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Folder Title: Travel briefs, Kuwait (01/05/1969-31/05/1969)

Folder ID: 1772514

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4540S

Series: Travel briefings

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: May 16, 2013

To cite materials from this archival folder, please follow the following format:
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THE WORLD BANK
Washington, D.C.

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Washington DC 20433
Telephone: 202-473-1000
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PUBLIC DISCLOSURE AUTHORIZED

Proposed Itinerary for Mr. McNamara's Visits
to Copenhagen and Kuwait

Wed., May 7 1705 Leave Washington on NA153
1800 Arrive New York-Kennedy (you will be met by Scandinavian Airlines
car to take you to Scandinavian Airlines Terminal)
2015 Leave New York on SK912

Thu., May 8 0845 Arrive Copenhagen (you will be met at airport by Mr. Muller,
Governor of the Bank, Permanent Undersecretary of State, Ministry
of Commerce). Go to Royal Hotel (distance airport to Hotel by
car about 20 minutes--10 kilometers).
1225 Government car will take you to Christiansborg Castle (seat of the
Parliament and the Ministry of Foreign Affairs) for a luncheon
hosted by Mr. Petersen, Minister for Technical Cooperation with
Developing Countries.
Immediately followed by a meeting under the chairmanship of
Mr. Muller
Around 1500 (Mr. Hauge advises you are free to wind up the meeting any time.)
Government car will take you to the Hotel and to the railway
station where representative of Bilderberg Meeting will arrange
for your transportation to Marienlyst

Sun., May 11 1050 Leave Copenhagen on SAS631
1210 Arrive Frankfurt
1415 Leave Frankfurt on AI112
2130 Arrive Kuwait

Tue., May 13 0815 Leave Kuwait on KU35
1015 Arrive Cairo
1335 Leave Cairo on BA203
1630 Arrive London
1800 Leave London on TW711*
2040 Arrive New York (you will be met by Carey car to take you to the
River Club)

Wed., May 14 1200 Meet with Mr. Howard Buhse, 8 Hanover Street (Hornblower &
Weeks-Hemphill, Noyes)
1215 Walk over to Bond Club lunch (Banker's Club, 120 Broadway)
1230 Lunch
1315 Speech (no question period)
1500 Leave New York for Washington via shuttle

* In case you miss this plane, you also have a reservation on AZ632 which leaves
London at 1945 and arrives N.Y. 22:25

KUWAIT

KUWAIT

5/11-13/69

Sheikh Sabah Al-Salim Al-Sabah, Ruler of Kuwait

Sheikh Jaber Al-Ahmad Al-Jaber, Crown Prince and Prime Minister

Shaikh Sabal Al-Ahmad Al-Jaber, Minister of Foreign Affairs

Abdul Rahman Salim Al-Ateeqi, Minister of Finance and Oil

Ibrahim Adly, Resident Representative, UNDP

Abdlatif Y. Al-Hamad, Director General, Kuwait Fund for Arab
Economic Development

Khaled Ahmad Al Mudaf, Minister of Social Affairs and Labour

W. Wolle, Minister of Public Works

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: May 7, 1969

FROM: Michael L. Lejeune

SUBJECT: Kuwait - Dr. A. M. Kaissouni

As you will remember, Dr. Kaissouni, formerly a member of the Egyptian Cabinet but now out of office, visited you recently to say that he had been asked by Sheikh Jaber, Prime Minister and Crown Prince of Kuwait, to advise on matters of the economic development of Kuwait with special reference to export industries. (A copy of his letter of February 19 to you is attached.) He asked for the Bank Group's help in this and Mr. Shoaib, Mr. Raj and I and others had a number of sessions with him, arranged to send Mr. Dodd to Kuwait for a visit, and at Dr. Kaissouni's urging made contact with several potential investors.

Mr. Dajany told me yesterday that when he was recently in Kuwait he inquired about the relationship between Dr. Kaissouni and the Kuwait Government. Those to whom he spoke expressed surprise that Dr. Kaissouni had made an approach to the Bank on Kuwait's behalf. Mr. Dajany was given to believe that Dr. Kaissouni had sought an assignment from the Kuwait Government and had been told that he was welcome to try to get foreign firms to undertake investment in Kuwait, but he had not been asked to engage the Bank in these endeavors. Mr. Dajany said he would record for your and my information the substance of his conversations but perhaps he has not yet been able to do so.

*attached
RBS 5/7*

In the circumstances, Dr. Kaissouni's approach to the Bank should probably be treated with some caution. It may well be that the Kuwait Government is interested in building up export industries and would like to have some kind of advice or help from the World Bank Group, but it would now appear that we should be careful not to give too much weight to Dr. Kaissouni's intervention itself.

Attachment

Michael L. Lejeune

OFFICE MEMORANDUM

TO: Files

DATE: May 7, 1969

FROM: Michael L. Lejeune

SUBJECT: Kuwait - Visit of Dr. Kaissouni

Dr. Kaissouni, formerly Finance Minister of Egypt and now out of office, wrote to Mr. McNamara on February 19 to say that Sheikh Jaber, Prime Minister and Crown Prince of Kuwait, had asked Dr. Kaissouni to advise him on matters of economic development of Kuwait with special reference to export industries. Dr. Kaissouni wrote that he felt he should seek Mr. McNamara's advice and the cooperation of the Bank. Mr. McNamara replied on March 3. Copies of this exchange are attached.

