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**Near East and
South Asia Review**



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11 April 1986

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**Near East and
South Asia Review**

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Articles

**An Iranian Victory Is
in the US Interest:
An Alternative View**

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Most observers believe that an Iranian victory over Iraq would threaten US interests in the Middle East by emboldening Tehran to export its revolution to other Arab states. A credible case can be made, however, that an Iranian victory would reduce the threat of additional Iranian military adventures, foster political moderation in Tehran and Baghdad, and enhance US security ties to Saudi Arabia and the smaller Persian Gulf states. In this alternative view, an Iranian victory would include the removal of Saddam Husayn, Iraqi admission of aggression, and reparations to Tehran from Baghdad and the Arab Gulf states—but not the establishment of a puppet Shia regime in Iraq.

The alternative view holds that the Iranians would claim military victory and agree to end the war through negotiations without achieving their publicly stated goal of toppling the Ba'thist government in Baghdad. Iran will not hold out for the complete military subjugation and occupation of Iraq because this is logistically beyond its capabilities and would risk a significant broadening of the conflict:

- Tehran realizes that it would risk a major military confrontation with other Arab states if its objective of establishing a Shia regime in Baghdad appeared within its grasp.
- Syria would abandon Iran well before Baghdad's fall because Damascus would view Iranian military advances into Iraq as threatening its own security interests.
- Iran would risk a Soviet commitment of combat troops to Iraq to preserve Moscow's interests.

Still, the minimum Iranian requirements for a negotiated settlement almost certainly would include:

- Removal of Saddam Husayn.
- Public Iraqi admission that it was the aggressor in the war.

- Agreement by Iraq and the Arab Gulf states to give Tehran war reparations, probably no less than \$20 billion over a period of several years.

Alternative View Analysis

Although most observers believe that an Iranian victory over Iraq would strengthen the radicals in Tehran, the alternative view argues that a victorious Iran is likely to become politically moderate sooner than a defeated or stalemated Iran. This view holds that the formidable forces of political moderation and Westernization in Iran that have been cowed by war-propelled Islamic radicalism would be revitalized in a postwar Iran:

- Victory over Iraq would serve as an essential release for the pervasive frustration and hostility that have developed from the fall of the Shah, the US hostage experience, and the increasing international isolation of Iran. Without this release, the Iranians are likely to remain radical, antagonistic, and anti-United States.
- Tehran has diverted popular attention toward external enemies to maintain the momentum of the Islamic revolution. An end to the war would focus attention on the country's extensive social and economic problems, increasing antiregime sentiment and activities.
- Moderate and Western-educated technocrats would have a greater say in the rebuilding of Iran after the war because developmental strategies and planning would be emphasized and ideological pursuits would become less important. Consequently, the influence of the radical clerics would wane.

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- Desperation in the war has forced Iran to turn to North Korea, Libya, and other radical states for support. These ties will continue if there is a stalemate. An Iranian victory ending the conflict would open the way to better relations with more moderate states.

A victory for Tehran would stop Iranian warmaking efforts. Iran has neither the will nor the capability to occupy Iraq militarily or to take on other countries in the region. Despite its rhetoric, Tehran and the Iranian population want an end to the death and destruction caused by the war. The Iranians are likely to settle for less than the establishment of a like-minded regime in Baghdad:

- Sharply reduced oil revenues and dim prospects for improvements in the oil market have made the continuation of the war more costly. Another war would be unthinkable from an economic and military perspective.
- The defeat of Iraq would significantly weaken Islamic fanaticism among the Revolutionary Guard and the Basij because their rallying call to wreak vengeance on Iraq in general, and on Saddam Husayn in particular, would be undercut. Moreover, there is little popular support for undertaking another military conflict.

Iranian military pressure is promoting political moderation in Baghdad and has led to improved ties between Iraq and Arab moderates including Saudi Arabia, Egypt, and Jordan. An Iranian victory would accelerate these trends by making Iraq even more dependent on these moderate states for political and financial support:

- The removal of the autocratic and ruthless Saddam Husayn—a prerequisite for ending the war—is unlikely to contribute initially to political instability or an upheaval of the Iraqi political system. The Ba'athist regime in Baghdad is firmly entrenched, and Taha Ramadan—Husayn's likely successor—probably would maintain Iraq's current more moderate course.
- Baghdad's eagerness to subvert neighboring Arab states—a hallmark of Iraqi foreign policy before the war—will be sharply reduced if Iraq loses.

An Iranian victory would foster closer military and security ties between the United States and the Arab states of the Persian Gulf. Whether Tehran presented a military threat or not, these states would perceive themselves at risk. Saudi Arabia, in particular, would look to an increased US presence in the region as the principal deterrent to further Iranian military moves:

- To protect itself against possible Iranian retaliation for its support of Iraq in the war, Riyadh almost certainly would grant the United States, at least temporarily, limited access to military facilities, allow the pre-positioning of US military equipment on its territory, and engage in more extensive contingency planning with US military forces. The Saudis would hope these moves would be sufficient to deter Iranian aggression.
- The other states of the Gulf Cooperation Council would follow the Saudi lead in improving ties to the United States.

An Iranian victory would enhance US interests and damage Soviet influence in the Middle East:

- The failure of the Soviet-trained, -advised, and -equipped Iraqi forces almost certainly would lead Baghdad to turn toward the West for new security and military relationships, although it would continue to rely on Moscow to maintain its largely Soviet-equipped military.
- Iran's deep-rooted anti-Communism and suspicions about Soviet intentions in southwest Asia preclude a meaningful Iranian shift toward Moscow. After the war, Tehran is likely to look to Western Europe and Third World states, not to the Soviets, for arms supplies.
- Tehran probably would devote more resources to support the Afghan insurgents after defeating Iraq.



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The Iraqi Way of Death []

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Baghdad has been trying since the start of the Iran-Iraq war to limit casualties, but it has not had much success. []

Iraqis killed in action through last year totaled 95,000. US diplomats in Baghdad believe another 10,000 died in the first three weeks of the current Al Faw campaign that began in February. A Western military attache based in Baghdad—extrapolating from these figures—has concluded that 0.6 percent of Iraq's population has been lost in the war, compared with 0.02 percent of the US population lost in Vietnam.¹ []

Iraq's losses have been both psychologically and militarily damaging. US diplomats believe that practically every Iraqi family has lost a relative in the fighting. According to a US diplomat based in Baghdad, every foreigner in the Iraqi capital has a story to tell about the death of soldiers connected in some way to his embassy's Iraqi staff. Another US diplomat says he is "holding his breath" because his two domestics have six sons between them at Al Faw. Given the high death rate, US officials say it is not surprising that the mood in Iraq is funereal—"the signs of death are everywhere." []

The Signs of Death

Western military attaches who have visited the Al Faw front say Iraqis who are killed are trucked to a small town near the Kuwaiti border—Hawzah—where they are consigned to waiting taxis for transportation home. A taxi driver who had completed a run to Hawzah the first week in March told an attache that cabs were lined up by the hundreds outside of town. []

Frequently, according to a West European diplomat, bodies of dead Iraqis cannot be returned home because they are either too badly mangled or have begun to decompose. If so, they are buried in a mass

¹ Iran's losses have been much higher—probably about 300,000—but Iran has a larger population than Iraq, and the Iranians, inspired by Khomeini's Islamic fundamentalism, are more willing to sacrifice their lives than are the Iraqis. []

grave. The victim's family is notified personally by a government official. He confirms that the residence is the correct one and informs the family members that their relative is dead and that they may receive his death benefits. []

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According to US diplomats, the most visible sign of a soldier's death is a black banner with white lettering that gives the vital details about the deceased and is hung at the family's gate. They say such banners have proliferated since the start of the Al Faw campaign and that the government briefly considered forbidding their use, hoping to disguise the extent of Iraqi losses. No such action was taken—probably because of an anticipated public outcry. Other signs of death are the tents erected next to local mosques where bereaved Muslim families traditionally receive condolences.² []

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Muslim religious practice requires that the dead be quickly interred, and among Iraq's Shia population this is done immediately after the coffin has been walked around the inner courtyard of one of the great mosques in the holy cities of Najaf or Karbala. The coffins are draped with Iraqi flags, signifying, [] that they contain soldiers who died honorably. The families of the honored dead are awarded "martyrs' " ribbons. []

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Coffins containing the bodies of deserters are not flag draped, and often they are inscribed with the Arabic word for coward. Deserters' families are forbidden to mourn in public—they cannot drape their homes, wear black, or conduct the traditional wake. Neighbors of such families are urged by the government to shun them. []

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² Iraq's population is predominantly Muslim. The majority—55 percent—belong to the Shia sect. Twenty percent are Sunni Arabs, and another 20 percent Sunni Kurds. []

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Death Benefits

To compensate the families of dead soldiers, the government awards "martyrs" benefits. A US diplomatic source in Baghdad reported last year that the family of a slain regular Army soldier received a death gratuity of \$32,000, a new automobile, a parcel of agricultural land, a plot on which to build a home, and a bank loan to finance it. (The source commented that the loan was significant because, as a wartime measure, banks have ceased lending money to ordinary customers.) Early this year, however, [redacted] the benefits package had been reduced—the families no longer receive a car. Instead they get \$7,400, the price of a new Brazilian Volkswagen Passat. ([redacted] since the resale value of a Volkswagen is considerably more than \$7,400, this represents a substantial benefit cut.) Also, although the families continue to receive a plot of land on which to build a house, the agricultural parcel is no longer available. [redacted]

Late last year the government instituted a further change affecting benefits for soldiers killed in northern Iraq, the scene of a large-scale Kurdish insurrection. A special "verification committee" is now required to investigate the cause of death, and only soldiers killed by Iranians are designated "martyrs" and thus entitled to benefits. Others are listed as "slain by insurgents," and their families are compensated with a pension based on the soldier's pay at the time of death. [redacted]

The next of kin of slain militia recruits receive only the equivalent of the victim's retirement pay in monthly installments for life. [redacted] they also get a tent in which to hold the wake, but no flag for the coffin, since that privilege is restricted to regular Army officers. [redacted]

The Affect on Popular Morale

The numerous fatalities are having a serious short-term impact on Iraqi morale. According to US diplomats, the atmosphere around the country is tense as people wait for bad news from the front. There is no panic, the diplomats report, but a "kind of numb apprehension." [redacted]

Typical of the widespread distress occasioned by the losses is the activity in a large Shia village in southern Iraq reported by a Western military attache. The attache spoke with a prominent landowner who functions as the village's shaykh. Although the shaykh resides permanently in Baghdad, he is required to be present at the village to officiate at funerals for the war dead. He says he conducted six such funerals in one day the first week in March, "and every day brings one or two more." The shaykh claims over 500 of his people are scattered around Iraq—at the front searching for relatives or hiding from the draft in Baghdad. The shaykh told the attache there were 50 Volkswagen Passats in his village, all death gratuities. [redacted]

Some Iraqi communities do not appear to be accepting their losses passively. In the Kurdish areas, [redacted] morale has seriously deteriorated. [redacted] one village of approximately 15,000 received four bodies of slain soldiers in a single day last year, provoking bitter criticism of the regime and Iraq's President Saddam Husayn and his family. (Saddam's two sons, though of age, have yet to be drafted.) [redacted]

Outlook

Faced with serious morale problems brought on by the mounting casualties, Iraq almost certainly will try to reduce its losses. It will seek to eliminate the Iranian pocket at Al Faw with heavy artillery barrages, and when the drier weather has set in—at the end of this month—it will deploy its superior armor against the Iranian forces. US diplomats in Baghdad caution, however, that eradication of the Iranians at Al Faw will not be possible without bloody hand-to-hand fighting in the bombed out city. Some diplomats believe that Iraq may not be willing to assume the costs of such an engagement and may simply write off the captured city. [redacted]

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Saudi Youth: Coping With Slower Economic Growth [redacted]

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The younger generation in Saudi Arabia generally has been content and apolitical for the past 50 years, but the economic downturn in the kingdom is sharply reducing its opportunities in business and for employment. Most young Saudis, particularly the growing number with university educations, have unrealistic expectations of their futures, and they are having difficulty adjusting to the kingdom's slower economic growth. With economic retrenchment likely to continue in Saudi Arabia over the next five years, the Saudi Government faces the difficult task of preventing economic disgruntlement among the young from developing into political unrest. [redacted]

The kingdom's sluggish economy can no longer readily absorb miseducated young Saudis nor can it meet exaggerated expectations for high-paying jobs that require little work. In many respects, the economic downturn has hit Saudi youth the hardest because they traditionally have tapped the surplus in the system. Reduced oil revenues have sharply slashed employment opportunities in both the public and the private sectors:

- Cuts in ministerial budgets have greatly slowed bureaucratic growth, and competition for these jobs has become stiffer. [redacted]
- Large government contracts during the boom years created a business environment that even Saudi liberal arts majors could enter. Over the past several years, however, lower public spending has sharply shrunk the private sector. [redacted]

