

BAHRAIN

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Constitutional Rule Provides Security in the Gulf

Since the Kuwait was occupied by the Iraqi forces in 1990, issues of legality and legitimacy of the style of government in the Gulf states have been extensively debated. The crisis led to a feeling of insecurity within each of the six countries forming the Gulf Cooperation Council (GCC). People have, for the first time, felt things were not going on well for them and their countries, not because of inherent weaknesses in the economy or manpower, but because of the despotic nature of the regimes governing those small states. Indeed, people have not been marching in the streets of the capitals of the Gulf states, but that was due more to the oppressive nature of the regimes than lack of popular appetite for a serious political change. Feelings have been suppressed for fear of inhumane treatment by the security forces which, in some of these states, outnumber the armed forces.

It has always been assumed that the Gulf states enjoy a state of calm unparalleled by other Arab states. This is partially true. The reality is that the lack of political freedom has led to a gradual shrinkage of the popular desire to participate in political life. This trend was reversed after it had become clear that the absence of the people's role in the running of their affairs had only led to fatal errors by their leaders. For the last two and a half years many calls were made in the Gulf states for political reforms to enable the people to take part in the political life. Moreover, campaigns were launched to stop the maltreatment of political activists advocating reforms in the system. The issue of human rights violations was raised in many quarters inside the region and on the international level. International human rights organisations reported extensively on the ill-treatment of political suspects in countries such as Bahrain and Saudi Arabia.

What is at stake here is the fate of the political reforms programme called for by the international laws and advocated by international bodies. So far, little has been done by the rulers of the Gulf states and the annual summits of the GCC have, so far, failed even to discuss the issue seriously. There is a deep-rooted myth that the present system of government in the Gulf is the optimum given the circumstances and norms and traditions of the region. This is certainly a misleading justification which cannot stand for examination. The new generation of intellectuals and young men are of a higher calibre in their understanding of the situation than their predecessors and their aspirations for a better quality of life cannot be denied. Political participation of the people is an inherent quality that cannot be prohibited by the regimes. A stable society is one in which the

individual feels he is part and parcel of his society, and that his political role is complimentary to those of the others.

It is wrong to continue denying people their rights in politics, free speech and sanctity of beliefs. It is even worse to defend any action that curtails these rights by the use of force. For many decades the Gulf region has been treated as an oil well which has no people with rights and human values. The prisons were often overcrowded by young men whose main crime is their commitment to defend their God-given rights. In this respect, the West has been wrong in supporting the tribal regimes of the Gulf which do not believe in any form of political participation, neither do they accept the idea of accountability by the people. For the last fifty years military and security personnel from Britain have been seconded to certain Gulf states to help them suppress the aspirations of the people. This trend is continuing and the existence of people like the notorious, Ian Henderson, at the top of the security service hierarchy, is a clear evidence of the extent of western help to the regime of Al Khalifa in Bahrain. Furthermore, the statement of the US Secretary of State, Warren Christopher, at the end of his visit to Kuwait last month, confirmed the notion that the US is lending unlimited support to the Gulf rulers regardless of their behaviour internally. Mr Christopher said the US had helped the Gulf regimes in the past and would continue to do so in the future. Although helping a friend in need is a legitimate act but when this friend does awful acts such as oppression of his own people and denying them any role in politics, it becomes incumbent upon the superior friend to curtail his friend's excesses. The US government is therefore accused of propping up a regime which is neither democratic nor humane. This contradicts the basis on which the new US administration had addressed the nation and the world.

It is well known that the western help to the governments of the Gulf states is to ensure "stability", a notion which has many interpretations. However, the last few years have shown how this stability is a mirage as long as the present attitudes of the tribal regimes prevail. The people are the best guarantor of stability if they are given a role in the running of their affairs. Indeed it is the duty of the natives to act towards the enactment of democracy, but they have often been betrayed by the West whose leaders still prefer puppet regimes to rule with a despotic style than allow popularly elected regimes. However, the people of the Gulf have not indicated their insistence on a fundamental change of government style. What they have

been asking for is a change in the attitudes of the governments towards the people in such a way as to allow popular participation through an electoral regime. Constitutional relations are often a good way to stability. In Bahrain, constitutional life proved a source of stability in the country in the first half of the seventies. Problems erupted in the years after when constitutional life was abandoned and a state of emergency was imposed.

