fields. Reforms in different fields should be well coordinated.

c) Now the reform is developing from the surface into deeper layers and has become more difficult than before. In the beginning of the reform, it was easy to carry out the measures such as expansion of rights, reduction of tax, compromises in profit-gaining and allocation of incentives. These measures brought tangible material benefit to people. The reform at the present stage makes all round adjustments on the previous structure of interest sharing, and certainly will infringe certain partial interests. There will be more obstructions on the path of the reform.

d) Now the reform is breaking the old economic orders and establishing new ones. The new economic orders should be established in conformity with the commodity economy, so as to eliminate and avoid chaotic phenomena in the growth of the role of the market, like artificial price raising, hoarding and speculation, excessive exploitation by the middlemen, seeking private interests by using official power, bribing, and taking bribes.

Now, the Chinese government is making painstaking efforts to maintain a stable social environment and push forward the economic and social reforms within the limits of tolerable social repercussions. The aim is to establish a new economic system which will let the commodity economy play a good role to invigorate the economy and to generate the innovative capability of the enterprises, while simultaneously availing itself of the advantages of the planned economy. This economic system will be coordinated in the whole society and will develop in firm strides.

REVIEW OF BOOKS

The Juggler: Franklin Roosevelt as Wartime Statesman, Warren F. Kimball, (Princeton, N.J.: Princeton University Press, 1991), 304 pp.

"You know I am a juggler," Franklin Roosevelt confided to his Secretary of the Treasury in 1942, "and I never let my right hand know what my left hand does. . . . I may have one policy for Europe and one diametrically opposite for North and South America. I may be entirely inconsistent, and furthermore I am perfectly willing to mislead and tell untruths if it will help to win the war." The inaccuracy of the analogy aside (a juggler, of course, must coordinate his hand movements), Roosevelt expressed what many observers have long regarded as an axiom of his presidency: that he was the quintessential opportunist, a man without a coherent design, especially in foreign affairs. It is a premise that Warren F. Kimball, editor of the multi-volume Churchill-Roosevelt correspondence, effectively demolishes in this series of essays on FDR's World War II diplomacy. By discerning within Roosevelt's words and deeds his underlying assumptions, Kimball exposes the consistency that fashioned presidential leadership.

The locus of Roosevelt's world view, according to Kimball, was his national identity, his Americanism. His dream was of an ultimately homogeneous planet, based on American values. The United States had not entered the war to remold the world, but, once committed to hostilities, Roosevelt wished to seize the opportunity to reform the existing order. First in his calculations was the total defeat of Germany and its elimination as a major power. "The intensity of that belief on Roosevelt's part," Kimball insists, "is hard to overestimate." This demanded German dismemberment, disarmament, and de-Nazification. Domestic political pressures, as well as personal conviction, led the president to conclude that the U.S. should keep troops in Europe only for a year or two after the war. He was, however, willing to contemplate the use of American forces elsewhere to "police" the globe, in concert with Great Britain, the Soviet Union, and China. These four countries would dominate the international scene, even following the establishment of a United Nations Organization. The four large powers were to have a unique responsibility—in Kimball's phrase, "chastising, hectoring, and lecturing the world into acting sensibly."

This arrangement could work only if the four "policemen" accepted common principles, principles which Roosevelt envisioned in American liberal terms. In effect, he advocated the internationalization of the New Deal. For whatever its shortcomings as a cure for the Great Depression, his reform program assured social stability, which Roosevelt, writes Kimball, considered "a precondition to solving economic problems." The issue, as the war drew to a close, was whether the Soviet Union would cooperate with this plan. Roosevelt seems never to have lost faith that it would. Kimball disputes the notion that the president became more confrontational toward Joseph Stalin shortly before he died, "despite what has been said by historians trying to make FDR into a belated but convinced Cold Warrior."

Indeed, as Kimball shows, Roosevelt differed with a more belligerent Winston Churchill on how best to deal with Stalin. And this was not their sole difference. The American desired the post-war decolonization of all European empires, mainly the British. It was not only a matter of self-determination and morality, the familiar Wilsonian formula, but also Roosevelt's fear that continued colonialism would disrupt the future peace. Instead, he supported the creation of a system of trusteeships for the colonies under the tutelage of more experienced states, perhaps even their original European

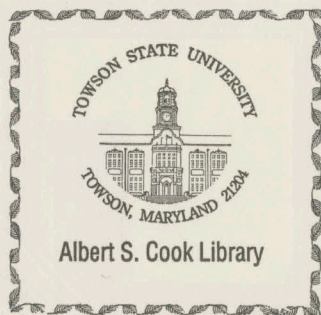
"parents," but always with international accountability. Eventually, almost all colonial possessions would gain complete independence. Certainly, American financial advantages would accompany the decline of European imperialism. The new nations would be open, for the first time, to U.S. economic penetration. FDR, declares Kimball, "continually pushed for access . . . to the markets . . . of the world."

This assertion, as well as other disclosures in *The Juggler* about the president's thoughts and actions during the war, is not new. And although Kimball's scholarship is impeccable—his endnotes are nearly half as long as the text of the book—the essays vary in significance. Still, this volume joins diverse earlier works by Robert Dallek, Frederick W. Marks III, and Gaddis Smith, as one of the most valuable studies of Roosevelt's diplomacy to have appeared in the past fifteen years.

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