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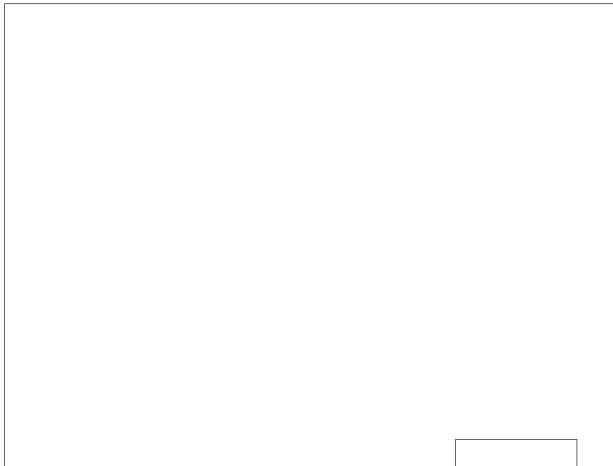
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During the boom years of the 1970s and early 1980s, virtually any Saudi with secondary level schooling could obtain a comfortable and high-paying job in the booming Saudi economy. Those with university—even junior college—educations were quickly absorbed by government ministries and private businesses wanting to raise the number of Saudis on their payrolls. Saudis educated in the United States, in particular, had maximum lateral and upward mobility in the public and private sectors. Meteoric rises were norms, not exceptions. Although many of these Saudis were conscientious and hard working, the great majority, including those with university educations, held jobs with prestigious titles, but little real responsibility. [redacted]

The economic slowdown has pushed the Saudi Government to encourage more young Saudis to pursue technical training, but the process is arduous. Most young Saudis, especially those from the major cities where foreign workers have long performed manual labor, disdain menial jobs. Many believe that the lull in the economy is only temporary and that the boom years will soon return. Those pursuing college degrees in liberal arts and the social sciences generally believe that it would take too much effort to switch career paths. [redacted]

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The steady increase in the enrollment of Saudis studying in the kingdom's seven universities has compounded the problem of too many Saudis with improper training for too few jobs. In 1970 less than 5,000 Saudis attended universities in the kingdom; the number will be nearly 100,000 by 1990. Most of these students will receive an education that is poor by Western standards, and most will be in liberal arts and business. Moreover, despite governmental efforts

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Saudi Arabia: University Enrollment, 1985^a

	Enrollment	By Nationality		By Sex	
		Saudis	Non-Saudis	Men	Women
Domestic enrollment	76,500	57,800	18,700	65,500	11,000
Secular schools	48,500	39,300	9,200	37,500	11,000
King 'Abd al-Aziz University, Jiddah	18,000	14,000	4,000	12,500	5,500
King Sa'ud University, Riyadh	23,000	19,000	4,000	18,000	5,000
King Faysal University, Dammam	4,000	3,200	800	3,500	500
University of Petroleum and Minerals, Dhahran	3,500	3,100	400	3,500	
Islamic schools	28,000	18,500	9,500	28,000	
Umm al-Qura University, Mecca	10,000	6,500	3,500	10,000	
Islamic University, Medina	6,000	3,500	2,500	6,000	
Imam bin Sa'ud University, Riyadh	12,000	8,500	3,500	12,000	
Foreign enrollment	15,000	15,000		11,000	4,000

^a Estimated.

[REDACTED]

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to promote university education in the kingdom, graduates from Western universities receive preferential treatment in employment, even within government ministries. [REDACTED]

receive direct financial subsidies from the government, including:

- Regular monthly stipends during university study.
- Free tuition and paid expenses at Saudi universities.
- Bonuses for university graduation.
- Guaranteed government employment for university graduates.
- Marriage loans.
- Dowry grants.
- Housing and personal loans. [REDACTED]

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Some 15,000 Saudi women study in universities at home and abroad, but employment opportunities for them are limited mainly to teaching and medicine even though a full complement of technical and scientific courses is available at Saudi universities. Many are eagerly pursuing an education because it is the only alternative to full-time home life. Some government officials probably would like to take advantage of the skilled pool of educated women, but strong objections from religious leaders and social conservatives have allowed only small increases in jobs available to them. [REDACTED]

The royal family also is closely identified with the major government organizations responsible for overseeing youth programs. King Fahd's son Faysal has been president of the General Organization for Youth Welfare since 1974, and Minister of Interior Nayif's son Sa'ud was appointed his assistant earlier this year. Defense Minister Sultan's son Fahd is chairman of the Saudi Soccer Federation, and many other princes sponsor youth clubs and soccer teams. Moreover, the royal family gives generous awards for scholastic and athletic achievements. [REDACTED]

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Royal Family and Government Response

To inhibit the development of unrest among young Saudis, the royal family has made a concerted effort to appear attentive to their interests. Young Saudis

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King Fahd, a former Minister of Education, has been taking a personal interest in the economic and social well-being of young Saudis, according to the US Embassy. In 1983 he told a visiting senior US official that he follows educational matters very closely and gives them the highest priority. Fahd meets with Saudi university students, including those studying abroad, two or three times a year in informal question and answer sessions. The sessions are contrived and do not address issues that most concern students, but the US Embassy reports they have a positive public relations value. [redacted]

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Prospects

Prospects are dim for a significant improvement in opportunities for young Saudis over the next several years, and, aside from general exhortations to acquire more marketable skills, the Saudi Government is unlikely to take significant steps to lessen the impact of the economic downturn on young Saudis. Competition for the better jobs will become stiffer, and salaries will remain depressed. The government probably will still provide jobs in ministries for all university graduates, but many of the least experienced young Saudis will find themselves in clerical and secretarial jobs that foreign workers traditionally have filled. [redacted]

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As long as the government can maintain free schooling, monthly stipends to students, and grants and loans for housing, complaints among Saudi students may well remain muted. The government's ability to maintain these programs at their current levels is questionable, however, and housing grants and loans are no longer as automatic or as large as they were five years ago. [redacted]

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[redacted] the government is considering cuts in student stipends and graduation bonuses to save money. [redacted]

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A protracted downturn in the kingdom's economy will increase chances for political restiveness among Saudi youth, and the general perception that the royal family has been able to protect itself from cost-cutting measures will aggravate their grievances. University campuses in the kingdom probably would provide the best forum for young Saudis to vent their dissatisfaction, but there are no signs that activity against the regime is likely to occur soon. [redacted]

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[redacted]

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**Growing Polarization
in Saudi Arabia's
Religious Community** [redacted]

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The upsurge in Islamic fundamentalism throughout the Persian Gulf region has strengthened the forces of religious conservatism in Saudi Arabia and contributed to a widening rift between official and populist Islam in the kingdom. The growth of the conservative movement in Saudi Arabia has been aided by the efforts of a new generation of Saudi clerics who have come of age during a period of Islamic fervor. Many young clerics are increasingly questioning the legitimacy of the senior ulama and other religious officials for allegedly failing to ensure that the government fulfills its Islamic obligations. As a result, the kingdom's religious community is becoming increasingly polarized, with the senior, more traditional, regime-oriented ulama on one side, and the younger, more religiously fervent clerics on the other. Although the younger clerics are unlikely to gain ascendancy within the religious community in the near future, any increase in their influence will adversely affect US-Saudi ties, since they view close relations with the United States as detrimental to Islamic interests. [redacted]

and the urban lower class. Conservative religious elements are becoming increasingly active in attempting to enforce adherence to Islamic precepts by both Saudis and foreigners. One example is the growing influence of the Mutawain—the religious police—who are empowered to maintain public adherence to Islamic strictures, enforce religious observances, and ensure public morality. [redacted]

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Reinvigoration of Islamic Fundamentalism

The reinvigoration of Islamic fundamentalism in Saudi Arabia is primarily the result of the Iranian revolution and the Grand Mosque incident in 1979 when Islamic fanatics seized the Mecca shrine and called for the overthrow of the Saudi regime. Since Fahd ascended the throne in 1982, the movement toward greater Islamic conservatism in the kingdom has gained momentum. Although personally a social and political progressive, Fahd has gone to great lengths to support and accommodate the religious traditionalists to mitigate his "un-Islamic" reputation.

According to the US Embassy, the reinvigoration of Sunni fundamentalism is most pronounced among the young—over half the population of Saudi Arabia is under age 16. The adverse reaction of some young Saudis to Western cultural influences and exposure to radical Islamic currents prevalent elsewhere in the Middle East have strengthened religious attitudes. This is most evident on Saudi university campuses, both Islamic and secular. Student attendance at mosques has increased, and growing numbers of students have adopted fundamentalist dress—for example, beards—to demonstrate their religious conservatism. These students publicly harass more secular-oriented peers and professors. In addition, the US Embassy reports that some zealot professors are actively working to desecularize education and are known to hold discussion groups in their homes, away from government informants. [redacted]

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This trend has contributed to the emergence of fundamentalist groups. While still small, they are growing in size and influence. [redacted] the popularity of the Muslim Brotherhood is steadily growing in universities, as well as in high schools. Many teachers in Saudi high schools and colleges are deeply pious Egyptians who maintain connections to the Muslim Brotherhood in Egypt. [redacted]

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[redacted]

Private religious societies have also sprung up as religious conservatives find official Islamic organizations inadequate in either orientation or zeal.

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The conservative trend is evident throughout government and society and is especially noticeable among university students, inhabitants of rural areas,

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Islamic Awareness is one such society, according to the US Embassy. Its members are primarily high school and college students. Known to exist in Mecca, Jiddah, and Riyadh, Islamic Awareness promotes a more rigorously Islamic society through example, persuasion, and pressure against fellow students and government authorities. [redacted]

The New Generation of Clerics

There is not much information available on the young clergy—either Saudis or expatriates—but US Embassy officials report they are active behind-the-scene promoters of their brand of Islamic fundamentalism. They maintain a low profile to avoid attracting the attention of the security services. They would be quickly deported or arrested for subversion if found to be engaged in activities perceived to be against the regime. For the most part, many of these clerics temper their messages intended for public consumption—relying on innuendo and nuance to convey their views—while espousing more fundamentalist views in private. They operate primarily from the universities, and some have ties to radical religious groups in other countries—for example, Syria and Egypt. [redacted]

The young clerics are attuned to popular religious sentiments and are in positions to assert greater influence over Saudis who are not satisfied with the government-controlled religious authorities. Some of the junior clergy enjoy significant appeal among Saudis. An example is Shaykh Salih bin Sa'd al-Luhayden, 39, whose conservative religious television program was canceled by the government because of his growing following among religious traditionalists, according to the US Embassy. After a cooling-off period, he was appointed deputy president of the department in charge of the Mutawaiin, the Organization for the Promotion of Virtue and the Prevention of Vice. Many junior clerics also lead university discussion groups that debate social, religious, and political issues in closed sessions. In addition, the US Embassy reports that many young *khatibs* (speakers) at local mosques have gained personal followings. [redacted]

The US Embassy reports there also are many renowned non-Saudi religious scholars resident in Saudi Arabia, primarily because Mecca and Medina

are two of the traditional seats for Islamic scholarship. A few of these expatriate scholars have attracted a popular following among Saudis by publishing religious articles, giving sermons in mosques, and making appearances on radio and television shows. Shaykh Ibrahim Sarcasic, a well-known Egyptian cleric, is the imam of one of Jiddah's more popular mosques and is a regular religious columnist in the newspaper *al-Madina*. [redacted]

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Growing Criticism

Many religiously conservative Saudis, particularly zealous young clerics, are increasingly critical of the regime. [redacted]

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[redacted] This criticism has grown despite King Fahd's efforts to accommodate religious conservatives and demonstrate his government's commitment to Islamic values and practices. Ironically, Fahd's efforts have only served to strengthen the legitimacy of the religious conservatives and helped to give them momentum. [redacted]

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Criticism has been directed toward Saudi religious authorities as well. The ulama's traditional function is to serve as the nation's institutionalized conscience to ensure that the government fulfills its Islamic obligations, thus providing the religious and moral authority that legitimizes the government. Over the past 30 years, however, the ulama has gradually lost its ability to operate independently. All appointments to religious ministries, councils, and boards are strictly controlled by the government, and generous subsidies have made the ulama reluctant to criticize the regime. [redacted]

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The ulama—specifically the senior clerics—is increasingly viewed as merely an adjunct to the regime, rather than an independent protector of Islamic values. The majority of the ulama are elderly, socially and religiously conservative, openly supportive of the royal family, and longtime members of Saudi Arabia's religious community. These senior clerics are widely viewed as unacceptable religious leaders by younger fundamentalists who believe that they merely rubberstamp decisions made by the Al Sa'ud princes. [redacted]

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The Shias in the Eastern Province ^a

The trends observed in the Sunni religious establishment are also evident in the kingdom's minority Shia population, located primarily in the Eastern Province oases of Qatif and Hasa.