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Henderson Goes Public

The Al-Khalifa are not any more ashamed of the hard fact. Without British officers they can not survive. So the press went ahead and published the story of Jim Bell who retired in December 1992 after heading the police and public security forces since 1965. The question was then raised: who is the successor? Would it be Ibrahim bin Mohammed Al-Khalifa, a member of the royal family, who has acted as deputy to Jim Bell?

The answer was no. This post is of extreme importance that even members of the royal family are not guaranteed. It must remain British. The Police force was established by a British in the twenties. The intelligence was established by the British in 1957. The British Jim Bell headed the Public Security Directorate. Under this directorate came several other departments such as: anti-riot police, special units, coast guards, prisons, traffic, police stations, civil defence, the CID (Criminal Investigation Directorate) and the most-hated State Security Investigation Directorate (which incorporates the SIS: Security and Intelligence Service). The latter assumes overall responsibility for anything connected with opposition to the feudal Al-Khalifa rule. Naturally it is a British who always headed this organisation. Ian Henderson is the head of SIS since 1966. Henderson is responsible for the death under torture, for killing in the street, for deportation, for ill-treatment and for terrorising the people of Bahrain.

Now Jim Bell has retired, Ian Henderson took over. This is despite all the rumours that he was to retire since the early eighties. Al-Ayyam newspaper of 28 January 1993, published the news regarding the graduation of some officers. A picture of the Interior Minister and Ian Henderson together with the graduates was on show. The official capacity of Ian Henderson was stated as "Acting Director General of the Public Security".

Saudi Arabia's Designs on Fellow Gulf States

Riyadh's record in dealing with Gulf rivals and adversaries is certainly not a bright one. Kuwait, the U.A.E., Oman and more recently Qatar had a taste of that. Yemen is preparing for a potential Saudi aggression. The Saudis want control and obedience. Officially, the Saudi regime recognizes fellow members of the Gulf Cooperation Council (GCC) but the countries do not necessarily exchange diplomatic missions. The six-nation GCC was established in 1981 through Riyadh's efforts. However, in practice, the Saudis could not tolerate witnessing the relatively small neighbours as sovereign countries. A close analogy of Saudi's behaviour in the Gulf is that of Russia's attitude towards the smaller members of the Ex-Soviet Union. It is not surprising that Riyadh has used force and threats to achieve undeclared objectives.

Some illustrations are warranted. As recently as September 1992, Saudi forces attacked border posts in Eastern Qatar, occupying lands and killing soldiers. Unlike other Gulf states, fearful Qatar publicized the case in a clever move to fend off further Saudi attacks. The Qataris likewise made their outrage of the Saudi regime widely known by boycotting several GCC ministerial meetings; and threatening a boycott of the 1992 Abu Dhabi summit. Qatar's ruler eventually attended the summit but only after winning a pledge from the Saudis to stop fresh aggression and engage in border demarcation talks. Egypt played the role of the mediator. Cairo likes to use every opportunity to make its influence and significance felt in the region.

Kuwait is a special victim of Saudi Arabia's hidden and barely publicized crimes and aggression. Following the US-led war against Iraq, Saudi forces occupied pockets in Kuwait notably the island of Umm Al Maradem. Overall, the Saudis occupied some 14 miles of the Kuwaiti territory in the course of the Gulf crisis. It is not incidental to note that the commander of Desert Shield and Desert Storm indirectly mentions Riyadh's bad intentions towards the other Gulf nations.

The Saudis ruthlessness is not a secret. In his book: *It Does Not Take A Hero*, there is the story of Saudi's King Fahad urging the now retired General to bomb and totally destroy Al Khafji when the Iraqi forces briefly occupied the town during the war. General Schwarzkopf refused to decimate the town despite repeated calls from the Saudi monarch. Schwarzkopf reveals in the book that he was shocked by Fahad's request. The book further shows that at the start of the crisis neither the Americans nor Saudis had the intentions of liberating Kuwait. But later when former US President Bush decided to launch an attack on Iraq, the Saudis could not refuse.

