

affairs and to accommodate itself to that reality by accepting Arab offers to make peace based on the creation of an independent Palestinian state. The other Israeli option—the suicide option—is for Israel to decide now to prevent the development of the Arab world by wars and by the fomenting of Khomeini-style Islamic fundamentalist revolutions in the Arab world.

The Reagan administration must face this problem squarely. To support the intransigent policies of the Begin regime will mean that President-elect Reagan, as Carter before him, is throwing American support behind an Israeli policy fundamentally in conflict with basic American interests. On the other hand, to support the European-Arab strategy, Reagan will not only ensure American interests, but will guarantee Israel's best interests as well.

Which way Reagan will ultimately go is still unclear. Inside the Reagan camp, a fierce fight is raging over the extent to which Reagan should accommodate the Begin government and its policies. For example, Reagan adviser Richard Allen is reportedly prevailing upon the President-elect to agree to a tripartite meeting with Carter and Begin in an obvious effort to keep Reagan on the Camp David track. However, another Reagan adviser and possible choice for a cabinet post, George Shultz, is vigorously opposing such a meeting, insisting that there is no need to "trap" Reagan into picking up the Carter mantle on Middle East policy. Significantly, Reagan refused to meet with Begin during the latter's trip last week to the United States.

In a recent article in the *Jerusalem Post*, Washington correspondent Wolf Blitzer worriedly noted that in Reagan's large conservative base, the "Israeli lobby" forces, have little if any representation let alone clout. Blitzer predicted the emergence of a pro-Saudi bias as a result of the conservative composition of the Reagan constituency, and reported that Israeli officials are scrambling to somehow get in on the inside of the Reagan policy-making apparatus. The Israeli foreign ministry has dispatched David Kimche, a high-ranking Mossad intelligence agent with longstanding ties to British intelligence, to the United States to handle Israel's contacts with the Reagan transition team.

Because the Reagan team currently contains several political figures long associated with promoting Israeli demands at the expense of U.S. interests—figures such as Joseph Churba, Eugene Rostow, Henry Kissinger, and Henry Jackson—numerous Reagan supporters have expressed concern that Reagan will be unable to maneuver a course free of the constraints of the Israeli lobby. However, the expected exclusion of these figures from the inner circle of Middle East policy making over the next several weeks could be the first step by the new Reagan administration to deny from the Begin government the "special treatment" that, given Israel's actions, it no longer deserves.

France, Tunisia launch development initiative

by Dana Sloan

A little-publicized Oct. 26 agreement between France and Tunisia to set up an industrial investment bank with French, Arab, and Tunisian capital may be the single most important event in the several-year history of French President Giscard's proposal for a "trialogue." While this is not the first time that Arab petrodollars and Western technology will be brought together into industrial projects in the Third World, it represents a first institutionalization of the process.

The triologue, organized cooperation for industrial development between European, Arab, and African nations, has been the center for the past two years for a good deal of French diplomacy in those regions. However, as a result of frequent postponement of the decision to implement Phase Two of the European Monetary System—the phase which will inaugurate a credit-generating system that can rival the functions of the International Monetary Fund and World Bank—the triologue had threatened to become an empty phrase in the eyes of many of its expected and actual participants.

The Franco-Tunisian agreement was initialed during the course of French Premier Raymond Barre's October 24-26 trip to Tunisia, where he met extensively with his Tunisian counterpart, Premier Mohamet Mzali. It now provides the model for possible similar triangular accords in the future involving France and other North African, Middle Eastern, or continental African states. The bank is designed to finance Tunisia's Sixth Five-Year Plan, which goes into effect next year, and is intended to propel the country into Western living standards by the year 2000, a perspective which increasing numbers of African and Middle Eastern countries share, whether or not they have oil resources. This type of development program, as all partners in the triologue are quick to emphasize, represents the sine qua non of economic health, and therefore political stability and military security, in the developing-sector countries.