Dr. Kaissouni arrived in Washington earlier than expected but a meeting was arranged between him and Mr. McNamara at 5:00 p.m. on Monday, March 10. Mr. Shoaib and Mr. Lejeune were present. At this meeting Dr. Kaissouni briefly explained that the purpose of his visit was to engage the Bank Group's help in interesting foreign companies in establishing export industries in Kuwait, the object being to broaden the basis of Kuwait's export trade. Dr. Kaissouni asked for the help of IFC in making contact with appropriate foreign firms and also suggested that IFC should itself invest in the enterprises established in Kuwait.

Mr. McNamara said that the World Bank Group was always ready to be of whatever help it could to Kuwait. The Kuwait Government supported the Bank Group, not only by contributing to IDA but by purchasing the Bank's bonds. He hoped that this help would continue, and accordingly the Bank Group stood ready to give Kuwait any technical assistance which would be useful to it. He did not respond directly to Dr. Kaissouni's suggestion about IFC's making an investment in Kuwait but it was clearly implied in his remarks that Kuwait was in no need of the Bank Group's financial help. It was agreed that discussions between Dr. Kaissouni and those concerned - particularly those in IFC - would be arranged.

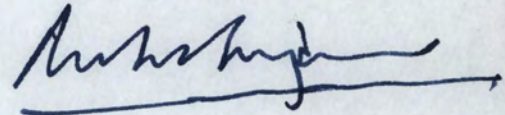
Later a general meeting was held with Dr. Kaissouni with Mr. Shoaib in the chair and with Messrs. Raj, Hassan, Dajany and Bart present. At this meeting it was agreed that the IFC would make a preliminary examination of the possibility of interesting foreign investors in industrial projects in Kuwait, though it was recognized that little specific could be done without basic information on such things as the cost of power, the supply of labor, and the likely markets for the kinds of goods which could be based either on petroleum products or the availability of cheap power.

A working lunch was held with Dr. Kaissouni on March 18. Meanwhile it had been agreed that Mr. Dodd of IFC would go to Kuwait to obtain information from there on some of the basic information needed. Dr. Kaissouni seemed particularly interested in pursuing the possibility of an aluminum project. A note on this question by Mr. Dajany is attached. As it turned out Mr. Dodd was unable to go to Kuwait because of an urgent mission to India.

May 7, 1969

Dr. Kaissouni also seemed very interested in establishing an automobile tire plant. Mr. Dodd spoke with Uniroyal on this question and a copy of his memorandum to Mr. Hassan dated April 7 and a cable to Dr. Kaissouni dated April 8 are attached.

It is my understanding that Messrs. Shoaib and Raj discussed the question of whether IFC could appropriately make an investment in Kuwait, given that Kuwait was a Part I IDA country, and I believe that Mr. Shoaib took this matter up with Mr. McNamara . I do not know whether Mr. Shoaib gave Mr. Kaissouni an answer on this point.



cc: Mr. R. Steckhan
Mr. Bart

"Copy of handwritten letter"

file
Kuwait
Journal

23 Sesostria Str.,
Heliopolis, Cairo
U.A.R.
Feb. 19, 1969

Dear Mr. McNamara,

While I was a member of the Egyptian Cabinet, these last few years, I travelled frequently to the States and had many pleasant and fruitful talks with some of your former colleagues in the U.S. Administration, especially Mr. Dean Rusk. However, I did not have the opportunity to meet you as our fields of interest then were rather different.

Now, however, as Sheik Jaber (Prime Minister and Crown Prince of Kuwait) has asked me to advise him on matters of economic development of Kuwait - with special reference to export industries - I feel I must seek your advice and kind cooperation, and that of the Bank you so ably preside.

The Bank, as you know, had sent two missions to Kuwait, and has, as a result of their investigations, published a most instructive book on the Kuwaiti economy. Part of that book deals with the possibilities of industrial development in Kuwait either for the local or export market. I would like to discuss with you, if I may, some aspects of this problem with special reference to the kinds of industries, the participation of foreign investments in the capital and administration, the Bank's (or the IFC) interest and guidance etc.

It may also be advisable, in this connection, to study the development of another member country of the Bank - Venezuela - and to try to draw the lessons which may be applicable to Kuwait. The Bank's cooperation in this respect would be greatly appreciated.

I plan to be in Washington around the middle of March and I would appreciate the opportunity of meeting you and of benefiting from your advice and that of the Bank.

With my kindest regards,

Yours sincerely,

A.M. Kaissouni

mp

March 3, 1969

Dear Dr. Kaissouni:

I should like to thank you for your letter of February 19. It gives me the opportunity of telling you how much I heard about your close association with my predecessors in the Bank and the un-failing assistance you gave to anyone coming from the Bank to the U.A.R. The ground broken while you were in office is starting to bear fruit.