The U.A.E. is playing the Saudi game. Abu Dhabi's highly publicized dispute with Iran over Abu Musa has Saudi marks.

The argument is that Saudi Arabia occupied pockets of U.A.E. border lands early in 1992. Consequently, the Saudis promised Abu Dhabi full support if the U.A.E. forgoes the Saudi subjugation and instead raises the case of Abu Musa. Observers in the region were surprised

by U.A.E.'s unusually aggressive behaviour over the Abu Musa issue. Abu Dhabi's hostile stance has even angered the sister emirate of Dubai which has special commercial ties with Iran.

Oman has an accord with Saudi Arabia. Following the GCC summit in Muscat in the late 1980s, King Fahad put his signature on a border demarcation with Sultan Qaboos of Oman. So far the Saudis have kept their word.

So far Bahrain has been more than a slave of Saudi Arabia. Nonetheless, privately the authorities express fear of a possible Saudi incursion into Bahrain. Such persistent fears partly explain Bahrain's insistence on strong military ties with both Washington and London and increasingly Paris (Between now and then the Government agents raise the fear of a possible merging with Saudi Arabia if public discontent continues rising; the authorities know that Bahrainis do not like the Saudi regime). Already, the Saudis occupy several Bahraini islands notably Abu Sa'afa; Riyadh has only agreed to share Abu Sa'afa's offshore oil output with Manama. Still, the Saudis are not ready to make the oil sharing an official agreement spelling out the 50% ownership of Bahrain. The Abu Sa'afa oil will become especially important when Bahrain's inshore oil production ends in just over one decade. Then the Saudis would place very tough conditions on Bahrain particularly on the religious and social matters in return for oil. There is no clearer way to understand Bahrain's fear of Saudi Arabia than that of treatment granted to visiting Saudi royal members. For example, when Saudi Arabia's Defence Minister Sultan visits Bahrain, the Amir himself greets the royal though the diplomatic protocol calls for a welcoming by the counterpart in Bahrain.

The Saudi regime engages in state terrorism but leaves no imprints. The Yemenis believe that Saudi Arabia is primarily responsible for the wave of assassinations and bombings in an attempt to destabilise a proposed democratic framework for ruling Yemen. Yemen is feeling the heat. A good portion of today's Saudi Arabia belongs to Yemen. The western provinces of Assir, Nejran and Jeezan must return to the Yemenis but the Saudis have a different story. Riyadh has at times refused to talk about the issues though recently it reversed course. Saudi press run daily articles and news reports hostile to Sanaa to an extent of calling for revolt and civil disobedience. Still, there is persistent fear that Saudi Arabia might attack Yemen using its massive high-tech military hardware; such a scenario is likely to take place if Egypt goes into war against Sudan, a dispute that is receiving feeding and support from Riyadh. A Saudi attack on Yemen may be inevitable. The Yemenis at the end would be forced to sign agreements with Saudi Arabia relinquishing their rights to the lands currently occupied by the Saudis. The border problems with Saudi Arabia is a hot issue in Yemen. It is thought some of the armed incidents in that country are linked to this dispute. Whether this is true or not, relations between the two countries are not in a healthy state.

SIS in Action

Interrogation with Bahraini youth intensified throughout the past three months. Those arrested and interrogated are humiliated and ordered to work as informers or face an unknown future. A journalist, Mr. Abdulla Abdulrasol Saif, together with Mr. Habib Husein, Mr. Hadi Al-Mosawi, Mr. Mansoor Hamadah, Mr. Hamza Al-Hawwaj and Mr. Baqir Al-Mahroos were arrested and questioned about their day-to-day activities. They were subsequently released.

A strange move was reported on 26 January from Jaw Prison, where the authorities there have inspected all the cells and political prisoners before photographing each one of them. It is known that Mr. Hashim Al-Mosawi has gone on hunger strike protesting prolonging his imprisonment after it expired on 1 November 1992. Another political prisoner, Mr. Abdulla Abbas Majid, has ended his term on 3 January, but has not been released. The religious scholar at Al-Khawajah grand mosque in Manama, Sheikh Ali Salman was interrogated by the SIS. They demanded from him to stop preaching "unwanted" sermon and asked for his support and "cooperation" with the government. He replied that before cooperation starts, the government must implement the constitution and allow for free election.

