

Saudi Arabia's \$250 billion growth plan

by Robert Dreyfuss

Together, the two largest oil-exporting countries, Saudi Arabia and Iraq, have embarked on a project to industrialize the entire Arab world and parts of Africa and Asia, using technology obtained in Western Europe, primarily in France and West Germany, and Japan.

The scope of the development programs outlined in the past two weeks by Iraq and Saudi Arabia is staggering. According to conservative estimates, at least \$500 billion of Iraqi and Saudi capital will be invested, either internally in the two nations or with Arab and other third parties. The current tour through the Middle East by French President Giscard d'Estaing, which has already resulted in a series of oil-for-technology deals between France and the Arabs, shows the extent to which Paris has assumed leadership.

But the intention behind the Arab development plans goes far beyond the mere building of factories and industrial plant. That was underlined by perhaps the chief Arab architect of the current Arab development strategy, Iraqi President Saddam Hussein. In an interview with a Beirut newspaper March 2, President Hussein declared that the chief goal of Arab planners was an immediate upgrading of the cultural and economic standard of the Arab people, with the Arab world soon emerging as one of the major industrial powers of the world.

"Iraq wants a strong Arab nation," said Hussein. "It wants Yemen, for instance, to be like Iraq—and Iraq and Saudi Arabia to be on a par with the fifteen most advanced nations in the world."

He continued, "The confrontation with Israel is a cultural one. ... What the Zionists fear is a scientific mind and an economic base behind our guns and planes, and a scientific and cultural based behind our tanks. The Zionists have sabotaged Lebanon because it is an exam-

ple of an advanced Arab state which constitutes a cultural challenge to Israel."

To implement such a vision, both Iraq and Saudi Arabia have laid carefully the foundation for a summit meeting of Arab states to discuss economic issues. What is remarkable about the current approach is that it challenges directly the reactionary current associated with Muslim Brotherhood fundamentalism and the Islamic revolution of Iran, which opposes industrial development. Instead, the Arabs are heading for an unprecedented period of economic growth. Although the oil industry and related areas—petrochemicals, refining, and so forth—will be the centerpiece of Arab development plans, Iraq, Saudi Arabia, and the Gulf states intend to develop a fully-blown military-industrial complex on a high-technology basis. Not only these countries but also Syria have recently begun ambitious programs for development of nuclear energy.

According to Arab sources, the United States will be involved in only a tiny portion of the contracts and will supply only a fraction of the capital equipment. Saudi Arabia and Iraq intend to construct entire cities, from the ground up, using European technology.

Saudi 5-year plan

Earlier this week, Saudi Arabia announced the start of its next Five Year Plan—an expenditure of \$270 billion over the five-year period. As part of the plan, Saudi Arabia intends to create a series of petrochemical and refining plants, with pipelines and infrastructure linking new industrial cities on both coasts. Tens of billions of dollars will be put into constructing hospitals, schools, universities, and other facilities.

Deputy Planning Minister Faisal al-Bashir stressed that "our primary goal is to change a human being from illiterate to literate—to educate our people. How can you put a price tag on that?"

More than \$20 billion is already being invested into a major expansion of Saudi oil-producing capacity. At present, Saudi Arabia sustains a capacity of 9.5 million barrels a day, and by the end of 1980 will be able to sustain output of 10.5 million b/d. Within several years, that will increase to 12-13 million b/d. Together with Iraq, currently second in OPEC with production of 4 million b/d by the end of 1980, Saudi Arabia will produce by year's end fully half of OPEC exports.

The extent to which Saudi Arabia has been alienated from the United States was revealed by the results of the visit to the kingdom by U.S. Energy Secretary Charles Duncan last week. After Duncan's three-day visit, Saudi Oil Minister Zaki Yamani announced that Saudi Arabia will not cooperate with the planned U.S. "strategic reserve" oil stockpiling. Reportedly, Duncan's meeting with the Saudis were a total failure.