We shall be very glad to provide whatever assistance is available in the Bank to help you in your new task of advising Kuwait on matters of economic development. Apart from renewing our association with you, it is of particular pleasure for us to be of help to Kuwait with which, as you know, we maintain close and friendly relations.

I personally look forward to meeting you around the middle of March. I have asked Mr. Lejeune, Director of the Europe, Middle East and North Africa Department to make arrangements for your visit and I would appreciate it if you could let him know the time you intend to spend in Washington and where we could get in touch with you in order to firm up arrangements for your meetings at the Bank.

With best personal regards,

Sincerely,

/s/

Robert S. McNamara

Dr. A.M. Kaissouni
23 Sesostris Street
Heliopolis
Cairo, U.A.R.

MPBart/MLejeune:hh
Office of the President- IBRD

OFFICE MEMORANDUM

MAR 24 1969

98a

TO: Files

DATE: March 21, 1969

FROM: O. Dajany *W*SUBJECT: KUWAIT: Aluminum Proposal

Following the luncheon which Mr. Shoaib gave for Dr. A. M. El Kissouni on March 18, a meeting was held in Mr. Dajany's office to discuss the most useful approach in exploring further the possibilities of an aluminum industry in Kuwait.

In previous meetings it was agreed that Mr. Dodd would go to Kuwait sometime early in April to conduct an "on the spot" study of the potential for an aluminum industry. The discussion in this meeting centered around timing and whether or not to approach some of the larger U.S. aluminum producers before or after such a study. Dr. Kissouni expressed his strong preference for meeting with some of these firms now in order to sound out their interest and also wanted IFC to arrange meetings for him with these firms. Mr. Dodd felt equally strongly that it would be far better to approach such firms only after he had conducted his study. He felt it would be embarrassing to talk with these firms when we were not prepared and obviously lacking a great deal of the basic information which is required before determining whether such a project is viable or not. Mr. Hassan and Mr. Dajany agreed with Mr. Dodd and Mr. Dajany asked Dr. Kissouni why he was in such a hurry when the delay in getting together with such firms would only be a month or so. As long as Mr. Dodd can be in Kuwait prior to Sheikh Jaber's departure for France on April 12, then it seemed much more realistic to await Mr. Dodd's study before anything further is done in contacting U.S. aluminum firms.

Mr. Dajany suggested that Dr. Kissouni be in Kuwait at the time of Mr. Dodd's visit, the timing of which was left for them to work out. Dr. Kissouni asked if it would not be helpful to postpone their visit to early May when Mr. McNamara is expected to be there. He felt that Mr. McNamara's presence could help to push the project. Mr. Dajany said that the timing of Mr. McNamara's visit to Kuwait was still uncertain and that even if it were to take place in May he would not advise involving him in discussing this project during his visit. On the contrary, Mr. McNamara would wish to be briefed about the potential of the project prior to discussing it with anyone here or in Kuwait and that would make it all the more desirable for Mr. Dodd's study to take precedence to everything else. Dr. Kissouni agreed to this course and arranged to meet with Mr. Dodd later to discuss the timing of their joint visit.

cc: Mr. Shoaib
Mr. Raj
Mr. Dodd
Mr. Lejeune ✓
Mr. Hassan

ODajany:pa

Kuwait
Mr. Shoaib

- 1 -

To: Mr. Cherif Hassan Date: April 7, 1969
From: J. David Dodd
Subject: Kuwait - Possibility of Uniroyal Participation
in a Tire Project

1. On April 2 I had a meeting with senior members of the International Division of Uniroyal, as follows:

Mr. John J. Stehle - Director, Commercial Development
Mr. Edward G. McFadyen - Assistant to the Divisional President
Mr. Hendrik K. de Decker - Commercial Planning Co-ordinator.

A number of general principles governing Uniroyal's overseas activities were discussed briefly, and the Kuwait position was discussed in some detail.

2. The outcome of the meeting was that Uniroyal would be prepared to send a team to examine the possibilities of tire manufacture in Kuwait if they were asked. I expressed the view that the Kuwaitis would welcome this suggestion. I also promised to keep Uniroyal informed of any relevant matters arising out of my visit.

3. Uniroyal, in common apparently with other tire companies, require control of their overseas companies. The reasons for this are the complexities of manufacture and the need for considerable know-how. Uniroyal guarantee the quality of their tires no matter where they are made. Another reason is that Uniroyal like to consolidate their overseas interests in the US balance sheet, and this can only be done if they have a majority interest. On the other end of the scale, given a management contract, they would be prepared to proceed on a nil or small investment basis.

4. Uniroyal consider it essential to have local partners in their overseas ventures.

5. All the large tire companies are vertically integrated, except for carbon black and bead wire. They normally manufacture their own synthetic rubber (also butadiene) and have their own rubber plantations. There are also a variety of special chemicals involved to improve the physical properties of the rubber. Tire cord is made by the major manufacturers. It was reported that heavy oil, as opposed to gas, is the preferred feedstock for carbon black. Uniroyal would expect to import all raw and intermediate materials into Kuwait.