It is astonishing to see how the British-officered security service in Bahrain intensifying its anti-human rights measures while the World at large is passing through a phase of democratisation and political liberty.

One of the religious premises black-listed by the SIS for its challenging religious procession was engulfed in fire. The assessment made by the owners revealed strange events leading to the fire, while the authorities ignored the whole matter.

Constitutional Rule Continued From Page 1

The government of Bahrain has attempted to divert the attention of the people away from politics by forming a "consultative council" whose members were selected by the Amir. Two months have now passed since the inception of the Council, and the people of Bahrain are unanimous in rejecting this step if it is meant to be a permanent alternative to an elected parliament. There is a total rejection of this step by almost all sectors of society, and in the words of a leading political figure, "the government has done a great service to the people by uniting the whole nation against the nominated council, a step which could have not been achieved so readily." The virtual unanimity in rejecting the governmental alternative is a sign of great hope towards a patriotic union of native forces against the ill intentions of the Al Khalifa.

It is now time to effect a change of policy towards the regimes of the Gulf states. The general tendency is towards more actions to put pressure on them to succumb to the popular demand and allow a gradual transformation towards a more representative regime. The people will continue their struggle to achieve this but the West has a duty not to side unquestionably with the forces of suppression and violation of human rights.

Armed To the Teeth, But No Security

What is the purpose of the stock-piling of weapons in the Gulf region? Many of us in the states of the Gulf are wondering what is the point of buying tanks, aircraft, missiles ... etc.? Is it to fight an external invasion? or to fight one another?

Prior to the Iraqi invasion of Kuwait in August 1990, the GCC states had already been armed to their full absorbable capacity, with latest hi-tech weapon systems. At that time the six states had over 500 combat aircraft, over 2000 main Battle Tanks and thousands of artillery pieces. Yet, within hours, Kuwait was occupied and the other states needed the rest of the world to come to their aid. The GCC weapon arsenal was not of less significance than that of Iraq in both numbers and quality.

However, it became clear from the start of hostilities that the Gulf states were unable to stand an external aggression. So, why do we buy all these weapons?

Since the Gulf war ended, the amount of weapons sold to the region is incredible. Over US\$ 15 billion worth of equipment have been purchased by the Gulf states. These included French-made tanks to the UAE, Command and Control systems to UAE and Kuwait, US Abrams tanks to Kuwait in addition to Armoured Fighting vehicles, Tornados, to Saudi Arabia and tanks to Saudi Arabia and Oman.

The Gulf is now the most lucrative arms bazaar in the world, and the whole region is certainly over-armed. The strategic wisdom behind all these armament is unclear. The economic reason for the exporting country is obvious. But in the long term, the stock-piling of weapons has dangerous consequences. It could, for example, turn local and low-profile conflicts into an all out war. It could tempt Gulf tribes to resort to arm to solve their border disputes. Above all, it would certainly make the region hostage to a military mentality. Any claim that an increase in the size of their armed forces would make the Gulf states more secure is a folly, for many reasons.

1. The security of the Gulf requires internal political stability, and this can only be achieved if the rulers of the Gulf states began to reform their autocratic regimes and improve their appalling human rights records. No amount of military hardware would compensate, internally, for political participation, and power-sharing. The experience of the Shah or Marcos regimes, or even the East European govern-

ments prior to the democratic revolution prove beyond any doubt that the military arm can easily be twisted by popular unrest.

2. The Gulf states are not united, and their armed forces are not integrated in a manner to provide collective security against external threats. On the contrary, some of them may go to war against each other any time over an oasis here and an island there. Only four months ago, Qatar and Saudi Arabia clashed over the border. Bahrain and Qatar are in a military stand-off against each other over Hawar islands. Kuwait showed some anxiety towards Saudi ambitions in the Neutral Zone, and so on. It has been reported that, when Western experts suggested

to the GCC 11th summit (December 1991), to enlarge the Peninsula Shield Force to 100,000 men, with a unified command, the Saudis rejected the idea outright. So, the chance of unifying all the Gulf armed forces in one strong local army is very slim. Even the system of Communications, Command, Control and Intelligence, the so-called C3I, which is very essential if we are to have an effective air cover for the region, does not exist. Not only the technologies employed are not very compatible but more importantly, there is no trust amongst the ruling tribes in the Gulf.