Government efforts to improve conditions for the kingdom's most disadvantaged minority have not dampened religious sentiment among the Shias, and fundamentalism is on the rise, especially among the young. [redacted] there is a

generational split within the community that is deepening and becoming increasingly bitter. [redacted]

[redacted] older Shias tend to follow more conservative imams and show a greater sense of loyalty to Saudi Arabia. In contrast, younger Shias are increasingly attracted to radical Shia leaders inside Saudi Arabia and in Iran. [redacted]

[redacted] a slight majority of younger Shias are followers of a radical brand of Islam that is anathema to many of their elders. [redacted]

[redacted] radical Islamic elements are a dynamic force in the oases—especially in Qatif—and are gradually assuming positions of influence in religiously based public institutions. [redacted]

Young Shias may become increasingly willing to exert pressure on the regime if their sense of religious repression sharpens and their economic status erodes. Although the emergence of an active Shia opposition would not fundamentally threaten the regime as long as it did not have major external support, it would be a headache for Riyadh and would lead to worsening conditions for the entire Shia community. [redacted]

[redacted]

Outlook and Implications

We expect the fundamentalist trend in Saudi Arabia to grow over the next few years, increasing the possibility of friction between the more traditional, regime-oriented ulama and younger, more activist religious figures. A public fissure would have far-reaching implications for the government because it would be the first time in recent Saudi history the regime lacked the full backing of the religious community. This would call into question the regime's Islamic legitimacy and possibly spark antiregime activity. [redacted]

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Although the more radical fundamentalist movement in Saudi Arabia does not pose an immediate threat to the regime, the onset of financial difficulties brought about by sharply lower oil prices probably will provide opportunities that religious radicals can exploit.

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Domestic spending cutbacks will fuel Islamic criticism of regime failures, especially if extravagant royal family spending does not abate. In addition, there are other elements of Saudi society with either political or economic grievances against the regime.

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They criticize the government on religious grounds because this is a less risky way to vent their frustrations. Nonetheless, these elements and the fundamentalists lack adequate means to organize and do not pose a threat to the regime's stability in the near term. Furthermore, there is little prospect the close relationship between the ulama elite and the Al Sa'ud will soon be dramatically altered in view of the interest each has in the strength and well-being of the other. [redacted]

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With the significant increase in Islamic fervor in the kingdom, there has been a concomitant increase in anti-Western sentiment. Although many Saudi youths are generally positive toward US society and individual Americans, there is a widely shared belief that the openness of American society is contributing to its moral decay. More important, many Saudi youths—and especially the religiously conservative clerics—are highly critical of US Middle East policy, charging it is exploitative and morally wrong. Should religious criticism of the regime increase, Fahd could be compelled to put distance between himself and the United States to shore up his domestic support.

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Mysticism in Middle Eastern and South Asian Decisionmaking [redacted]

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The mystical practice of divination—the attempt to foretell events or discover hidden knowledge by occult or supernatural means—plays a prominent role in guiding the decisions of some heads of state, religious extremists, and terrorists in the Middle East and South Asia.¹ Divination gives decisions special legitimacy and also gives the decisionmaker greater confidence that he is acting correctly. [redacted]

The use of divination as well as other mystical practices seems rational to many people in the region. In Arab culture, for example, such practices as reading lines in the sand, palmistry, and astrology are widely regarded as sciences. Even practical and sophisticated leaders, such as Saudi Petroleum Minister Yamani, appeal to the supernatural to guide and justify their decisions. [redacted]

Mysticism and National Policy

Mystical experiences have influenced decisionmaking by at least two leaders in the region, President Zia of Pakistan and former President Nimeiri of Sudan. In Nimeiri's case, a religious conversion caused him

[redacted] focusing almost exclusively on imposing his Islamic beliefs on Sudan, while ignoring the sensitivities of Sudan's non-Muslim south. Zia, although he believes he is on a divinely inspired mission that includes a program of Islamization, conceives his role more broadly, and he has been considerably more flexible than Nimeiri in implementing Islamization. Divisions among Pakistan's various Islamic sects and the disaffection of Shias have led him to slow Islamization in response to political reality. [redacted]

Zia developed a mystical bent even before becoming President of Pakistan in 1977, [redacted] [redacted] He had interpreted his appointment as Chief of the Army Staff in 1976 and the later successful surgery on his youngest child, who had been chronically ill, as omens that he had a

¹ Awareness of the supernatural is not new to intelligence analysis. During World War II, Winston Churchill hired a noted astrologer to tell him what Hitler's five astrologers were most likely advising him to do in making military plans. [redacted]

Foretelling the Future Through Divination

Belief in divination reflects a world view in which all events, past and future, are connected. Believers in divination assume that nothing happens by chance or without symbolic meaning. [redacted]

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Divination has forms but is generally of two types:

- *Inspirational. An individual sees a blueprint for the future in what he believes to be a divine revelation. Some examples are dreams, crystal-ball gazing, and visions or trances, which usually are the result of psychological or physical stress.*

- *Noninspirational. An individual believes the future can be interpreted through such omens as black cats or through deliberate attempts to guide and justify decisions by using astrology, numerology, or the reading of tea leaves.* [redacted]

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special role to play as leader of Pakistan, and this would include an Islamization program. [redacted]

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Since becoming President, Zia has employed Ashraf Kamal, a Lahore-based astrologer, according to the US Consulate in Lahore. Zia paid the diviner more than \$60,000 for initial services and continues to pay him a retainer of \$600 a month. Kamal told Consulate officers that he travels to Rawalpindi four days a month to meet with Zia, but he gave no indication that Zia follows his advice. Kamal had also advised former President Bhutto and predicted he would be overthrown. The Consulate reports that Zia apparently also consults with an expatriate Pakistani mystic, Ghulam Hussein Bilioawalla, when he travels to Saudi Arabia on special pilgrimages. [redacted]

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Nimeiri began to Islamize Sudan's political system after a spiritual awakening that followed a stroke he suffered in 1980. [redacted]

[redacted] He apparently interpreted his brushes with death as omens to change his lifestyle and impose his newly found Islamic beliefs on Sudan. In his book *The Islamic Way . . . Why?*, which was published in 1981, Nimeiri said that God had intervened a number of times to protect him from political and personal danger. [redacted]

Nimeiri's religious commitments strengthened throughout the early 1980s. Before he was deposed in a coup in 1985, he adopted the practices of Sufism (Islamic mysticism). He made no secret that he followed the religious and political guidance of his Sufi advisers in establishing an Islamic state. He planned to have the Sudanese Constitution amended to describe the president as "Commander of the Faithful" and "Imam of the Whole Sudanese People." Nimeiri increasingly believed that he was a divinely guided leader similar to the Prophet Muhammad or the Mahdi (Muhammad Ahmad ibn Abdallah, 1844-85), the legendary 19th-century messianic leader of Sudan. [redacted]

Arab Stargazing

[redacted] Sultan Qaboos of Oman has increasingly depended on astrological prediction for planning his public and private activities. He employs five astrologers, including three Indians, a Tanzanian, and an Omani. The Sultan believes strongly in astrological predictions and often changes his daily schedule to accommodate such forecasts. [redacted]

Just before Vice President Bush's visit to Oman in May 1984, Qaboos delayed sailing the royal yacht to Muscat for two days on the advice of his astrologers, [redacted] The delay caused considerable problems for Omani security officials, who needed the Sultan's approval of preparations for the Vice President's visit. [redacted]

Political Violence

We believe the inspiration and timing of some political violence in the region are based on divination. Press reports indicate that the four Sikhs accused of assassinating Indian Prime Minister Indira Gandhi in October 1984 were inspired by the sighting of a falcon—a favorable omen for Sikhs. The assassination conspiracy had been brewing since Gandhi ordered the assault on the Sikh's Golden Temple in Amritsar in June, but the four conspirators decided to kill the Prime Minister only after they noticed that a falcon had nested in a tree near her residence. They believed that the falcon carried a message from the 10th Guru of the Sikhs that they should avenge the attack on the Golden Temple, according to press sources. [redacted]

We also believe that divination is used by terrorists, particularly those Muslims with intense religious convictions, such as Shia suicide bombers. We speculate that such common practices as randomly opening the Koran and interpreting passages are employed to affirm or reject terrorist plans. [redacted]

Conditions Promoting Mysticism

The use of divination to formulate national policy or trigger political violence is most likely in conditions of:

- *Social disintegration.* Rapid social change—due to Westernization, urbanization, or an economic downturn—that undermines cultural values leads many individuals to turn to mystical aspects of their religion. In Saudi Arabia, for example, [redacted] petroleum engineers, including those educated in the United States, have quit their jobs, adopted Islamic dress, and are leading ascetic lives of contemplation and study.
- *War and conquest.* Defeat or victory in battle provide a psychological environment that breeds mysticism. Former Egyptian President Nasir, a secularist, publicly declared that Egypt's defeat in the 1967 Arab-Israeli war was its punishment for turning away from Islam. In the weeks following the war, thousands of Egyptians—Muslims and Christians alike—allegedly witnessed a vision of the Virgin Mary near a Coptic Christian church in Cairo. [redacted]

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Among elites, indicators of a turn toward mysticism include:

- *Religious conversion.* "Born again" individuals, who previously had separated their religious and pragmatic world views, move permanently to a religious perspective. We judge that individuals who experience these conversions—Nimeiri, for example—believe they have had a mystical experience and are prone to attach religious significance to random events as keys to the future.
- *Personal tragedies or escapes from death.* Saudi Petroleum Minister Zaki Yamani, for example, began taking divination seriously after being held hostage by Palestinian terrorists in Vienna in 1975, [redacted] He became particularly interested in practices such as *ramal*, a technique of reading impressions in sand created by sweeps of the hand. [redacted]

Prospects

We believe that as long as economic, political, military, and social conditions remain unstable in the Middle East and South Asia, some government officials and leaders of terrorist and insurgent movements will be inclined to seek mystical advice. For the most part, mystically influenced decisionmaking will reinforce traditional cultural values that promote religious fundamentalism and anti-Westernism. Some mystical experiences, particularly those of visionary extremists, will be capricious and politically destabilizing. [redacted]

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Combating Mysticism

Concern about the growing popularity of mysticism has led the Egyptian Government to propose criminal penalties for individuals claiming to be the Mahdi, according to the US Embassy in Cairo.² The government is responding to the recent emergence in Alexandria and elsewhere of several Mahdist movements that have attracted thousands of followers. The government claims that its proposals answer the demands of the Islamic religious establishment and the Muslim community at large. We believe, however, that Cairo is wary of these Mahdists because past visionaries—including the leader of the Islamic extremist group, Takfir wa Hijra—have been involved in violence, terrorism, and the assassination of former President Sadat. [redacted]

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² In Sunni Islamic theology, the Mahdi is the divinely guided leader who will appear on earth to rule in the last days before judgment. [redacted]

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**Jordan: Relations With
the Palestinians** [redacted]

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The relationship between the Jordanian Government and Palestinians on the East and West Banks remains uneasy in the aftermath of King Hussein's termination of his dialogue with PLO Chairman Arafat. Although the King intended in his speech on 19 February to undermine the PLO's influence on the West Bank by casting doubt on Arafat's leadership, government-staged demonstrations of support have instead reawakened fears among Jordan's Palestinians that Hussein is attempting to dominate the Palestinian movement. Moreover, Arafat's popularity on the West Bank has been rekindled because of Hussein's clumsy handling of the affair, his failure to address West Bank political and economic concerns, and Arafat's restrained reply to the King's speech. As a result, the King is likely to concentrate on internal Jordanian matters to reassure his East Bank constituency, while taking quiet steps to improve relations with the Palestinians. [redacted]

The US Embassy says, however, that a series of government-staged demonstrations of Palestinian support damaged the King's image among Palestinians. His call for them to consider a new PLO leadership was widely taken as confirmation of longstanding suspicions about Hussein's interest in dominating the Palestinian movement and regaining control of the West Bank. [redacted]

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In the refugee camps—where the PLO's image sank dramatically in the latter half of 1985 as the Arafat-Hussein dialogue stalled—the mood has changed markedly, according to Embassy sources. The anti-Palestinian outburst of many Jordanians angered the camp residents, who resented their enforced appearances at the palace to demonstrate support for the King. Furthermore, camp residents have noted Hussein's lack of support from other Arab leaders following his speech. The US Embassy says a sense has developed over the last few weeks that Hussein has lost Arab backing, that he has wronged Arafat, and that he has tried to exploit the Palestinians. [redacted]

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Peace Process

King Hussein for many years has had to strike a delicate balance of authority and loyalty with his Palestinian subjects, who make up at least 65 percent of Jordan's population. Jordan's Palestinians have learned since the 1970 civil war to accept Hussein's authority as sovereign of Jordan, but they have never considered him their spokesman—a role they continue to accord to Arafat and the PLO. [redacted]

Hussein was made acutely aware of the failure of his efforts to find an independent West Bank leadership by the murder in early March of Zafir al-Masri, the moderate mayor of Nablus. The assassination is widely viewed as a warning by Palestinian rejectionists—most likely, the Popular Front for the Liberation of Palestine—that they will not tolerate cooperation with Israeli or Jordanian authorities on peace negotiations. As a result, West Bank leaders have become even more reluctant to participate in Israeli- or Jordanian-sponsored autonomy efforts. [redacted]

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Hussein's relations with East and West Bank Palestinians have been complicated by his political cooperation with the PLO. Jordanian officials continue to state publicly that Jordan will not enter peace negotiations with Israel without the PLO, but at the same time they apparently hope to sway Palestinian opinion in Jordan's favor to undermine PLO influence and woo the support of an independent West Bank leadership. Immediately following the King's toughly worded speech on 19 February, which detailed Jordanian efforts to bring the PLO to the negotiating table, many Palestinians began to question Arafat's leadership ability and his commitment to a political solution. [redacted]

PLO Presence

Contrary to Prime Minister Rifa'i's public statements, the breakdown of the Hussein-Arafat dialogue is likely to affect the future of the PLO offices and military presence in Jordan. [redacted]