6. Tires are tailor-made to suit the country for which they are intended, e.g. US tire construction is different from that in Europe, and that in Turkey is different from both Europe and the US. Passenger car tires are exclusively synthetic rubber, and truck tires are made from natural rubber with a small portion of synthetic rubber. Truck tires in Turkey account for about 60% of the market; the same proportion would probably apply in Kuwait.

7. The smallest tire manufacturing unit in the US that would be considered economic would be not less than 30,000 tires per day. However, given favorable circumstances, a plant of about 1,000 tires could be profitable in some countries. It is about this size of plant that Uniroyal are considering for Kuwait.

8. The general area which might be considered as a marketing area for a Kuwait plant is the Middle East and perhaps some Mediterranean countries and Pakistan. There are, however, manufacturers in the following countries:

Turkey - Uniroyal, Goodyear, Pirelli
Iran - Goodrich, General
Egypt - Mansfield
Pakistan - General.

A third plant, possibly Dunlop, in Iran is expected to be built in the near future.

9. In assessing the market, South Arabia and Iraq are considered as natural market areas for a Kuwait plant. Some market statistical notes are given in the Attachment, as follows:

Page 3 - Automobile registration and tire import statistics, Kuwait, South Arabia and Iraq

Page 4 - Automobile registration and estimate of tire consumption, Lebanon, Cyprus, Syria and Jordan

Page 5 - Comparison 'Kuwait market' with economic sizes butadiene and synthetic rubber plants.

The countries listed on Page 4 have no indigenous tire manufacture and are possible markets for Kuwait.

10. Reference to Page 5 of the Attachment shows that, if half the Kuwait market is assumed to consist of passenger car tires, then the estimated 'Kuwait market' would be about one-twelfth that required to support a synthetic rubber plant, and about one-twenty-fourth of that required to support a butadiene plant.

11. The investment in a 1,000 tires per day plant would be about \$7 or \$8 million. Water is required for cooling but a system would be engineered whereby the requirements are kept to a minimum.

Copies: -Mr. Shoaib
Mr. Rosen
Mr. Raj
Mr. Lejeune

JDD:lw

MARKET NOTES

Automobile Registration - as of January 1968

<u>Country</u>	<u>Passenger</u>	<u>Trucks</u>	<u>Buses</u>	<u>Total</u>	<u>Annual Increase Rate Over 4 Years</u>
Kuwait	75,609	26,991	1,439	104,039	10.0%
South Arabia	70,418	54,655	6,538	131,611	15.0%
Iraq	60,264	29,312	9,734	99,310	6.3%
Total	206,291	110,958	17,711	334,960	10.3%

Source: World Automotive Market Survey 1968, published by Automobile International (McGraw Hill).

Tire Import Statistics - as of January 1968

<u>Country</u>	<u>Quantity</u>	<u>Value US\$</u>
Kuwait ^{1/}	220,000	6,000,000
South Arabia ^{2/}	250,000	8,000,000
Iraq ^{3/}	200,000	6,000,000
Total	670,000	20,000,000

Sources: 1/ Yearly Bulletin Foreign Trade Statistics (Kuwait Government).

2/ Derived from Statistical Year Book 1967, published by Central Department of Statistics, Ministry of Finance and National Economy, South Arabia.

3/ Quarterly Bulletin of Statistics, Section of Research and Publicity, Central Bureau of Statistics, Republic of Iraq.

Automobile Registration - as of January 1968

(Possible export markets from Kuwait,
i.e. no indigenous production)

<u>Country</u>	<u>Passenger</u>	<u>Trucks</u>	<u>Buses</u>	<u>Total</u>	<u>Annual Increase Rate Over 4 Years</u>
Lebanon	114,244	12,763	2,173	129,180	10.0%
Cyprus	38,823	13,855	-	52,678	9.5%
Syria	29,987	16,503	-	46,490	13.0%
Jordan	15,557	6,508	6,000	23,367	13.4%
Total	198,611	49,629		251,715	11.5%

Note: Trucks and buses not reported separately.

Source: World Automotive Survey 1968, published by
Automobile International (McGraw Hill).

Estimate of Tire Consumption - as of January 1968

<u>Country</u>	<u>Quantity</u>	<u>Value US\$</u>
Lebanon	260,000	7,700,000
Cyprus	105,000	3,000,000
Syria	93,000	2,800,000
Jordan	46,700	1,400,000
Total	504,700	14,900,000

Source: Above estimates are based on figures in the table at
the top of this page.

COMPARISON "KUWAIT MARKET" WITH ECONOMIC SIZES
BUTADIENE AND SYNTHETIC RUBBER PLANTS

	<u>Tires</u>	<u>SBR BR Synthetic Rubber^{1/} Metric Tons Per Year</u>	<u>Butadiene Metric Tons Per Year</u>
"Kuwait Market" ^{2/}			
Need for 1968	670,000 per year 2,680 per day	4,000	3,500
5% Growth - 1974	900,000 per year 3,600 per day	5,000	4,400

Economic Plant Size

Battery limits cost

	<u>30,000</u>	<u>60,000</u>
Battery limits cost	\$8.0 million (fixed assets)	\$15.0 million (fixed assets)

Notes: 1/ Combined tonnage makes sense only if both rubber types are made in the same plant.