3. The external security of the regional, like the internal, is in need of political and diplomatic initiatives. The Gulf diplomacy should start looking inward, into the region. What we need is sensible and sensitive policies towards our neighbours, Iraq, Iran, Yemen, Jordan, Syria and others. Like the absence of harmony in each state, the absence of goodwill and fairness in regional politics will only cause instability.

We cannot fight a war every other year. If a major threat befalls the region, the international community in the form of the United Nations could deal with it. But things should not be allowed to get out of hand in our relations with our neighbours.

If the need to ensure security is not the reason for these arms purchases, what is? It is a question which requires not only the Gulf rulers' response, but the Western powers too. We can understand the need to export weapons, and save jobs in the recession-stricken economies, but the West will easily be exposed to accusations, not only of hypocrisy, but also of callousness. Dumping arms in an unstable area which is ruled by undemocratic regimes is not a sensible policy in the long run. The arming of Saddam during the Iraq-Iran war is one example. The West must stop and think carefully about this strategy. It is very dangerous and could have catastrophic consequences.

What we have in the Gulf is a cocktail of explosives. On one hand, we have a tiny population (about 15 millions) which is oppressed and very unhappy with its rulers. Also, we have six tribes in continuous conflicts with each other. On the other hand, we have hundreds of modern warplanes, thousands of tanks, missiles and other artillery pieces piled up, and unused. To continue adding to this cocktail by selling arms and turning a blind eye on human rights violations is a historical crime.

Latest Arms Deals With The Gulf

1. Last month, France sold 436 Loelcer Main Bale Tanks to the United Arab Emirates. The French won against competition from the British Challenger-II and the US-made Abrams. The deal is worth US\$ 3.5 billion.

2. The US Westing House Company sold Command and Control Electronic System to the UAE, worth US\$ 300 million.

3. The United Kingdom sold 18 Challenger-II MBT to the Sultanate of Oman. The deal is worth US\$230 million, and was signed by Mr. John Major last month.

4. Mr. Major also signed a deal with Saudi Arabia worth US\$ 4.5 billion, to sell the Saudis 48 Tornado aircraft.

5. Earlier, in January, the Americans announced a deal with Kuwait which included amongst other things; 256 tanks (Abrams), 46 AFV support vehicles, M-88, 125 armoured vehicles, and hundreds of guns, howitzers and communication system.

6. In January also, the US sold Patriot surface-to-air missiles to Saudi Arabia. The sale is worth US\$ 1.03 billion. It included 13 launchers and 761 missiles. The system scored modest but unprecedented success in intercepting the Iraqi Scud surface-to-surface missiles.

The Gulf Arms market is said to be worth US\$ 60-70 billions, which makes it second to none in the world. The population of the GCC states is not more than 15 million. Therefore, for every citizen in the Gulf the West provides US\$ 4 million worth of military equipment every year. This is equivalent to having a military budget for Britain in the region of US\$ 240 billion, which is ten times the actual budget.

Bahraini Youth Wash Cars In Kuwait

The despair of Bahrain's youth has pushed them to pour into Kuwait in search of labour of any type after having failed to secure a living in their home. Unemployment is running at around 30%. Thanks to the Al Khalifa government, Bahraini youth are now washing cars in Kuwait and performing all sorts of "low grade" labour. This is now quite wide-spread in Kuwait and is continuously reflected in the local press. Cornered by press report, the Bahraini embassy in Kuwait issued a statement urging Bahrainis not to embark on such activities as washing cars.

Sawsan Al-Sha'er in her column in Al-Ayyam daily of 28 November 1992 urged the government to implement a rescue package for employing 15 to 20 thousand youth looking for work in the job market which is full of 180,000 foreigners. The Labour Ministry replied to Ms Al-Sha'er on 8 December saying that the number of the unemployed is 13,000 and the foreign work force is 132,000 only. Furthermore, the Ministry stated that "Bahraini youth do not accept to work as hair-dressers, tailors, cleaners, operators, shop assistants etc...". This is not

true. Bahraini youth are not able to compete with the cheap labour imported from the Indian subcontinent and the Far East, and that's why they travel all the way to Kuwait to wash cars.