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[redacted] Western Sector head Khalil al-Wazir (Abu Jihad) has marked for closure several Western Sector offices because of pressure by Jordanian officials. [redacted] the PLO liaison office, which serves as the link between Jordanian officials and PLO members entering the country, was closed in March. [redacted]

More significant, however, is the provision allowing each East Bank Palestinian refugee camp to elect a delegate to parliament, with the number to count toward the West Bank's allocation of 71 seats. In the past, refugee camps were not represented. [redacted]

A wholesale removal of PLO offices from Jordan is not likely, but Jordanian officials will probably press the PLO to reduce its presence to prevent attacks against Israeli targets on the West Bank. Jordanian officials retain a lingering hope that the threat of removal will force Arafat over the long term to adopt a more conciliatory policy toward Jordan. [redacted]

Under Prime Minister Rifa'i, Jordan has also become more involved in West Bank issues. The US Embassy says that Jordan approved several candidates for appointment as mayors on the West Bank, made several proposals for dealing with the Jerusalem Electric Company's budget deficit, began work on a West Bank development plan, and eased trade restrictions applied to the West Bank. [redacted]

Tangible Steps

King Hussein's appointment of Zayd Rifa'i as Prime Minister last April signaled a new emphasis on foreign policy issues, particularly Jordan's relations with the PLO and West Bank Palestinians. Hussein was frustrated by the inability of the former Obeidat government to develop an effective policy toward the West Bank and counted on Rifa'i's ties to some of the area's families to enhance Jordan's influence there. [redacted]

Despite these improvements, many Palestinians are unhappy that more has not been done, according to the US Embassy. Rifa'i's early public promise to ease bridge-crossing restrictions has not been realized because of bureaucratic inertia and opposition from East Bank interest groups who fear competition from West Bank farmers and manufacturers. Palestinians point to this unkept promise as an example of how little the day-to-day realities of Jordanian-West Bank relations have changed. [redacted]

Outlook

Although the King would like a period of reflection to reassess his foreign policy, he is likely to find it increasingly difficult to remain detached from the Palestinian question. He probably will continue to receive conflicting advice from the activists within his government led by Rifa'i and from the East Bank traditionalists who remain suspicious and fearful of the Palestinians. [redacted]

At least nine of the 23 ministers Rifa'i selected to form his government are of Palestinian origin. The most significant holdover is Foreign Minister Tahir al-Masri, who comes from an established West Bank family. Rifa'i's choice of Tahir Kan'an, an international financial technocrat, as Minister for Occupied Territories also heralded a new, pragmatic approach to improving West Bank relations. [redacted]

Moreover, the King's reconvening in January 1984 of the Jordanian parliament after a 10-year hiatus was designed in part to give him a means to assert his claim to represent the Palestinians if his dialogue with the PLO remained deadlocked. The lower house consists of 60 members—30 each from the East and West Banks. The even balance between East and West Bankers has been maintained with the passage of a new electoral law in March that expanded the size of the lower house to 142 seats. [redacted]

The King will have to weigh carefully the limited time remaining before the scheduled turnover of power in Israel in October to the hardline Likud bloc against the risks that further involvement in the peace process would entail. Hussein is unlikely to meet again soon with the PLO Chairman, but he probably will maintain contacts with key Fatah lieutenants in Amman. [redacted]

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The inability of the Rifa'i government to satisfy West Bank demands for greater Jordanian involvement probably contributed to King Hussein's failure to attract a pro-Jordanian constituency willing to follow the King's lead on the peace process. Recognizing this, Jordanian officials are likely to take long-term steps to improve the quality of life on the West Bank to counter PLO dominance there. [redacted]

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The break in Hussein's political cooperation with Arafat clearly has not altered the PLO's ability to block Jordan's West Bank policy. In recognition of the PLO's continuing power on the West Bank, King Hussein will probably focus on internal Jordanian matters over the coming months to reassure East Bankers that he has not forgotten their concerns. To this end, he is likely to shore up internal security, seek progress on bilateral agreements with Syria, and address military needs by attempting to nail down arms procurement deals with European suppliers, particularly the British. [redacted]

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Egyptian Expatriate Labor

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Already plagued with severe financial problems, Egypt may face additional economic strains because of returning expatriate workers seeking jobs in an economy flooded with semiskilled and unskilled workers. Although the majority of Egyptian expatriates are professionals, there are large numbers of unskilled expatriates who will make up the bulk of the returnees. In addition, there are the problems of decreasing oil prices that threaten both income from oil sales and remittances from the expatriate population, and the competition for jobs from both Asian and indigenous labor within host countries. These strains are likely to increase unrest among the Egyptian populace.

A Cross Section of the Expatriate Work Force

Egyptian expatriates make up the largest migrant Arab work force and range from most to least skilled. They are found primarily in Iraq, Saudi Arabia, the smaller Arab Gulf states, Jordan, and Libya.

Who. There are between 2 and 3 million expatriate Egyptian workers. The typical worker is male, between the ages of 25 and 45, and unaccompanied by his family.

What. Egyptians are the most educated of the Arab expatriates: 37 percent have university degrees, 24 percent have secondary school certificates, and 12.5 percent have technical skills. At the bottom of the spectrum, only about 12.5 percent are semiskilled to unskilled construction workers.

Where. More than 2 million Egyptian expatriates work in the Arab world. Another 500,000 work outside the region.

Why. Egyptians have been sending teachers and medical personnel to other Arab countries for decades to help raise those countries' standard of living as well as employ excess Egyptian professionals.

Two factors opened the way for large numbers of Egyptians to leave during the 1970s. The oil and ensuing construction boom in sparsely populated Arab countries led to a severe shortage of labor, which was met by overpopulated and underemployed countries such as Egypt. Furthermore, the 1973 war and ensuing peace with Israel allowed men ordinarily tied to military duty to leave Egypt. The underlying reason the workers left, however, was economic. The money, benefits, and opportunities abroad attracted large numbers of Egyptians desiring to improve their lot.

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What They Do

The majority of Egyptian expatriates are professionals—primarily engineers, doctors, and, especially, teachers (professors in universities, technical institutions, and primary and secondary schools). Egyptians are well received as teachers in Arab states not only because of their high educational qualifications but also because they speak Arabic. For example, nearly all university professors in Saudi Arabia are Egyptian, and Egyptians make up 43 percent of the teachers in Kuwait.

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Although Egyptian professionals are the most widely known and esteemed, many labor-importing countries employ large numbers of less skilled Egyptian laborers, primarily in construction and agriculture. In Jordan and the two Yemens, Egyptians are filling jobs left by indigenous workers migrating to better opportunities elsewhere. Egyptians in Iraq are engaged in jobs vacated by Iraqis drafted for war duty. In addition, approximately 26,000 Egyptians are members of Iraq's National Guard.

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Importance of Remittances

Expatriate remittances have been critically important to the average Egyptian. A typical construction worker can save between \$10,000 and \$12,000 over a

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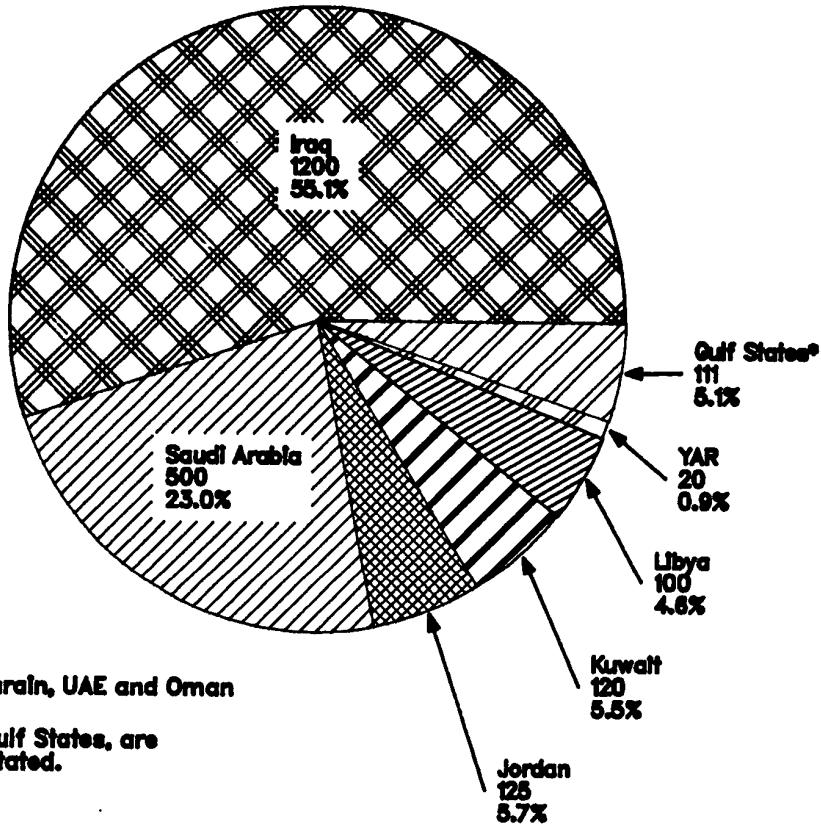
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Egyptian Expatriates by Country

Thousands of workers



* Gulf States include Qatar, Bahrain, UAE and Oman

All figures, especially for the Gulf States, are estimates and probably understated.

[Redacted]

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three-year period by working overseas. He probably will leave his country to work with a specific goal in mind, such as to buy land or a house (or apartment), to make home improvements, to start a business, or just to increase his standard of living through the purchase of goods. Once a house has been bought or a business started, the cost of living in Egypt is very low, as basic consumer goods are heavily subsidized by the government. [Redacted]

In recent years land and housing have become very expensive to the average Egyptian. According to US Embassy reporting, in urban areas, where 10 years ago a *qirat* (about 140 sq. meters) cost about \$42, this area now costs between \$8,400 and \$9,600. Housing costs in Cairo have been increasing at a rate of 30 percent annually for the past several years, with no end in sight. Due both to increasing land values and

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the construction boom within villages fueled largely by expatriate remittances, good agricultural land is disappearing from the market. [redacted]

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A negative side effect that is becoming more noticeable within Egypt is the decrease in overall productivity, mainly due to the shortage of skilled workers. Peasants do not work as hard as they used to because they do not have to; subsidies provide a cushion to fall back on. As thousands of laborers go overseas for better pay, farm workers move into the labor-short, higher paying construction industry, causing a shortage of laborers in the agricultural sector. Egypt is importing close to half of its food requirements, whereas 15 years ago it had a \$300 million average annual surplus in its external trade balance for agricultural products. [redacted]

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by expatriate workers. Official Egyptian projections show that as many as 300,000 Egyptian workers will leave Iraq as a result of this. Initially the returning workers may boost the Egyptian economy with their savings. Over the long term the declining number of expatriates will reduce remittance transfers to Egypt. [redacted]

Trends Affecting Expatriate Labor

Three trends will determine the extent of expatriate cutbacks: the decrease in world oil prices affecting oil-producing countries where the majority of Egyptian expatriates work; efforts by host countries to hire their own citizens over expatriates; and the possibility that Asian laborers will displace unskilled Arabs for lower wages. [redacted]

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Remittances are the primary source of Egypt's foreign exchange earnings, contributing, according to reliable economic press, approximately 30 percent of the total. Until recently, these funds allowed the government to maintain high subsidies on consumer items while increasing import quotas. Problems have arisen, however, in meeting external payments because of the country's dependence on hard currency sources such as remittances and tourism, both of which are declining. Egypt's current account deficit in January 1986 was estimated to be about \$3 billion. [redacted]

Falling Oil Prices. Persistence of the current depressed oil prices will have harsh long-term effects on Egypt. The oil-exporting countries' balances of payments will be under severe pressure, limiting their ability to pay foreign workers. [redacted]

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The construction boom that has accompanied the oil boom is nearing completion. Most needed schools and office buildings have been built, and many less-skilled expatriate workers are facing the end of demand for their services. [redacted]

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The US Embassy in Cairo estimates that the expatriate community earns \$6-9 billion a year, but only about \$3.5 billion enters Egypt through official banking channels. This is due in part to the fact that there is a wide disparity between the official bank exchange rate and the free market rate and because many host countries allow only a percentage of worker remittances to leave through official banking channels to protect their own foreign exchange reserves. The majority of the remittance money is brought in by a *wakil* or bagman who commutes between expatriates and their banks with the workers' earnings. A worker may also remit a portion of the money and save the rest in a host country bank to be exchanged at the village level through moneychangers after his work term is completed. [redacted]

Preference for Citizens Over Expatriates. With the boom in oil production in the 1970s, expatriate labor poured into the Gulf states to meet the demand for workers. Because of the small populations in these oil-rich countries, labor forces soon became more than 50 percent foreign, and governments began to fear subversion or agitation by radical or religious activists. Such security threats are spurring labor-importing countries to indigenize their labor forces as much as possible. [redacted]

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Saudi Arabia does not reveal the number of expatriates within its borders to conceal the extent of its dependence on foreign labor. Other countries freely admit their overdependence on foreign labor and their plans to curb its growth. Kuwait, where 60 percent of the population is foreign, is working to have an even balance by the year 2000. [redacted]