2/ Kuwait, Saudi Arabia, Iraq.

Kuwait

DR.
/ KAISSEOURI

APRIL 8 1969

23 SESOSTRIS STREET
HELIOPOLIS
CAIRO (UAR)

LT

HAVE HAD PRELIMINARY DISCUSSIONS WITH UNIROYAL CONCERNING THEIR POSSIBLE PARTICIPATION IN A TIRE PROJECT STOP UNIROYAL ADVISE US THAT THEY WOULD BE PREPARED PARTICIPATE IN A TIRE PROJECT GIVEN FAVORABLE CONDITIONS STOP UNIROYAL HOWEVER STATE THAT SUCH A VENTURE WOULD NEED TO DEPEND ON IMPORTED RAW AND INTERMEDIATE MATERIALS SINCE LOCAL MARKET COULD NOT SUPPORT ECONOMIC SIZES OF BUTADIENE OR SYNTHETIC RUBBER PLANTS STOP CONDITION OF UNIROYAL PARTICIPATION WOULD BE EITHER MAJORITY SHAREHOLDING OR ALTERNATIVELY SMALL OR NIL SHAREHOLDING AND A MANAGEMENT CONTRACT STOP IF YOU WOULD CONSIDER SUCH A PROPOSAL UNIROYAL WOULD SEND AN INVESTIGATING TEAM AT THE REQUEST OF KUWAIT AUTHORITY CONCERNED STOP UNIROYAL SEEM GENUINE IN THEIR INTEREST AND WE WOULD RECOMMEND THAT KUWAIT INVITE UNIROYAL FURTHER CONSIDERATION PROVIDED THAT KUWAIT HAS NO OTHER TIRE MANUFACTURER ALREADY UNDER SERIOUS CONSIDERATION STOP MR EDWARD MCFADYEN COMMA ASSISTANT TO DIVISIONAL PRESIDENT COMMA UNIROYAL INTERNATIONAL COMMA ROCKEFELLER CENTER COMMA 1230 AVENUE OF AMERICAS COMMA NEWYORK NY10020 WOULD BE PERSON TO CONTACT

BEST REGARDS CHERIEY NASSAN

CHERIEY NASSAN

IFC - AANI

cc: Messrs. Shoalb

Johan

Rs

Lejeune

Hori

China Circulation (3)

OFFICE MEMORANDUM

CONFIDENTIAL

TO: Files

DATE: May 7, 1969

FROM: Omar Dajany

*Mr. Steckhan
Ref. our
conversation
PP
5/7/69*SUBJECT: KUWAIT: Meeting with Minister of Finance and Oil

On my way back from the Gulf Emirates I stopped briefly in Kuwait to discuss with Mr. Ateeqi, Minister of Finance and Oil, Mr. McNamara's forthcoming visit to Kuwait.

During our conversation I mentioned that Mr. Kaissouni had been to the Bank and acquainted him with the result of the discussions in which he sought IFC's assistance in promoting industrialization in Kuwait, particularly an aluminum and synthetic tire plant.

Mr. Ateeqi seemed surprised at the fact that Mr. Kaissouni had come to the Bank and IFC. He asked me if Mr. Kaissouni had presented us with a letter either from him or Sheikh Jaber and when I replied in the negative he expressed surprise that we would go into such detailed discussions regarding Kuwait without being requested to do so by them.

He said that Mr. Kaissouni is not employed by the Kuwaiti Government in any capacity. What had happened, he said, was that Mr. Kaissouni had approached Sheikh Jaber on the question of the industrialization of Kuwait and claimed that he was in a position to bring in several well-known American firms to join in as technical partners and undertake the creation of such industries. Sheikh Jaber, partly out of embarrassment and partly for public relations reasons, told Mr. Kaissouni if he were in a position to bring about such industrial consortiums for industrial development in Kuwait he would be willing to give him a commission on whatever he accomplished. A scale for such commissions was agreed upon and as far as the Kuwaitis were concerned they were under the impression that Mr. Kaissouni was going to contact and bring in the U.S. industrial firms he said he knew. Mr. Ateeqi concluded that he had no idea that Mr. Kaissouni would go to the Bank and IFC and added that the Kuwaitis do not need a third party to get to the Bank since they feel that they have direct access to us at all times.

cc: Messrs. Shoaib, Rosen, Raj, Lejeune (2)

ODajany:pa

OFFICE MEMORANDUM

TO: Mr. Robert McNamara

DATE: May 6, 1969

FROM: Omar Dajani

SUBJECT: KUWAIT

I list below members of the Kuwaiti Cabinet and some biographical notes on the people you are most likely to meet. There will of course be others invited to the official functions in your honor but it is difficult to predict who they will be. However, I shall be close by you at such times and will identify everyone for you.