Al-Mawakif magazine joined the debate on 11 January 1993. Its cover story spoke of 20,000 citizen unemployed and 138,000 foreign work force. These figures were reported by Mr Sa'ad Sultan Al-Ali, the Public Relations Officer of the General Committee of Bahraini Workers. The magazine also interviewed one unemployed aged 19 years and is the main earner of a large family. He has been looking for any type of work since 1991.

Bahrain's Desperate Moves to Attract Foreign Investments

A famous joke in Bahrain's business circles goes that an Australian company has written to three Gulf states regarding conditions for foreign investments. Asked about prerequisite for initiating business, Saudi Arabia stipulated fifteen terms; then came Bahrain's turn which stated only five requirements; last was Dubai which asked the investor to place conditions essential to start business in this politically conservative but socially liberal emirate. The company certainly went to Dubai. It is against this backdrop that one has to evaluate the Government's aggressive drive to entice foreign businesses to invest in Bahrain's shattered economy. There is a sense of urgency on the part of state planners, most of whom are not Bahrainis. Outside investments appear to be the regime's only hope to inject life or partially revive the economy and produce badly needed jobs.

It is the investors' markets. All state entities are required to do whatever it takes to inspire investments. Gone are the days when foreign companies were restricted to only 49% of ownership stake. Currently, investors have the full legal right to be 100% owners of the businesses. They are totally free to keep their profits in Manama (capital) or repatriate them home; no questions asked. The full ownership policy would remain intact because in Bahrain a reversal of policy is next to impossible.

To further illustrate, one reason why Bahrain is keeping the dinar and dollar exchange rates fixed is that the authorities do not want the investors to think that Manama changes tactics and policies. In the past few years, the U.S. dollar has lost some 50% of its value against the yen and mark while zero change against the dinar.

Officials privately argue that investors were given certain promises prior to investing in Bahrain. Consequently, it is not the people's beliefs but the investors' desires that dictate policies. Hence Bahrain's fashionable witty night life. Alcohol is available everywhere and sold with little regard even to age. Those looking for the business of hookers need not worry while in Bahrain. Such practices are an affront to noble norms and the society's beliefs; so be it argue the rulers. What matters is making money, creating some jobs and remaining in power.

Bahrain's badly managed economy is not a secret. Visitors, leaving the airport complex towards the city centre (no escape must go through it) would tempt to think of Manama as mini-Manhattan, New York. Granted the buildings are plenty and beautiful, most of which belong to financial institutions. But one needs look beyond the warm shores and the skyline to appreciate the dilemma facing the country under Al Khalifa who have been ruling the country for some 210 years.

There are various problems facing Bahrain. Critical problems include: an annoying and worsening unemployment levels; crippling budget deficit; near stop of grants from neighbouring countries; mediocre real growth in the gross domestic product; widening trade deficit and above all the few years remaining for producing oil. Investors are particularly needed to help offset the economic difficulties facing the nation. The Al Khalifa believe that foreign

investors can make a difference. As to the demands of the investors, the regime's response is: you name it, we will have it ready for you. Manama has become crazy about attracting foreign investments from anybody including South Africa (announced publicly) and Israel.

Finding a job is a nightmare. Graduates, or those with BS degrees, normally experience long delays prior to finding a job. In 1990, the Bahrainis totalled some 336,200; of these only 90,100 were in the labour force. Thus less than 27% of the nationals belonged to the labour force. One reason for this is the high percent of youth and the fact that many have given up hopes of finding a job. Percent of people in the work force divided by the whole population is lowest in Bahrain than in any other country in the world. According to government statistics (see Al-Ayyam of 8/12/92, Sawsan Al-Sha'er column) there are 13,000 citizens unemployed versus 132,000 foreigners working in Bahrain. Al-Mawaqif magazine (11 January 1993) spoke of 20,000 unemployed and 138,000 foreign workers. Privately, top officials acknowledge 25-30% jobless rate.