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[redacted] remittances are dropping sharply because of economic problems within host countries. Iraq has moved to limit monetary transfers

Furthermore, Egyptian teachers will eventually work themselves out of jobs as the children they teach replace them. Saudi Arabia is especially intent on filling university and teaching positions with its own people. Nonetheless, the Saudi educational system is still expanding, and there are not enough Saudis to fill the positions, especially in rural areas. [redacted]

Most returning workers will be able to live on their savings for a while, but eventually they will be forced to look for jobs in an Egyptian market overcrowded with other semiskilled and unskilled job seekers. Egypt's economy is too depressed to provide jobs for a larger work force. [redacted]

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Labor-importing countries are not likely to expel all expatriate workers. Shortages of local labor probably will persist even if there is lower economic growth. In addition, some nationals refuse to do manual labor, allowing some less skilled jobs, such as in maintenance, to be filled by foreigners. Egyptians will remain in high professional posts until sufficient numbers of qualified nationals can be trained to take over. [redacted]

Returnees will face a lower standard of living in Egypt than they enjoyed while earning higher foreign wages. This will further encourage unrest among returning workers. [redacted]

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Competition From Asian Labor. Non-Arab workers, predominantly from South and East Asia, have been pouring into the Gulf labor markets since 1975. In 1983 the tide was curbed as labor-importing countries decided to hire more Arabs. Estimates from the US Embassy in Riyadh indicate that of 24 countries with expatriate populations in Saudi Arabia, 19 showed either stable populations or decreases during the 1983-85 period. All but one of the countries with increasing numbers were South or East Asian. [redacted]

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The Future for Egyptian Expatriate Workers

The number of Egyptian expatriates, both unskilled and professional, will continue to fall because of the effects of the severe drop in oil prices, the leveling in economic growth resulting in less demand for foreign workers, and the push to indigenize the labor forces. The less skilled workers will be the hardest hit and will make up the majority of the returnees. [redacted]

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The exodus of millions of Egyptians has caused a severe brain drain for Egypt. Some professional vacancies will be filled by returning expatriates, but most will not. This is due to the fact that professional and technical workers will not be affected as soon or as severely by the changes in the Gulf. [redacted]

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**Algeria: Shifting Stance
Toward Chad** [redacted]

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The Chadian civil war is an issue of longstanding and growing importance to Algeria. Policymakers in Algiers oppose French and Libyan involvement in the fighting and have attempted through diplomatic means to encourage reconciliation between the two factions in Chad. Algiers, however, has never been a disinterested party, and it now appears to be moving away from Libyan-backed rebel leader Goukouni and toward Chadian President Habre. The reason is Algerian concern about Libyan leader Qadhafi's aggressive foreign policy in Africa, the potential threat to Algerian national security posed by Qadhafi's adventurism in Sub-Saharan Africa, and Algerian doubts about French resolve in Chad. Even so, Algeria is not yet inclined to openly choose sides but probably would do so if the Habre government appeared to be losing control of the military situation.

quietly to mediate between Libya and France and between Habre and Goukouni. [redacted]

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[redacted] According to the US Embassies in Algiers and Paris, meetings between Algerian Foreign Minister Ibrahim and Mitterrand last February and a followup visit to Algiers one week later by former French Foreign Minister Dumas included discussions on Chad. [redacted]

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[redacted]

[redacted]

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Algiers Upholds High Ideals . . .

Algeria's policy toward Chad has been consistent. Officially, the government remains neutral. Its primary goal is the termination of outside intervention in Chad and the withdrawal of foreign military personnel. The balance in Algeria's position is reflected in a claim it has made privately to foreign diplomats that, although Habre represents the "legal" government of Chad, the regime in N'Djamena is not "legitimate." Algeria has been involved in efforts by the Organization of African Unity to facilitate a cease-fire and negotiations between Habre and Goukouni. Although Algeria would prefer a government of national unity including both Chadian leaders, it has indicated to the United States and other countries that it would support any regime in Chad that held out promise of uniting the country. A settlement of the conflict is vital to Algeria because it traditionally has advocated the status quo in Africa with regard to the boundaries established in the colonial era. [redacted]

. . . While Advancing National Interests

The Algerian Government's public position masks shifting undercurrents of favoritism. Until late 1983, Algeria gave discreet support to Goukouni. Algiers received Goukouni on several occasions after his fall from power and allowed his faction to maintain a low-level diplomatic mission in Algiers. Algiers's treatment was attributable to Goukouni's decision in 1980, when he was President of Chad, to recognize the Saharan Arab Democratic Republic—the government-in-exile of the Algerian-backed Polisario guerrillas fighting Morocco for control of the Western Sahara—and Habre's subsequent ambivalence toward the Polisario. Algiers also was angered at Habre because his successful coup against Goukouni was aided by France, which the Algerians still suspect of having colonial ambitions in Africa. The government openly criticized French military support for Habre and refused French requests to allow military overflights when fighting between Goukouni and Habre intensified in 1982. Algiers even denied air

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Concern over the deteriorating situation in Chad has compelled Algerian President Bendjedid to use his diplomatic resources to find a settlement. He has tried

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shipments of UN relief assistance for the Habre regime. Strains in relations spurred the recall of Chad's Ambassador from Algiers and the closing of the two countries' respective Embassies in August 1983. [redacted]

The Libyan invasion of northern Chad in 1983, as well as Qadhafi's developing ties to Morocco—Algeria's longtime adversary—encouraged Algiers to shift position on the dispute. Algerian leaders probably believe that Qadhafi's involvement in the conflict will prolong the French presence on the continent, encourage further Libyan meddling in the region if Qadhafi is successful in Chad, and thus challenge Algerian pretensions of dominance in North Africa. Algerian leaders probably calculate that a Libyan victory in Chad would encourage Tripoli to step up subversion in Niger, Mali, and Mauritania. In addition, the Algerians may have viewed a turn away from Goukouni as a necessary punishment for Libya, given Qadhafi's decision to cease support for the Polisario as part of the bargain in forming the Libyan-Moroccan union. Algiers also may be concerned that Morocco's King Hassan will use his ties to Libya to mediate an end to the Chad conflict and thus gain international prestige, to the detriment of Algeria. [redacted]

During the past year, Algerian disgruntlement with Libyan actions in Chad has increased to the point that Algiers is openly showing its sympathies. Meetings last November between senior Algerian diplomats and Habre and other Chadian officials were followed by an unprecedented meeting the next month between Habre and President Bendjedid in Algiers. The US Embassy in Algiers reported that Bendjedid afforded Habre full honors as a visiting head of state and that the visit received prominent coverage in the state-controlled media. [redacted]

[redacted] the two leaders may have discussed Algerian military support. [redacted]

The Embassy believes Algiers purposely used Habre's visit to signal to Tripoli its displeasure over developments in Chad. [redacted]

[redacted] the Algerian Government has become increasingly exasperated with Qadhafi's machinations in Chad, [redacted]

[redacted] 25X1

[redacted] Algerian officials have been 25X1

particularly exercised by the fact that Qadhafi's recent offensive in Chad was launched during high-level consultations between both countries. They are 25X1

probably upset with Libya's disruption of last month's proposed Habre-Goukouni meeting. [redacted] 25X1

Prudence Prevails

To be sure, Algiers's shift has been gradual. The US Embassy in Algiers reports that Bendjedid has allowed France to transit Algerian airspace for overflights to Chad. Otherwise, the government has refrained from giving Habre vocal support, [redacted]

[redacted] 25X1

[redacted] The government has refrained from 25X1

mentioning either Libya or France in statements about the last round of fighting between Habre's forces and Chadian dissidents. Both factions in Chad maintain low-level representation in Algiers, although the US Embassy reports the government has downgraded Goukouni's mission and has granted higher status to Habre's. [redacted] 25X1

Algiers's caution probably is attributable to its distrust of all of the parties involved in the conflict and poor relations with Libya and France. The 25X1

government also appears to be in a quandary on how to proceed diplomatically, even though it appears to view France as the lesser of two evils in Chad. Open condemnation of Tripoli would jeopardize Algeria's attempts to foster rapprochement and cooperation with Qadhafi. Algiers hopes its contacts with Libya will lead to settlement of a longstanding border problem, encourage Qadhafi to cease his attempts to subvert Tunisia, and split Libya from Morocco and thus ease the military threat to Algeria on two of its frontiers. [redacted]

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[redacted] 25X1

[redacted] Algerian leaders want France to 25X1

forestall Libya's aggression in Chad but doubt Paris has the will. They suspect Mitterrand may strike a deal with Qadhafi that would leave the country split 25X1

indefinitely, and that Paris would fail to foster 25X1

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stability in Chad even if French forces assisted Habre in defeating the Libyan-backed rebels. Algiers will look favorably upon the firmer policy by France in Chad that is likely to come from the new conservative government headed by Prime Minister Chirac. A more active policy by France, however, could also increase fears in Algiers of French neocolonialism.

[redacted]

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Outlook

As long as the military stalemate continues in Chad, Algeria is not likely to become deeply involved in the dispute, except for diplomatic efforts to engage Habre and Goukouni in negotiations. Algerian perceptions of Libyan and French perfidy are such that Bendjedid will want to avoid commitments that might come undone by another Libyan-French deal on Chad. Bendjedid, however, might consider rendering limited covert aid to Habre, such as food and money, and take stronger diplomatic steps to goad Libya to curtail its activities in Chad. [redacted]

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Algiers would consider direct engagement in the dispute if Qadhafi were to make military gains and France were to withdraw. Under these circumstances, Bendjedid probably would offer Habre weapons. Algeria might also again reinforce its military units on its border with Libya and issue a strong warning to Qadhafi to pull back in Chad. The government probably would be reluctant to commit military personnel to Habre. In the event of an imminent military victory in Chad by Goukouni and Qadhafi, Bendjedid might consider asking the United States to intervene and would assist Washington's actions behind the scenes. [redacted]

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[redacted]

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Morocco-France: Ties That Bind

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Moroccan-French relations are based on strong historical, cultural, and social influences, and the outlook for these ties is good. Paris gives economic and commercial assistance, while Rabat serves as a pillar for French policy in North Africa.

Background

Although Moroccan-French relations have varied since Morocco gained its independence in 1956, ties are still strong, the French imprint remains deep, and French is the principal European language used. Much of the elite—in the palace, the government, politics, and business—is French educated. The Moroccan community in France, over 500,000 strong, is the largest group of Moroccans abroad, as well as the third- or fourth-largest foreign community in France. About 35 percent of Morocco's trade is with France. In addition, France holds a special place in King Hassan's world view. At the beginning of his state visit to France in November 1985, he claimed that, because of his upbringing, he considered himself "not an Arab who speaks French, but a man with almost a completely double culture."

The bilateral tie matters to France as well. Economically, France views Morocco as a potential arms purchaser—even if it is the Saudis who ultimately pay the bill. Politically, Morocco gives France a foothold in North Africa and acts as a conduit for French interactions with other African countries. Moreover, Paris sees close relations with Morocco as an example of its ability to serve as an alternative point of contact for Third World developing countries seeking relations with developed nations.

French Assistance

France is the principal Western aid donor to Morocco. According to the 1985 French-Moroccan Financial Protocol, France committed \$145 million to cover Moroccan balance-of-payments deficits and \$84 million for project assistance, particularly in the area of phosphate development. French tourism also helps

Morocco—365,000 Frenchmen visited that country in 1984 compared to 104,000 Americans. Despite budgetary restrictions that threaten funds available for scholarships abroad, there are nearly 25,000 Moroccan students at the secondary and university level in France.

Although major economic agreements have been reached, provision of new arms and spare parts depends on Morocco's ability to pay in hard currency. According to the US Embassy in Rabat, between one-third and one-half of Morocco's foreign debt of over \$3.5 billion is owed to the French Government. We believe that prospects for a large new concessionary military deal from the French are poor, considering France's already substantial nonmilitary support and Morocco's high overall debt. Since 1983 there has been no financial military assistance, and, according to the US Embassy, France will sell Morocco the Mirage 2000 aircraft only if the King can come up with funding.

Outlook

Morocco will undoubtedly continue to pursue strong bilateral ties to France. Hassan has been eager to contrast the "more understanding" French view of Morocco's union with Libya to the cold reaction of the United States. He has been especially pleased with the number of high-level French visitors over the past 18 months, including President Mitterrand, then Prime Minister Fabius, and on two occasions Foreign Minister Dumas, as well as a host of other French officials. He remembers last year when Morocco had a serious cereal shortfall and was bailed out by the French sale of about 1.2 million metric tons of wheat.

Although the King may say that he is unhappy that France is not backing Morocco fully enough in the Sahara and he may hope for more economic and military assistance, we believe Hassan is basically

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satisfied with the relationship. We believe that he will continue to play up his French ties to generate the impression in Washington that Paris is edging the United States out and that the United States should compete more vigorously for influence in Morocco.

France for its part sees relations with Morocco as positive, and there is no fear of rupture and little likelihood of major change. In addition, poor ties to Algeria reinforce Paris's belief that Morocco should remain the keystone of its North African policy.



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Arab States: The Urge To Merge

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Inspired by ambitious leaders and by ideologies that incorporate the myth of a single Arab nation, Arab states have frequently attempted mergers over the last 30 years. These efforts have failed because of differences in national objectives between the partners, lack of trust in each other, and internal political divisions within the participating states. Nevertheless, the notion of unity is attractive to many Arabs and will remain a part of the Arab political vocabulary and a rationale for further merger efforts.