Kuwaiti Cabinet
April 1969

1. H.H. Sheikh Jaber Al-Ahmad Al-Jaber
Heir Apparent and Prime Minister
2. Sheikh Jaber El-Ali Al-Salem
Minister of Information
3. Mr. Khalid Ahmad Al-Jassar
Minister of Justice
4. Mr. Khalid Ahmad Al-Modaf
Minister of Labor and Social Affairs
5. Mr. Khalid Al-Isa Al-Saleh
Minister of Public Works
6. Sheikh Saad Al-Abdulla Al-Salem
Minister of Interior and Defense
7. Mr. Saleh Abdul Malek Al-Saleh
Minister of Education
8. Sheikh Sabah Al-Ahmad Al-Jaber
Minister of Foreign Affairs
9. Mr. Abdul Rahman Salem Al-Ateeqi
Minister of Finance and Oil
10. Mr. Abdul Aziz Ibrahim Al-Fuleij
Minister of Health
11. Mr. Abdul Aziz Abdulla Al-Sirawi
Minister of Posts, Telegraphs and Telephones

12. Mr. Abdulla Ahmad Al-Someit
Minister of Electricity and Water
13. Sheikh Abdulla Al-Jaber Al-Sabah
Minister of Commerce and Industry
14. Mr. Abdulla Moshari Al-Rodan
Minister of Waqf and Religious Affairs
15. Mr. Yousif Al-Sayyed Hashim Al-Rifai
Minister of State for Cabinet Affairs

Biographical Data on Personalities Likely to meet Mr. McNamara

1. The Ruler: H.H. Sheikh Sabah Al-Salim Al-Sabah

Born in 1918, has little knowledge of English. Was head of Kuwaiti Police in the late 1940's; Director of Health in 1959 and Deputy Ruler and Prime Minister in 1963 and 1964 until he succeeded his brother as Ruler in November 1965. Known to have at least two wives and several children.

Short stature and has friendly personality; extremely pro-Western. Likes to be the object of attention, admiration and flattery. Does not exercise great influence because the real power is Sheikh Jaber, The Heir Apparent and Prime Minister. The latter, however, shows him great respect and courtesy and both are getting along quite well. Wealthy but not as much as the other Sheikhs. Two years ago he voluntarily gave up \$5.6 million from his annual salary of \$28 million and contributed it towards a national housing project for the poorer Kuwaiti citizens.

2. Heir Apparent and Prime Minister: H.H. Sheikh Jaber Al-Ahmad Al-Jaber Al-Sabah

Age 42; good looking and extremely intelligent. Works hard and in favor of restricting government expenditures. There is hardly anything of importance to do with Kuwait's finances and foreign relations in which he does not have an effective final word.

Popular in Western circles and himself pro-Western but at the same time a very staunch supporter of Arab nationalism. Highly respects the World Bank and favors closer cooperation between Kuwait and the Bank although often critical of what he considers limited Bank activity in the Arab countries.

Owns luxurious palaces and large apartments and office buildings in Kuwait and has amassed mammoth fortune abroad. Extremely religious and refuses to accept interest on his immense deposits.

Reportedly has been married more than 30 times but never keeps more than 4 at one time, presumably to abide by religious limitations.

3. Minister of Foreign Affairs: Sheikh Sabah Al-Ahmad Al-Sabah

Brother of the Heir Apparent and Prime Minister. Age 40 (married to one only) and has children studying in the U.S.

Was Minister of Information and Guidance until 1963 when he became Minister of Foreign Affairs. Is extremely pro-Western and, like his brother, a staunch supporter of Arab National Movements. Is rather reserved and non-committal until he gets to know you well. He is then extremely pleasant and fun loving. Had a prominent role last year in bringing about agreement between The Rulers of the Gulf Emirates.

4. Minister of Finance and Oil: Abdul Rahman Salim Al-Ateeqi

Occupied high positions in the government until Kuwait's independence in 1962 when he became its first Ambassador to Washington. Later became Undersecretary of Foreign Affairs and in early 1966 became Minister of Finance and Oil.

He is 42 years old, good looking and possesses tremendous wit and sense of humor. Married and has six children and is a very devout Moslem who prays five times a day, does not drink, and leads an exemplary married life by any standards anywhere.

Ateeqi, by Kuwaiti standards, is not wealthy. He is extremely honest and because of the great confidence Sheikh Jaber has in him he was appointed to this important position. He speaks English, is pro-Western and is undoubtedly the staunchest supporter of National Arab Movements. He is a friend of the Bank, knows many of the IBRD staff, and, like Sheikh Jaber, is critical of what he considers limited Bank activity in the Arab world.

5. Director General of Kuwait Fund for Arab Economic Development; Managing Director of Kuwait Investment Company: Mr. Abdlatif Y. Al-Hamad

Age 33, a graduate from Harvard, and is considered one of the most prominent financial people in the Arab world. He is married and has one daughter.


Mr. Al-Hamad's personal wealth is estimated at \$25 million and yet he lives modestly and has dedicated his time to government service in the field of finance and economics. As Director General of the Kuwait Fund for Arab Economic Development, he directs all lending operations to the Arab countries in North Africa and the Middle East.