The triologue bank

Premier Mzali first proposed the creation of a bank to then-Foreign Trade Minister Jean-François Deniau and Foreign Minister Jean François-Poncet when they visited Tunisia on two separate occasions this summer. Preliminary soundings among Arab states indicated that Iraq would commit itself to financial backing for

the plan, a commitment which the continuation of the Iran-Iraq war could undermine. While a final decision by Iraq has not yet been made, Iraq is stepping up its development plans despite the war, and has asked Tunisia, now chairing the Arab League, to convene a conference later this year to draw up the blueprints for its ambitious year 2000 development program that would also extend into Saudi Arabia and Jordan.

The initial \$250 million capitalization of the bank will be 40 percent Tunisian interests, 30 percent Arab, and 30 percent French interests. The participating French banks will probably include the Banque Nationale de Paris, the Banque de Paris et des Pays-Bas (Paribas) and the Crédit Agricole, all of whom will be sending representatives to Tunisia later this month. Phase one of the project is expected to get off the ground during the early months of 1981—coinciding with the beginning of Tunisia's next five-year plan—and a second phase involving financing projects outside of Tunisia itself is currently under discussion.

The plan, which is still being worked out under the direction of Premier Mohamet Mzali, is intended to thrust the small nation of Tunisia into industrial development, creating 60,000 new jobs a year (for a total population of some 5 million), and doubling investment to the \$20-billion level. The large-scale industrial projects, will principally be in machinery plants, petrochem-

icals, and the electronics-computer sector, to be given priority by the new bank. France and Tunisia will also cooperate in agriculture to make Tunisia a regional food exporter (see communiqué).

Modern Islam versus fundamentalism

The program's architect is Premier Mzali, who intends to forge a national consensus in his profoundly Islamic country around his objectives. Questioned by African correspondent Jean-Marie Kalfleche in the Oct. 24 issue of *Le Figaro* about the apparent contradiction between Western and Islamic values, Mzali was emphatic: "I do not believe that I must choose between the Orient and the West. I am a Tunisian patriot." Mzali added, in a reference to the dark-ages cultists in Iran and Libya, that "the more we defend Islam in its modern aspects, the more we are perceived by the people as the defenders of the authentic values of Islam."

Mzali has more than one reason to forge a broad national consensus around his program. For Tunisia is one of the nations on Qaddafi's black list.

Wedged between Libya to its east, and Algeria to its immediate west, with Morocco lying just beyond, Mzali's Tunisia is a comparative oasis of stability in the entire North African region. Mzali's program points the direction for its neighbors.

The investment targets

The following are excerpts from the joint communiqué issued by French Premier Raymond Barre and Tunisian Premier Mohamet Mzali October 26:

... The Tunisian government expresses its happiness at France's contribution to the progress made in Tunisia during the last two development plans. The two premiers underlin[ed] the big effort which Tunisia should undertake during the third development plan, which demands the extension of cooperation and the increase of its diversity in a manner that will contribute to the growth of Tunisia's national income. . . .

In this framework the French side wishes to make a vital contribution to the financing of the investments of the third plan, and the French side reaffirms the will of the French government to strengthen the Tunisian

development efforts by increasing financial support for the expected investments, and especially by increasing the French state's assistance. The French government declares its agreement to create an investment bank whose capital is to be subscribed by Tunisia, French financial institutions, and a number of Arab parties. It will ask French quarters to establish this bank as soon as possible. . . .

The two premiers agreed, regarding agriculture and marine fishing, and Tunisia's attainment of food security, on the necessity to undertake joint actions to raise the level of food production in order to meet the needs of the domestic and foreign markets. They recorded their satisfaction with the Tunisian government's program to achieve a regional balance of social and economic development in Tunisia and particularly to begin the study and realization of development plans in northwest, central west, and southern Tunisia. . . .

They also believe that the new form of bilateral cooperation must develop in a manner which will permit Tunisia to strengthen its industrial capabilities, particularly in modern technology, which will require assistance from France.