Recent proposals by Libyan leaders to senior Algerian officials that they lay the groundwork for political union represent the latest in the long series of Arab merger attempts. Arab leaders have appealed for unity ever since Arab independence struggles against their Ottoman and European overlords. They based this appeal on the notion that all Arabs belong to one nation, united in blood and reinforced by a common language and an Islamic heritage.

According to this notion, a major Arab task is to overcome the artificial boundaries imposed by outsiders. The merging of one Arab state with another is part of this drive for reintegration and reunion. Between the two World Wars, the unity drive took the form of a Fertile Crescent movement and the Greater Syria scheme, leading to the development of Ba'thism. During the 1950s, Egyptian leader Gamal 'Abd al-Nasir offered his own version of Arab nationalism, often called Pan-Arabism.

The urge to draw together is also motivated by perceptions of a common external threat. The source of this threat has shifted over time from the European colonial powers to Israel, and, in some views, the United States, the Soviet Union, or Iran.

Trends in Unity

Most of the attempted unions of the past three decades fall into two clusters: those related to Nasirism or defensive reactions to it, and those initiated by Qadhafi.

Nasir and Nasirism. Nasirism was a secularist attempt to rally the Arabs with Pan-Arab themes and overcome past divisions created by colonialism. It gave short shrift to Islamic principles and sought to bring about a union based on Arab socialism. It also provided Nasir with a personal vehicle for exercising regional leadership. Nasir's merger ideas tended to be predicated on Egyptian dominance—a view that provoked a backlash in other states and ultimately helped undermine the unions.

Qadhafi's Neo-Nasirism. Qadhafi idolizes Nasir and considers him an exemplar. He has adopted the Nasirist themes of "freedom, socialism, and unity" and combined them with his own brand of desert Islam, with mystical and fundamentalist reform elements. Qadhafi believes that Libya has the wealth and the sense of purpose (Qadhafism) the Arabs need but lacks the population or key geographical position to accomplish much by itself. He sees Libya as a bridge between the Arab East, or Mashriq, and the Arab West, or Maghreb.

Qadhafi's persistent unity initiatives might have fallen on deaf ears were it not for his promises of economic benefits. Libyan offers of political support in regional North African disputes and the prospect of moderating Qadhafi's meddling also entice prospective partners. The Islamic element in Qadhafi's ideology provides a cloak of legitimacy.

Goals and Results

Arab mergers have been attempted for several purposes:

- To acquire the resource base needed to solve economic problems.
- To serve as a political platform on the basis of which ambitious Arab leaders such as Nasir and Qadhafi can gain the spotlight.

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Arab Merger Attempts

Country/Year	Merger Name	Kind of Union ^a	Why Attempted	Why Failed
Egypt/Syria 1958-61	United Arab Republic	Unitary	Response to Baghdad Pact; Pan-Arabism; Syrian weakness	Syrian resentment, coup; Egyptian bureaucratism and repressive policies
UAR/North Yemen 1958-61	United Arab States	Nominal federation	Special Yemeni ties to Egypt	Breakup of UAR; weak linkages
Jordan/Iraq 1958	Arab Federation	Federation	Response to UAR and the threat of Nasirism	Military coup in Iraq
Iraq/Syria/Egypt 1963	... ^b	Unitary	Syrian need to balance Egypt	Nasirist-Ba'thist conflict; Syrian internal divisions
Iraq/Syria 1963	... ^b	Federation	Opposition to Nasir; Ba'thist unity	Iraqi Ba'th self-destructed; Iraq's Arif turned to Cairo
Egypt/Libya/Sudan 1970	Federation of Arab States	Federation	Qadhafi wanted recognition; Nasir needed political boost; Sudan wanted security	Nasir died; Sudan withdrew/replaced by Syria
Egypt/Libya/Syria 1971-72	Federation of Arab Republics	Federation	Continued previous union; Sadat needed money; reduced dependence on USSR	Qadhafi's Islamism; demands for unitary state; Syria withdrew 1972
North Yemen/South Yemen 1972, 1979	Yemeni Union	Federation	Reduce tensions; resolve common problems	Incompatibility
Libya/Tunisia 1974	Islamic Arab Republic	Unitary	Proposed by Qadhafi to isolate Egypt; Tunisia wanted money	Tunisia repudiated agreement one day after signing
Syria/Lebanon/Jordan 1975-76	... ^b	Federation	Alliance to balance Egypt, deal with Lebanese civil war	Collaborative only; interests diverged on Egypt, integration
Iraq/Syria 1978-79	... ^b	Unitary	Ba'thist unity; to thwart Camp David; Baghdad hoped to dominate	Iraqi suspicions of Syrian coup involvement; unbalanced power positions
Libya/Syria 1980	... ^b	Unitary	Qadhafi seeking recognition; response to United States, Camp David; Syria seeking to end isolation	Divergent concerns; Lebanon
Egypt/Sudan 1982-83	Nile Union	Unitary	Outgrowth of close ties; Egyptian protection	Collaborative only; domestic preoccupations
Algeria/Tunisia/Mauritania 1983	Greater Maghreb Union	Federation	Economic, labor benefits; hoped for Morocco, too	Western Sahara dispute
Libya/Morocco 1984	Arab-African Federation	Federation	End Libyan support for Polisario; divide United States/Morocco; Moroccan economic needs	Still going but threatened by Algerian/Libyan rapprochement

^a Specified ultimate form of merger envisioned by parties; merger plans usually included a lengthy time of preparation during which existing state structures would be preserved.

^b Unknown or none existed.



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- To create a defensive coalition to deal with perceived threats—from Israel or even from other Arab states—or to weaken an adversary's coalition.
- To reduce a state's political isolation.
- To reduce dependence on a single source of aid and provide greater bargaining leverage.
- To reduce tension between the merging parties.

Some mergers actually attained some of these goals. In many instances, the union was probably intended as little more than a method of packaging agreements to cooperate on a range of bilateral issues. These typically have consisted of a statement of intentions, a series of meetings, a few agreements, and a lengthy period of decline.

Most serious merger attempts have had little lasting impact. Problems have inevitably arisen once agreements in such innocuous areas as cultural exchanges and trade programs have been initiated. Whenever the pivotal issues of unification of political organizations, unified military commands, and the roles of the leaders in a new power structure have to be addressed, conflicts rise to the surface.

None of the recent mergers have progressed as far as the United Arab Republic experiment between Egypt and Syria in 1958, the earliest modern example and most serious union attempt. Nasir's dominance enabled him to demand real integration of Egyptian and Syrian parties and institutions according to an Egyptian model, but the process created a strong Syrian nationalist backlash. The disastrous results may well have poisoned this and subsequent unity attempts.

To the extent that Arab unions were intended to promote Arab unity, they have failed. Real unification requires a higher degree of trust between governments and peoples and similarities in outlook than has ever existed in the Arab world. Short-term interests have not provided an adequate foundation for lasting unity.

Pan-Arabism and the Arab State

Pan-Arabism is no longer fashionable. Neither is there any charismatic leader to act as a catalyst for Arab union. Qadhafi may offer financial or political

incentives, but other Arab leaders take neither his ideology nor his leadership capabilities seriously.

Arab scholars have speculated that the post-World War I state system has taken root in the region, undermining the foundations of Pan-Arabism. Islamic fundamentalism may have replaced Pan-Arabism as a unifying theme. There is probably also an increased awareness that Pan-Arabism failed to produce concrete results.

Nevertheless, the concept of unity has widespread and deep-rooted popular appeal in the Arab world. Bilateral unity efforts are still advertised as preludes to even wider Arab union. Arab unity will probably persist as a dream and a long-term goal in the political vocabulary of the Arab world and will continue to be offered as a rationale—or rationalization—for future merger efforts.



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India-Pakistan: Growing Interest in Electronic Warfare [redacted]

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India and Pakistan have shown an increased interest in electronic warfare, driven in part by its demonstrated importance in conflicts outside the region. India's desire to buy modern electronic warfare equipment will draw it closer to the West, whose offerings are superior to those of the USSR. Pakistan's emphasis on electronic warfare will reinforce its established relationship with the United States. Both militaries have only a limited electronic warfare capability and will require considerable training before they can use their new equipment effectively. [redacted]

[redacted] is soliciting technical information and price quotations for vehicle-mounted microwave surveillance systems designed to detect, analyze, and locate enemy communications and radar sites.

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[redacted] it has set aside \$90 million for the purchase of electronic warfare equipment to upgrade communications and set up 40 radar-jamming systems along the border with Pakistan. [redacted]

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The Indian Air Force is buying protective electronic systems for its most valuable aircraft. It has a squadron of 10 MIG-21M fighters equipped with [redacted]

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Purchases and Plans

Electronic warfare equipment is quickly becoming a feature of the Indo-Pakistani arms race, which thus far has been dominated by purchases of major items such as tanks and fighter aircraft. [redacted]

[redacted] the Air Force plans to install 150 chaff-and-flare electronic countermeasures systems on its Jaguar and Mirage 2000, a program estimated to cost \$5-14 million.

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[redacted] report that military planners in both countries are budgeting more money to buy the latest electronic countermeasures (ECM) and electronic counter-countermeasures (ECCM) equipment. [redacted]

More systems may be purchased to equip the Air Force's Soviet-designed MIG fighter aircraft. Last year the [redacted]

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[redacted] Pakistan plans to spend \$500 million—almost one-fourth of its expenditures for foreign military equipment—for electronic warfare equipment over the next few years. India plans to spend a similar amount before 1990, [redacted] equal to over 15 percent of its expected foreign arms purchases. [redacted]

[redacted]

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The Pakistani Air Force is making a parallel effort to improve its electronic warfare capabilities. It began negotiations in 1985 to purchase its first communications jamming equipment for a C-130 aircraft. [redacted]

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The Pakistanis also want to equip their F-16s with jamming pods that can disrupt enemy radars and is looking for Western electronic countermeasures pods for its Chinese A-5 attack aircraft. [redacted]

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The air force in each country is leading the way. The services want to be able to identify, locate, and jam each other's air-to-ground transmissions and radars.

[redacted] the Indian Air Force is interested in upgrading and augmenting its current electronic warfare assets. [redacted]

The ground forces of both countries are acquiring electronic warfare equipment at a slower pace. [redacted]

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[redacted]

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and could not deal effectively with enemy attacks if their communications with higher commands were disrupted. [redacted] the Pakistani Army has budgeted \$40 million for an advanced electronic warfare system capable of locating and [redacted]

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Electronic Warfare

Electronic warfare is the disruption of enemy use of the electromagnetic spectrum (electronic countermeasures) and the attempt to counter such efforts (electronic counter-countermeasures). Jamming, one of the principal means of electronic countermeasures, consists of broadcasting on the same frequency that the enemy is using for communications or sensors. Some jamming signals make the enemy believe his equipment is defective and can only be countered by well-trained troops. Chaff jamming consists of strips of aluminum foil that form a cloud that active sensors cannot penetrate. Flares draw off missiles that home in on heat. Electronic noisemakers deflect radar-homing missiles.

One of the simplest forms of electronic counter-countermeasures involves increasing the power of the transmitter and burning through the enemy jamming. Another technique consists of burst transmissions in which a message is electronically compressed and transmitted in a powerful and brief burst of energy. Automated frequency hopping also counters jamming. The favorite form of electronic counter-countermeasures for missile guidance systems is to have more than one type of guidance.



jamming Indian Army communications. [redacted]
[redacted]
[redacted] In what appears to be another deal, the Pakistani Army began last year to take delivery of a shelter-mounted electronic warfare system to monitor and jam communications purchased for \$21 million with funds supplied by Saudi Arabia. [redacted]

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Far less information is available on Indian Army procurements of electronic warfare equipment. The [redacted] reports that electronic warfare is just beginning to receive attention in the Indian Army. [redacted]

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[redacted] is testing frequency hopping radios from six different Western firms in its armored vehicles. [redacted]

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The Indian and Pakistani navies are even further behind in electronic warfare. [redacted]

[redacted] for its three new Godavari-class frigates, but these have yet to be installed. The Navy has also expressed interest in attending a US Navy electronic warfare course and is interested in electronic countermeasures systems for its new West German Do-228 maritime patrol aircraft, [redacted]

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[redacted] and is considering similar systems for its new British-built frigates. [redacted]

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Behind the Increased Interest

We believe that the importance of electronic warfare in the wars in the Falklands and Lebanon in 1982 prompted New Delhi's and Islamabad's growing interest. [redacted]

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[redacted] The officers were also impressed by the damage inflicted by [redacted]

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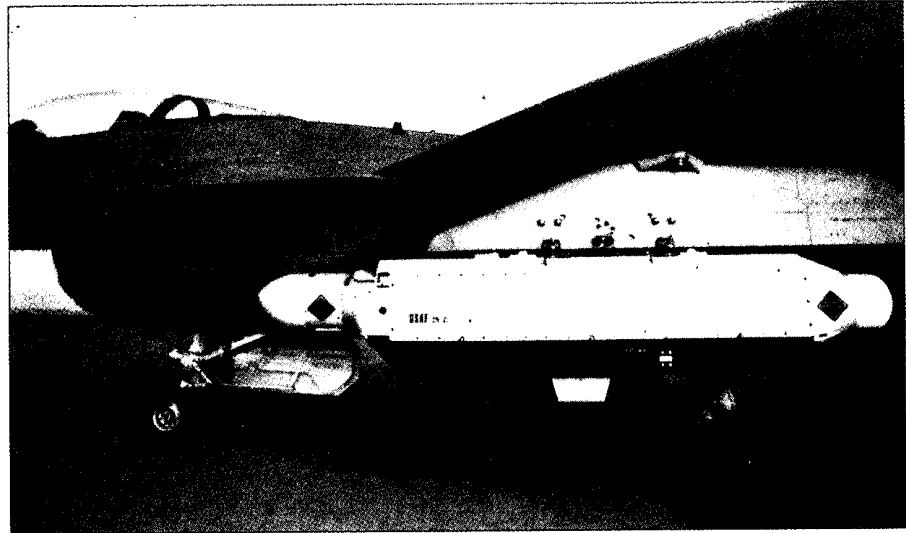
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Electronic countermeasures pod mounted on F-16 aircraft

[redacted]



Jane's ©

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[redacted] Islamabad is concerned about the Soviet ability to conduct electronic warfare along the border with Afghanistan.