While distancing themselves from the "incalculable" Carter administration, Saudi Arabia has drawn increasingly close to neighboring Iraq. In February, the Saudis warmly endorsed Iraq's call to convene an Arab summit to discuss regional economic cooperation among the Arab states. According to Arab sources, the Saudis and Iraq have established an all-but-official axis for both security and economic development.

The Iraqi plan—called the "Pan-Arab Charter"—opposes the so-called Carter Doctrine for stationing U.S. forces on Arab territory as part of a U.S. defense umbrella over the Persian Gulf.

Among the plans under consideration are projects that involve nuclear-power plants and nuclear research facilities. In recent months, both Iraq and Saudi Arabia have launched national programs for nuclear development, in coordination with France. The French made it known last week that they intend to supply Iraq with high-quality enriched uranium for nuclear power, despite U.S. objections.

Both Iraq and Saudi Arabia are challenging the Muslim Brotherhood "fundamentalism" of Iran's Ayatollah Khomeini, whose movement is said to thrive by fomenting revolts against industrial progress. The announcement of the \$270 billion Saudi plan shocked observers in certain U.S. thinktanks who had been predicting that Saudi Arabia would be forced to cut back on its previous development strategy as a concession to fundamentalists. But the Saudi plan represents a literal doubling of its previous, \$142 billion development budget.

The fact that Iraq has emerged into the leadership of the new Arab economic strategy, as well as in the political field, ought to come as no surprise. The leadership role of Iraq coincided with two recent Middle East developments: the signing of the Camp David treaty and the Iranian Islamic revolution. Following the conclusion of Camp David, Iraq convened two pan-Arab meetings to organize an Arab united front against Egypt, and because Iraqi diplomacy had succeeded in placing Baghdad in a good position relative to each Arab country, the Iraqis emerged as a mediator in several inter-Arab disputes.

But where Iraq stood alone—initially—was in regard to Iran. From the start of the upheaval in Iran, Iraq was at first cool and then bitterly hostile to the regime of Ayatollah Khomeini and the Muslim Brotherhood. While the Syrians, the PLO, and other Arabs tended to praise the revolution in Iran, Iraq forthrightly condemned it and demanded that other Arabs do the same. Publicly, Baghdad correctly said that Khomeini and his aides were agents for the Anglo-American intelligence services and Israel; privately, Iraq is known to have begun feeding

weapons and other aid to anti-Khomeini rebels inside Iran.

The turning point was during the summer of 1979. Following a brief government crisis and somewhat exaggerated rumors of an attempted coup d'état, President Saddam Hussein effected a major power play in replacing then-President Ahmed Hasan al-Bakr, who was ill, and taking the reins of power himself. Within weeks, hundreds of Iraqis were rounded up and arrested, and after trials several dozen were executed for treason. Those arrested included two categories of people: agents and sympathizers inside Iraq of Khomeini and the Muslim Brotherhood, especially from Iraq's substantial Shiite Islamic population, including those who had collaborated with Khomeini during his 16-year-long stay in Iraq after his exile by the Shah in 1963; and communists and leftists, especially supporters of the dissident Kurdish movement that has long plagued Iraqi governments. The purge of Iraqi communists, which had begun as early as January 1979 after the Iraqi Communist Party had tried to infiltrate its members into the armed forces, caused a break in the ruling National Front, with the Arab Baath Socialist Party expelling its Communist partners.

During this period, Iraq began developing closer and closer ties with both Saudi Arabia and France. A projected Syrian-Iraqi union fell apart, due in large part to differences between Iraq and Syria over Iran, but the Iraqis gained influence and stature all over the Arab world, ending a ten-year period as outcasts. Increasingly Baghdad turned to France not only on political and economic questions, but for military supplies as well.

A Pan-Arab Charter

The following is the text of the "Pan-Arab Charter" proposed by Iraqi President Saddam Hussein on Feb. 8.