He is a friend of the Bank and knows many of the staff of IBRD and played a major role in making our Kuwaiti bond issue possible in August 1968. He supports closer ties and cooperation between Kuwait and the Bank but is also critical of the Bank's limited activity in the Arab world and complains (in confidence) that the Bank does not really understand or appreciate the role the Fund is playing in developing Arab countries in North Africa and the Middle East, which otherwise the Bank should be doing.

OFFICE MEMORANDUM

TO: Mr. Robert McNamara

DATE: May 2, 1969

FROM: Omar Dajany SUBJECT: Mr. Shoaib's Visit to the Gulf StatesThe Trucial States and the Proposed Gulf Federation

State	Ruler	Approximate Area Square Miles	Population (1968 Census)
Abu Dhabi	Sheikh Zaid Bin Sultan al Nahayyan	26,000	46,500
Dubai	Sheikh Rashid Bin Said al Maktum	1,500	59,000
Sharjah	Sheikh Khalid Bin Mohamed al Qasimi	1,000	31,500
Ajman	Sheikh Rashid Bin Humaid al Naimi	100	4,200
Umm al Qaiwain	Sheikh Ahmed Bin Rashid al Mo'alla	300	3,700
Ras al Khaimah	Sheikh Saqr Bin Mohamed al Qasimi	650	24,500
Fujairah	Sheikh Mohamed Bin Hamad al Sharqi	<u>450</u>	<u>9,700</u>
	Sub-Total	30,000	179,100
Bahrain	Sheikh Isa Ben Salman al-Khaleifa	230	190,000
Qatar	Sheikh Ahmad Ben Ali al-Thani	<u>4,000</u>	<u>80,000</u>
		<u>34,230</u> =====	<u>449,100</u> =====

Mr. Shoaib, accompanied by Mr. Hassan Mohammed Hassan, UNDP Resident Representative in Saudi Arabia, and Omar Dajany, visited Bahrain, Qatar, Abu Dhabi and Dubai in the Arabian Gulf from April 12, to April 18, 1969. The purpose of the visit was to get better acquainted with the important Gulf Emirates and some of the Trucial States and to inform The Rulers and other governing bodies of the impending Bank mission which is to conduct a comprehensive economic survey of the nine Gulf States next fall.

1. Bahrain

During the stopover at the Beirut Airport on the way to Bahrain, Mr. Shoaib and Mr. Dajany were met by Mr. Paul Howell, Head of the Middle East Development Division which is a regional office of the United Kingdom's Ministry of Overseas Development. Mr. Howell acquainted Mr. Shoaib with the progress being made in the study which is now being made by the U.K. in the Trucial States (Bahrain and Qatar excluded) and said that he hopes to provide the Bank with the first draft of this report by late May or early June. He also said that he had informed the British political agents in the four States we were visiting of the precise timing of our visits and said that they would be only too pleased to provide the Bank's mission with any assistance that may be needed. Mr. Shoaib in turn informed Mr. Howell of the Bank's intention with regard to the mounting of the economic survey mission next fall and said that the Bank would very much appreciate receiving copies of the present study and of any other material the U.K. may have which could be of help to the Bank people when they embark upon their own survey.

In Bahrain, the mission met with The Ruler, H.H. Sheikh Isa Ben Salman al-Khaleifa; The Head of Finance and President of the Government Council, Sheikh Khaleifa Ben Salman al-Khaleifa; The Director of Agriculture, Sheikh Ibrahim al-Khaleifa; The Deputy Director of Agriculture, Abdul Aziz al-Hassan; The Director of Petroleum Affairs and Secretary of Government Council, Mr. Youssef Shirawi; and the U.K. Resident Representative, Sir Stewart Crawford.

In each of these meetings Mr. Shoaib explained the contacts made between some of the Gulf States and the Bank leading to the official request by the Chairman of the Provisional Federal Council, H.H. Sheikh Khaleifa Ben Hamad al-Thani, on behalf of all the nine Arab States, to Mr. McNamara for the Bank mission to conduct a comprehensive economic study of the nine States comprising the proposed Federation. He also explained the Bank's reaction to this request and the U.K. support which, altogether, led to the decision on the part of the Bank to undertake this study. Mr. Shoaib said that the Bank was thinking in terms of sending a reconnaissance mission composed of two or three staff members who would tour the nine States in late May or early June of this year. This reconnaissance mission would attempt to determine the type of expertise needed in the full mission; the scope of work entailed; the existing gaps between the various past studies and the time that the full mission would require to conduct its comprehensive study. In the light of the findings of this reconnaissance mission the Bank would then attempt to mount a full-scale mission which would go to the Gulf States sometime next fall. He explained the difficulties the Bank often encounters in finding the right and qualified expertise but was hopeful that this could be done by late October or early November. The Ruler expressed his gratitude for the Bank's efforts and promised a very warm reception for the Bank people as well as every

assistance and support from his Government. The Head of Finance and President of the Government Council, H.H. Sheikh Khaleifa Ben Salman al-Khaleifa, drew the attention of the Bank Mission to the fact that they will be relying exclusively on the reconnaissance mission in determining the type of experts needed for the full-scale mission because they, in Bahrain, are not sophisticated enough to decide on such matters nor could they tell what the scope of the mission should be and will therefore have to rely entirely on the Bank's judgement. He too, promised that they will provide the Bank people with every assistance and cooperation from the Government.