[redacted]
[redacted], the

Soviets have large amounts of such equipment in their military district adjacent to Afghanistan. We believe that Moscow could jam 90 percent of the Pakistani military's communications and signals processing if it decided to disrupt Pakistani air operations along the border or to mount a major ground incursion.

[redacted]

- Indian Air Force officers looking for secure voice communications equipment failed to specify important parameters including whether they wanted equipment that would transmit encoded data as well as voice, [redacted]

[redacted]

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[redacted] last year that Indian and Pakistani naval personnel had little idea how to use the electronic warfare equipment on their ships and, in some cases, even where it was located. [redacted]

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Increased Capabilities?

We believe the armed forces of both countries will require considerable time and training before they begin to use the new electronic warfare equipment effectively. [redacted] that, although many Indian and Pakistani officers involved with electronic warfare purchases seem relatively knowledgeable, there have been cases to the contrary:

- Indian Air Force officers soliciting technical information and price quotations for microwave surveillance systems failed to identify the number of systems they wanted or the targets they would be used against, [redacted]

[redacted]

We doubt that Indian and Pakistani purchases of new electronic warfare equipment will substantially change the military balance between the two countries. India's quantitative advantage in men and ground forces equipment will not be offset by Pakistan's somewhat greater attention to new developments in electronic warfare. On the other hand, increased Indian electronic warfare assets will not overcome the rigid command and control systems and lack of initiative among the Indian officer corps.

[redacted]

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Implications for the United States

India's interest in electronic warfare will draw it closer to Western producers because of the latter's edge over the Soviets in technology and computers.

[redacted] many Indian Air Force officers believe US electronic warfare equipment cannot be matched by the Soviets, who have been reluctant to inform the Indians about Soviet electronic equipment, let alone supply the equipment. US denials of Indian requests for advanced Western electronic warfare systems because of possible leakage to the USSR and its allies could dampen Indian interest. Electronic warfare is not one of the areas for military cooperation agreed to by New Delhi and Washington, but Indian requests can be expected. [redacted]

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Islamabad's growing interest in electronic warfare will strengthen the position of military and political officials who believe that a close security relationship with the United States is in Pakistan's interest. Pakistan's need for advanced US weaponry such as electronic warfare equipment will outweigh arguments by many military officials who believe the United States has been an inconsistent ally; that its Middle East policies are anti-Islamic; and that a close US-Pakistani relationship needlessly provokes Moscow. [redacted]

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India-Pakistan: NBC War-Fighting Capabilities [redacted]

Indian and Pakistani military forces are unprepared to fight in a nuclear, biological, or chemical (NBC) environment. Despite concerns in each country over the other's nuclear weapons potential and reports of chemical weapons use in Afghanistan and the Iran-Iraq war, neither military establishment has developed adequate doctrine, procured sufficient equipment, or trained realistically to support an NBC battlefield mission. The Indian and Pakistani officer corps, prompted largely by foreign professional contacts and outside reading, are increasing their discussions of the need for modern NBC war-fighting capabilities. We believe each country will take only gradual steps in these areas, especially in biological and chemical warfare, where they perceive the least threat from the other. [redacted]

[redacted]

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[redacted]

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[redacted] lack of protective preparation suggests neither country expects the other to use these weapons. Unlike the Iran-Iraq and Arab-Israeli conflicts, where development of chemical agents has proceeded steadily, biological and chemical weapons research in South Asia has been assigned a role secondary to nuclear research. India's Defense Research and Development Establishment at Gwalior has studied bacterial and viral compounds and has successfully synthesized small amounts of lethal nerve agents for research purposes. Other Indian facilities produce riot control agents, regularly used for internal security. The small Indian insecticide industry produces basic poison gases for agricultural use. The Pakistanis also have a small insecticide industry, [redacted]

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Potential NBC Environment

Both India and Pakistan possess the technological infrastructure for nuclear weapons programs, [redacted]
[redacted] India's "peaceful nuclear explosion" of 1974 and its large civil nuclear power program and research and development give New Delhi a strong foundation for a nuclear weapons effort. Pakistan has had personnel and facilities involved in the design, fabrication, and testing of nuclear weapons parts since 1971, and Pakistani officials boast openly of their capability to enrich uranium to weapons grade. According to press reports, Pakistan last year illegally obtained and used US-made krytron triggers for a test of nonfissile components of a nuclear device. [redacted]

Although these efforts represent only a potential for biological and chemical weapons production, they could be developed rapidly. [redacted]

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The Indian and Pakistani military establishments are aware of the proliferation of biological and chemical weapons elsewhere and their serious battlefield threats. Pakistani officers have carefully scrutinized Iraq's use of chemical weapons. They are also concerned about Afghan insurgent claims of Soviet use of chemical weapons in the Afghan war, [redacted]

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and it has made arrangements with other countries for similar training. The small number

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[redacted]

[redacted] The Pakistani threat has moved the Indian debate from whether New Delhi should acquire nuclear arms to when, but discussion has yet to proceed toward formulation of a doctrine on the use of nuclear weapons. [redacted]

[redacted] Indian military officers are gravely concerned about how a [redacted]

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NBC Threats

Threat	Symptoms/Effects	Countermeasures
Nuclear (in order of occurrence)		
Electromagnetic pulse	Damage to electronic equipment and components	Shut down equipment before pulse
Blast	Overpressure, shock, winds, debris, structural collapse	Reinforced shelter, foxhole, culvert, intervening terrain
Thermal radiation	Flash, thermal burns, fires	Shield eyes and skin
Nuclear radiation	Radiation sickness (nausea, diarrhea, lethargy, mental disorientation)	Protective mask and clothing, medical aid, decontamination procedures
Biological	Poisoning, infection, disease, unexplained illness	Protective mask and clothing, medical aid, immunization, sanitation
Chemical		
Nerve agents	Breathing difficulties, dimmed vision, nausea, convulsions, death	Protective mask and clothing, medical aid, decontamination procedures
Choking agents	Choking, coughing, headache, nausea, lung damage	Protective mask, medical aid
Blister agents	Blisters, temporary blindness, respiratory tract damage	Protective mask and clothing, medical aid, decontamination procedures
Blood agents	Headache, dizziness, convulsions, coma, death	Protective mask, medical aid
Riot control agents	Headache, dizziness, respiratory difficulties, tearing of eyes	Protective mask, airing and washing face and eyes, medical aid

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of personnel involved in these programs suggests little more than a basic interest in biological or chemical threats. [redacted]

likely to initiate a nuclear warfare course to train young infantry officers to lead their units independently after a nuclear attack has disrupted the command chain. The writings of the National Defense College students represent a professional discussion of NBC warfare, but one engaged in by only a small number of senior student officers, while the Junior Leaders School is unimportant in establishing [redacted]

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India's NBC War-Fighting Preparations

[redacted] only recently began reviewing NBC warfare in a few professional schools and are starting to develop basic NBC doctrine. [redacted] the Army's training directorate has begun drawing up an NBC training syllabus, and an [redacted]

[redacted] is writing a manual for the Army based on the course material he brought home. A 1983 article in India's *National Defense College Journal* discusses New Delhi's chemical and biological weapons options, [redacted]

[redacted] According to press reports, the Indian Army Junior Leaders School is

equipment—alarms, decontamination kits,

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dosimeters—but none of these items have been either examined or bought. [redacted]

[redacted] the Indians tested Italian protective suits last year, but they have yet to buy these suits or make their own [redacted]

[redacted]

Indian troops often carry protective masks in internal security operations where tear gas is used, but masks are not included in soldiers' standard combat kits. [redacted]

[redacted] some Indian Air Force pilots have worn protective masks on occasional training flights. [redacted]

[redacted] The special headgear, dress, and beards allowed many servicemen, moreover, militate against the effectiveness of protective masks and suits. [redacted]

Few, if any, Indian military vehicles have internal NBC protective systems. We believe that India's small force of Soviet export-version T-72 tanks and BMP-1 infantry fighting vehicles may have atmosphere pressurization systems that insulate the crew compartments from contaminated outside air, [redacted]

[redacted] New Delhi has yet to show interest in similar systems for its newly acquired Swedish IKV-91 light tanks. [redacted]

[redacted] nuclear explosions are brought into play in some sandtable discussions at senior Indian Army schools, but no effort is made to designate ground zero, calculate troop exposure, or take other measures considered standard in NBC defense. [redacted]

[redacted]

[redacted]

Pakistani Efforts

[redacted]

[redacted] are aware of basic NBC war-fighting principles but appear to have acquired this knowledge through foreign professional contacts and reading. Islamabad has solicited bids from British, West German, Italian, Swedish, and US firms to provide protective masks for the Pakistani Army. [redacted]

[redacted] No Pakistani military vehicles have internal NBC protective systems. [redacted]

[redacted]

[redacted] The Pakistani Army runs a two-week nuclear warfare course at its staff college in Quetta for middle-level officers and, according to US Embassy sources, plans to increase chemical warfare training in response to reports of chemical weapons use in Afghanistan. [redacted]

Outlook

India's and Pakistan's interest in NBC warfare probably will grow as their forces continue to modernize, as they each perceive an increasing NBC threat from the other, and as their officers become increasingly exposed to foreign—mainly Western—doctrine, equipment, and training. Both countries will continue to shop for protective masks and suits and probably will soon procure moderate stocks of each, but we do not believe they will buy sophisticated gear such as warning, monitoring, and decontamination equipment because of the high costs and the extensive training required to learn to use it. [redacted]

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If significant progress is made, it is most likely to be in the area of measures to fight in a nuclear environment, as both countries already perceive a nuclear threat. Even in this area, programs are likely to remain embryonic for several years because of the expensive equipment and major training efforts required to learn how to use this gear and to conduct operations in a nuclear environment. The lack of a well-thought-out doctrine of nuclear war will hinder both Indian and Pakistani abilities to structure effective procurement and training programs. If one or the other country becomes convinced that its adversary may deploy biological or chemical weapons, developing abilities to fight in such an environment may progress steadily, given that much of the required equipment and training would already be available from the nuclear war-fighting mission.

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Nuclear Scenarios in South Asia: Impact on the Nonproliferation Regime

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Nuclear weapons acquisition efforts by India and Pakistan are damaging to the nonproliferation regime. How injurious such nuclear weapons proliferation will be depends partly on the kind of proliferation scenario that materializes.

Damage to the nonproliferation regime can include the erosion of existing institutions or commitments or the introduction of new obstacles to the development of stronger institutions and commitments. Effects can be measured by changes in attitude, commitments, or policies of full participants; partial participants within the circle of advanced nuclear supplier countries—whether or not they are strongly committed to the nonproliferation regime; and those outside that circle who are potential emerging suppliers. The effects on the regime can also be seen in the strength of support for and the universality of adherence to the International Atomic Energy Agency (IAEA)—including its safeguards system—and the Non-Proliferation Treaty (NPT).

Nuclear Freeze Scenario

Joint Indo-Pakistani undertakings that freeze or ban the development of nuclear weapons in the subcontinent would strengthen the nonproliferation regime. Substantial benefits would accrue if Indo-Pakistani arrangements were of long duration, integrated IAEA safeguards, and closely conformed to NPT and full-scope safeguards criteria. Prospects for heading off covert nuclear weapons programs or overt programs and a nuclear arms race in the subcontinent would be greatly enhanced.

The benefits for the nonproliferation regime would be less clear if Indo-Pakistani arrangements were of short duration and without international guarantees, including verification. An arrangement that suggested to other countries that a double standard was permissible in the subcontinent would give rise to

¹ This paper was prepared by an outside contractor. It was not coordinated within this Agency. The views expressed are those of the author.

cynicism, especially among states whose commitment to the NPT is already shaky. Even imperfect regional arrangements, however, could buy time for the development of more effective arrangements.

Undeclared (Covert) Nuclear Weapons Programs

Both India and Pakistan have certain incentives to emulate the Israeli approach—an unassembled “bomb in the basement”—that is ambiguous and deniable. This approach would do less damage to the nonproliferation regime than overt nuclear weapons capabilities postures but would still be injurious. The adverse impact on the NPT regime would be inversely related to the plausibility of denial. In any event, deniability is likely to break down over time.