Foreigners represent more than 55% of the total labour force, by all means high for a nation not having enough jobs for its own people. True Bahrain will always need professionals; true too that Bahrainis do not like some jobs though this phenomenon is on the decline. But one main reason behind the presence of the many expatriates is that it is a business by itself. Members of the royal family and people with substantial money bring in many such low-skilled workers in the form of "free visa." These are low-skilled subordinates mostly from India, Pakistan and Bangladesh. The workers are brought in on the account of the sponsor; but they have to pay him a large amount of money consistently while in Bahrain. Many foreign labours are placed in very primitive conditions, crowded rooms. The rulers' distrust of the locals is also partly responsible for the presence of a huge number of expatriates. The bottom line to the rulers is continuation of power not the well-being of the subjects. Moreover, many of the expatriates do not really spend and hence provide little value to the economy. Worker remittances (sent home) are on the rise, standing at \$95.2 million in 1990 and \$101.4 million in 1991.

The government is allowing the influx of workers regularly. The regime has promised foreign investors that they can have access to low paid workers, hence the need to import manpower. Few months ago, the prime minister issued a decree ordering the Ministry of Labour to ease procedures of bringing in the expatriates. This contradicts the officially stated concern for the unemployed. For example, significant coverage is provided to cases where authorities arrest those not meeting criteria to work in banks; such that a spouse is employed as a secretary without having a job permit. Another example is press report on a proposal being studied and implemented by the authorities for providing cash to companies willing to employ Bahrainis. Many firms may like the concept. However, we doubt that the proposal would be implemented because Al Khalifa are known for taking and not giving

cash by competing with local businessmen and any possible "inward investment" faces the same destiny. Whatever said, Bahraini youth are with no jobs and many others are paid not sufficiently or commensurate with the relatively high cost of living.

Oil wells are drying slowly. Early next century Bahrain will run out of oil based on current production level. This is true for the inshore oil output only. Should the authorities decide to raise the production, an unlikely move, then the inshore oil will cease in a faster pace. Bahrain Oil Field injects life to the state revenues. The more significant offshore production will remain intact; but the problem there is that the Saudis have control over the wells and Bahrain could not be certain of Saudi Arabia's intentions. The Abu Sa'afa oil field is currently controlled by Saudi Arabia and sharing the output with Bahrain depends on how much more the Al Khalifa will succumb to Al Saud.

The budget deficit will be worsening. In 1992, the deficit was forecast to be some \$330 million or 20% of the total expenditures. The actual figure may be less as the authorities delayed various projects during the year.

No more tears for Bahrain. The 1992 budget forecast a U.S. \$50 million non-refundable grants from unspecified Gulf countries. Chances are that Kuwait, Saudi Arabia and the U.A.E. continue contributing this rather relatively small figure; what is more important is that of receiving investments from Kuwait and the U.A.E. in particular. The two neighbouring nations have substantial investments in Manama's business districts. The problem lies in enticing new investments. Both countries are not happy with Bahrain, especially after the 1992 call made by Bahrain's pro-Saddam prime minister for the restoration of ties with the "people of Iraq." The Kuwaitis felt offended. Still, both Kuwait and the U.A.E. are struck in financial difficulties stemming from international investments. The latest being the Spanish ventures for Kuwait and the collapse of the Bank of Commerce & Credit International (BCCI) in the case of the U.A.E.

Decline in non-oil exports. In 1990, Bahrain reported a trade surplus of \$18.4 million; in 1991, the amount was in a huge red of \$225.5 million. Also, petroleum exports fell by \$80 million while petroleum imports declined by only \$26 million; this is because the Saudis have reduced the discount amount provided to Bahrain to the crude oil sold and then transferred via the pipeline to Sitra, site of Bahrain's only (and very old) refinery. More importantly, non-oil exports dropped by nearly \$30 million; this is extremely for Bahrain has bleak prospects in the oil industry and the reverse should be true of the other category.

There are not many jobs available in the finance industry, Bahrain's pride. Only some 2,500 nationals are employed by the 150 banks and representative offices. Not many certainly. The fact that only few work in banks in absolute terms has forced the authorities to think of going after businesses needing massive human resources even though pay may not be good enough. Still, increasingly banks are leaving Manama partly due to regional rivalry, advancement in technology among other factors.