IN THE NAME OF GOD

THE MERCIFUL THE COMPASSIONATE

Under present international circumstances and the possibility of their future development, and the serious potentialities involved, which might hamper Arab national sovereignty and security, on the one hand, and peace and security of the world on the other;

And in response to the necessities of national responsibility towards the Arab nation, as people, territory, civilisation and heritage;

In line with the principles of the Non-Aligned

Movement, Iraq finds itself obliged to take the initiative to promulgate this Declaration to serve as a charter for the regulation of nationalist relations among the Arab states in the first place and an obligation by the Arab Nation to countries neighboring the Arab Homeland which declare respect for the Charter and abidance by it, in the second place.

The Declaration comprises the following principles:

1. Rejecting the presence of armies, military forces or any foreign forces and bases in the Arab Homeland, or facilitating their presence in any formula or under any pretext or cover, and for any reason, with any Arab regime not abiding by this principle to be boycotted politically and economically and its policies to be resisted by all available means.

2. Banning recourse to the utilization of armed forces by any Arab state against any other Arab state, and settling any disputes that might arise between the Arab states by peaceful means under the principles of joint national action and the supreme Arab interest.

3. The principle mentioned in (2), above, shall apply to the relations of the Arab Nation and Arab states with the nations and countries neighboring the Arab Homeland. Naturally, as you know, the Zionist entity is not included, because the Zionist entity is not considered a state, but a deformed entity occupying an Arab territory. It is not covered by these principles.

Thus, recourse is not permitted to the utilization of armed forces in disputes with these countries except for self-defence or defending national sovereignty against threats that might encroach the security of Arab states and their vital interest.

4. Arab states shall, all together, embark upon solidarity against any aggression or violation by a foreign party of the regional sovereignty of any Arab state, or launching of an actual state of war on it. These countries shall launch a joint retaliation to such aggression or violation to foil it by all means and techniques, including military action, collective political and economic boycott and in all other fields necessitated by national interest.

5. Confirming the abidance of Arab states by international laws and conventions concerning the utilization of territorial waters, air, and land by any country not in a state of war with any Arab state.

6. The Arab states shall avoid international disputes and warfare, and abide by total Non-Alignment to any party to such disputes or war, unless any party of the dispute or war has committed a violation on Arab territorial sovereignty and the firm rights of the Arab coun-

tries guaranteed by international laws and conventions. The Arab states shall refrain from having their military forces participate in full or in part, in any military wars or disputes in the area and outside it on behalf of any foreign country or party.

7. The Arab states shall undertake to establish developed and constructive economic relations among them, with a view to providing and promoting a joint basis for Arab economic reconstruction and development and Arab unity. The Arab states shall avoid any conduct that might cause damage to such relations or impede their continuance and development, regardless of differences among Arab systems and such marginal political differences as might take place among them, so long as the parties concerned are abiding by the principles of this declaration. The Arab states shall abide by the principles of national economic collaboration, with the economically solvent Arab States undertaking to contribute all forms of economic assistance to the Arab countries in such a way as to preserve them against possible dependence on foreign powers, hence a possible encroachment on their national independence and will.

8. Iraq, as it presents the principles of this Declaration forward, confirms its preparedness to abide by them vis-à-vis any Arab state or any party abiding by them; Iraq is prepared to discuss the Declaration with the Arab brethren and listen to their remarks about it, so as to reinforce the effectiveness of its principles and consolidate its implications. Iraq also confirms that this Declaration does not constitute an alternative to the Arab League Charter or the Treaty on Joint Defence and Economic Cooperation between the Arab League states. On the contrary, Iraq considers the Declaration as a consolidation of the Charter and the Treaty, and a development of both of them to be consistent with the emerging international conditions and the dangers confronting the Arab Nation and the national responsibilities involved under present and future circumstances.

Great Iraqi people! Masses of the glorious Arab Nation everywhere in the Arab Homeland!

Iraq, while putting forth this Declaration proceeds from its national responsibility which outweighs any self or regional interest. As we address this Declaration to Arab governments, being the parties responsible for its approval and for abiding by its principles, we profoundly believe that the principles of this national Declaration can only be achieved into a charter for Arab relations through the struggle of Arab masses and through their support because it is bound to secure their fundamental rights, meet their national aspirations to liberty and independence, and facilitate Arab unity.