Suspicion or growing knowledge of clandestine weapons programs in India and Pakistan would stimulate other countries to emulate the pattern of clandestine acquisition. Some neighboring nations might seek to establish special security or nuclear cooperation relationships with either India or Pakistan—or both.

States strongly committed to the nonproliferation regime, however, probably would attempt to coordinate more closely their nuclear export and arms transfer policies and make fresh efforts to devise effective international security measures. The Soviet Union probably would cooperate with these measures.

One Goes Nuclear, One Holds Back

A situation where either Pakistan or India—but not both—went nuclear is less predictable because it would be perceived as unstable and inconclusive, a transitional stage to something more clear-cut. Participants in the nonproliferation regime would explore military preventive measures or other steps to deter Pakistan from going nuclear if it had held back while India went nuclear, or from racing ahead if it

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went nuclear alone. But NPT participants probably would not view pressure on India as a realistic option if New Delhi went nuclear, because India has a largely indigenous nuclear capability and is a regional power whose influence cannot be ignored. Other effects on nonproliferation regime participants would depend heavily on the degree to which the advanced nuclear states react with cohesion, consistency, and a perceivably sensible approach.

A one-nation nuclear scenario probably would not cause a breakdown of the nonproliferation regime but would present serious obstacles to its strengthening. Moreover, this scenario would be prone to evolve into a nuclear arms race.

Nuclear Arms Race in South Asia

A nuclear arms race between India and Pakistan could be limited or all-out. Given their different resources, a race confined to the subcontinent necessarily might be an all-out one for Pakistan, but a limited one for India. Once India goes nuclear, however, it would also face the issue whether to seek nuclear parity with China, implying massive superiority over Pakistan.

An all-out arms race could have a quite different significance if India and Pakistan receive aid from outside the region. Such aid either could be intended to redress Pakistani disadvantages or could flow to both countries from various sources, including the major powers. The effects on international security as well as on the nonproliferation regime from an arms race supported from the outside would be more difficult to confine to the subcontinent.

A South Asian nuclear arms race probably would lead to weakened nonproliferation commitments in the Middle East and South Asia and perhaps other states outside the region, and result in greater politization of the international institutions of the nonproliferation regime, particularly the IAEA. On the other hand, if the advanced nuclear powers are not involved, an Indo-Pakistani nuclear arms race would be likely to forge even stronger nonproliferation commitments

and policy convergence among the advanced powers and stimulate nonproliferation regime-strengthening measures of other kinds.

The damage to the nonproliferation regime that would result from nuclear conflict in the subcontinent is much harder to predict. The historical pattern suggests that the lessons learned from the experience of a general, protracted, or cataclysmic war tend to have much greater effect on international institutional and arms control development than the playing out of traditional hostilities prior to war. The costs of learning the hard way could be catastrophic, however, for India and Pakistan.



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**Burhanuddin Rabbani:
Academician of the
Afghan Resistance** [redacted]

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Burhanuddin Rabbani heads the Jamiat-i-Islami, the largest and militarily most capable of the Afghan resistance groups. Under his aegis, the Jamiat has become the dominant resistance group in northern and western Afghanistan. Rabbani's personal appeal and ability to get along with rival insurgent leaders, coupled with his skill in selecting and maintaining good insurgent commanders, have made him one of the most important and respected resistance leaders. His organization, however, shows signs of serious factionalism, which could erode combat effectiveness. Rabbani will begin a three-month stint as spokesman for the insurgents' seven-party alliance in April. [redacted]

credentials in three areas: classical Islamic culture, Sufism, and political Islam. His doctorate in theology is from Al Azhar University in Cairo, and he has written a book on rationalist philosophy in Islam. Habbani has a strong following among the Sufi brotherhoods of western Afghanistan, where he is well known for his translations of Sufi poetry and his thesis on the 16th century Sufi poet Nur-al-Din Jami. Rabbani's role in translating the works of Muslim Brotherhood leader Sayyid Qutb from Arabic to Dari has earned him respect among more political members of the fundamentalist resistance. [redacted]

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Middle-of-the-Road Fundamentalist

The 46-year-old Rabbani, a former dean and professor at Kabul University and a Tajik from Badakhshan, is an Islamic fundamentalist who wants an Islamic political and social order in Afghanistan. At the same time, [redacted] Rabbani supports the free election of political leaders and multiparty politics. A Western scholar familiar with Afghanistan believes that Rabbani occupies the ideological middle ground between the dogmatic fundamentalists, such as Gulbuddin Hikmatyar, and the pragmatic fundamentalists, such as Yunus Khalis. Rabbani flatly rejects any role for former Afghan monarch Zahir Shah in a future Afghan government. [redacted]

Rabbani's popularity among resistance members also reflects his apparent lack of personal ambition. His longstanding efforts as diplomat and mediator among resistance factions have enabled him to attract support from diverse segments of Afghan society. According to observers, he has shown the greatest tendency among resistance leaders to compromise and put together a united front. [redacted]

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Although he is often ill at ease with Western customs, Rabbani is generally pro-Western. He has traveled to France and several Arab countries in search of support for the resistance. He has developed good relations with his Pakistani benefactors and with the Egyptian Muslim Brotherhood. Rabbani is planning to travel to Europe, the United States, and China in the near future. [redacted]

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Rabbani has long been involved in antiregime politics. According to Western observers, he became active in the Muslim Brotherhood while at Kabul University in the 1960s. Along with Gulbuddin Hikmatyar, now leader of a Hizbi Islami faction, Rabbani led Brotherhood protests against the Daoud regime and fled Kabul in 1973 to organize resistance activity against Daoud. Following the failure of the fundamentalist-led uprising in the Panjsher Valley in 1975, Rabbani moved to Peshawar. [redacted]

Rabbani's Islamic credentials have not facilitated good Jamiat relations with Iran. [redacted] [redacted] Securing Tehran's cooperation for movement of supplies through Iranian territory to Jamiat fighters in western Afghanistan has been a major sticking point in the relationship. [redacted]

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According to a Western scholar with long experience in Afghanistan, Rabbani has a sound reputation among resistance leaders stemming from his strong

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Rabbani's Regional Commanders

Ahmad Shah Masood . . . Jamiat commander for Panjsher Valley and neighboring areas . . .

Masood has some 12,000 fighters in the Panjsher and another 3,000 men outside the valley . . . has fought off eight Soviet offensives in the Panjsher since 1980 . . . generally good relations with Rabbani aided by marriage between Masood's brother and Rabbani's daughter.

Ismail Khan . . . commander for Herat Province . . . group has reputation for effective intelligence network in Herat and good relations with local populace . . . Ismail Khan's group has penetrated local Afghan army and government intelligence organizations.

Maulawi Alam Khan . . . commander for Balkh Province . . . Alam was being challenged by rival Jamiat fighter for leadership position in Balkh in 1985.

Mohammad Anwar . . . commander in Kabul Province . . . leads 7,000 to 8,000 fighters

Fazlullah . . . commander of 5,000 to 10,000 men in Lowgar Province . . . conducted two offensives against Afghan army in 1984.

Rabbani as Leader of the Jamiat

Rabbani has sought to centralize control of the Jamiat and to make himself the final authority in all major decisions.

Rabbani personally controls and allocates all the money and materiel received by Jamiat. He is considered highly adept at dispensing the organization's limited resources in such a way that subordinates do not feel slighted if their requests for support can be only partly satisfied.

Rabbani is no autocrat, and his reluctance to crack down on unruly subordinates and his tendency to

procrastinate over tough decisions have sometimes promoted factionalism.

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Despite flareups of infighting, cooperation among Jamiat groups is generally growing. Improved communications, political awareness, and application of force have enabled skilled Jamiat commanders to develop spheres of dominance in northern and western Afghanistan. Ahmad Shah Masood has made the most extensive effort to spread cooperation, although Masood must often deal with strong rival insurgent groups as well as with intense Soviet pressure. In Balkh Province, Malawi Alam Khan has been trying to rebuild the strong organization that Zabiullah Khan had developed before his death in 1984. In Herat Province, Jamiat leader Ismail Khan has maintained an extensive organization. We believe the three commanders exchange personnel for training, exchange letters, and communicate indirectly through the Jamiat office in Peshawar. The Balkh and Panjsher insurgents also communicate periodically by radio.

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Rabbani's Relations With Other Insurgent Leaders

Rabbani—long a proponent of closer cooperation among the insurgent groups—pushed for formation in May 1985 of an alliance of the seven major moderate and fundamentalist groups. His moderate views and pragmatism will make him an effective spokesman for the alliance for three months starting in April.

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In our view, Rabbani's political savvy is considered an asset by fellow alliance leaders. In January 1984 he was designated by the alliance as spokesman at the meeting of the Islamic Conference Organization. When trying to decide last year the order in which

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leaders would serve as alliance spokesman, the others wanted Rabbani to serve his term in November 1985 to coincide with the UN General Assembly's debate on the Afghan issue. [redacted]

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Rabbani has succeeded in maintaining relatively correct relations with the three moderate insurgent groups in the alliance. [redacted]

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[redacted] Rabbani respects Sibghatullah Mojadedi, leader of the Jabha-i-Najat-i-Milli, but that the weakness of Mojadedi's forces and the corruption of Mojadedi's family impede closer ties. Although Rabbani has had little personal contact with moderate leader Mohammad Nabi Mohammadi, head of the Harakat-i-Inqilab-i-Islami, he consulted with Mohammadi on the choosing of a successor to slain Jamiat commander Zabiullah Khan, despite rumors that Harakat fighters were responsible for Zabiullah's death. [redacted]

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[redacted] Rabbani has had sometimes rocky relations with fellow fundamentalist leaders Abdul Rasul Sayyaf and Gulbuddin Hikmatyar, who heads one faction of Hizbi Islami. [redacted]

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[redacted] In recent talks with US officials, Rabbani said that Saudi backing and money were the only reasons Sayyaf remained in the alliance. Rabbani's relations with Gulbuddin have been marred by clashes between their groups inside Afghanistan. [redacted]

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Outlook

Rabbani's reputation and personal skills will, in our view, enable him to contain serious factionalism within the Jamiat and help maintain Jamiat's position as the dominant insurgent group. Rabbani's reluctance to crack down on dissenters and rein in headstrong field commanders probably will hinder the group's operational capabilities from time to time. [redacted]

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Near East and South Asia Briefs

Libya	More Aid for Sudan <input type="text"/>	25X1
	<p>Libya continues to provide military and economic assistance to Sudan. The US Embassy in Khartoum, on the basis of sources of varying reliability, says that Libya has moved as many as 300 trucks filled with food and military supplies to western Sudan to aid government efforts to dislodge rebel forces. In addition, the US Embassy says Tripoli probably will supply up to 100,000 metric tons of crude oil this year, although the terms of the agreement are not yet settled. Unlike the 300,000 metric tons of free oil Libya supplied last year, the new oil may be in barter for Sudanese goods and services. Qadhafi's largess is a ploy to increase Libyan leverage in Sudan, and he probably will demand that Khartoum put distance between itself and the United States and Egypt and ask for Sudanese support for Libya's position in Chad to keep aid deliveries on track. <input type="text"/></p>	25X1
Tunisia	Borrowing Again <input type="text"/>	25X1
	<p>Tunisia's growing foreign exchange gap has pushed the government to seek \$175 million on the Eurodollar market, the first borrowing in 18 months. Moreover, Tunisia's financial troubles may be aggravated by Prime Minister Mzali's replacement of the governor of the Central Bank with a less competent manager, according to the US Embassy in Tunis. Although loan terms of 0.5 to 0.63 percentage points over LIBOR indicate favorable views of Tunisia's creditworthiness, the new loan probably will be insufficient to cover the projected financial gap of at least several hundred million dollars caused by low oil prices and drought this year. With a foreign debt of \$5 billion and an already troubling debt service ratio exceeding 25 percent, Tunis will have to cover new financial needs by making hard choices between development priorities, taxation, and lower domestic consumption. <input type="text"/></p>	25X1
Countertrade	Massive Losses on Iranian Oil Barter <input type="text"/>	25X1
	<p>Oil barter—mostly with Iran—produced losses of at least \$120 million in 1985 for an Austrian firm, Voest Alpine Intertrading (VAIT), one of the world's largest barter companies, according to press reports. Iran, which probably barter more than any other country in the world, concluded a deal in 1985 to barter \$2 billion of Iranian oil—the price of which was fixed at the time the contract was signed—for food and machinery. When the price of Iran's oil fell, VAIT earned less on spot market sales. To recoup, the company raised the markups on its exports to Iran, but Iran responded by reducing the amount that it imported. Furthermore, the company could not recover anything from the escrow account since the contract provided that any unused balance be automatically transferred to Iran at the end of the year. <input type="text"/></p>	25X1

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As a result of the losses, all board members of the company were replaced, some may face charges of criminal negligence, and the company will be reorganized. Although VAIT's losses were unusually high, the company's problems are similar to those encountered by other Western countertraders—accepting oil that they cannot use and whose value can decline rapidly before it can be resold, and dealing in a specialized market without the necessary expertise.

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