In the meeting held with Mr. Youssef Shirawi, Secretary of the Government Council, the Bank mission was told that Bahrain is attempting to implement a broad program of diversification in its economy because they feel they cannot, and should not, rely entirely on oil resources. To this end they had put up a 90,000 ton Aluminum Plant in partnership with European and U.S. firms and are now exploring the possibility of other industries for the Island. They suffered from the lack of trained people but were continuing to look for such people in the Arab world and abroad and have begun to send many of their own people abroad to get the required training in the various fields of administration, industry and finance.

The mission also paid a courtesy call on the U.K. Resident Representative, Sir Stewart Crawford. Sir Stewart said Her Majesty's Government welcomes the Bank's proposed survey mission and gave his assurance that the mission would find every support and assistance from the political agents in each of the States. In fact, he had already passed the word along and was looking forward to meeting members of this mission himself next fall. On the question of British withdrawal from the Gulf States he said that this would be towards the end of 1971 but said that the British would continue to have an interest in and close ties with the new Federation along the lines that the U.K. has with Kuwait. He too, recognized the need for trained people by the new Federation in their future governmental structure and hoped that this need could be met as expeditiously as possible in order to prepare an adequate government machinery at the time of independence, which may very likely come prior to the British withdrawal. Mr. Shoaib thanked Sir Stewart for the U.K.'s attitude and support for the Bank's mission and promised that they will not only call on him when they arrive in the area but will take him up on his offer of putting at the mission's disposal all the available studies and data which are now in their possession.

2. Qatar

Messrs. Shoaib, Hassan and Dajany continued on to Qatar on April 14. Meetings were held with The Ruler, His Highness Sheikh Ahmad Ben Ali al-Thani; The Deputy Ruler and Chairman of the Provisional Federated Council for the Federation of Arab Emirates, H.H. Sheikh Khaleifa Ben Hamad al-Thani; Dr. Hassan Kamel, Adviser to the Government of Qatar and the U.K. Political Agent.

The meeting with The Ruler was more in the nature of a courtesy call since the Deputy Ruler is actually in command of Qatar's entire finances and economic development. Actually, two meetings were held with the Deputy Ruler, the first being a courtesy visit and the second, lasting for over three hours immediately following a dinner he gave for Mr. Shoaib and his party. It is this Deputy Ruler, who is also Heir Apparent, who sent Mr. McNamara the request on behalf of the nine Emirates for the Bank's survey mission, in his capacity as Chairman of the Provisional Federated Council.

Sheikh Khaleifa explained at length how Qatar and Dubai had unified their currency which is covered by gold and foreign exchange holdings. He said that Qatar, although not independent, is already a member in various international organizations and could on its own qualify to be an independent sovereign state. They realized, however, that in order to be strong it was in their interest, and that of the rest of the Emirates, to unite and they in Qatar were therefore willing to relinquish a number of their own prerogatives for the welfare of the Federation as a whole. He spoke of the need for diversification in their economy and said that many studies were already underway to explore possibilities for industrialization particularly those industries that would take advantage of their natural resources, such as gas and cheap power. They had even gone ahead with a number of irrigation projects due to the availability of water and Qatar, he said, has for the first time been exporting some agricultural products over the past two years. A fertilizer plant was also contemplated for which an agreement with a foreign firm was about to be signed. Mr. Shoaib explained in detail the functions of the Bank and its affiliate institutions and mentioned the Arab member countries in the Bank, sighting our activity in the various Arab countries. He said that he agreed entirely with their policy of diversification and hoped that the Federation would become a member of the Bank when it attained independence. Because of Qatar's favorable reserve position Mr. Shoaib explained also the Bank's activity, not only in lending but in raising money in the various capital exporting countries as well. Sheikh Khaleifa showed great interest in this subject and said they would be prepared to invest in World Bank bond issues even now. Mr. Shoaib explained our thinking with regard to the timing of the proposed reconnaissance and full-scale missions and Sheikh Khaleifa gave his assurance that the missions would be most welcome and would receive from him and the Government of Qatar, at all levels, every assistance and cooperation. || ✓

In the meeting with Dr. Hassan Kamel, who is an Egyptian by birth and a prominent legal figure in the Arab world and who assisted a number of countries in the drafting of their constitutions, a number of points were raised which concerned mainly the legal aspects of Federating the nine States. Copies of adopted resolutions as well as some under consideration dealing with many aspects of the future government's set up such as

unification of currency, postal affairs, defense, foreign affairs, citizenship, etc. were given to Mr. Shoaib and are now in the Bank. Dr. Kamel did not underestimate the difficulties in the way of final and complete federation but was hopeful that the majority of these difficulties would be overcome during the meeting of all nine Rulers scheduled for May 10, 1969. ✓

3. Abu Dhabi

Mr. Shoaib and his party were in Abu Dhabi from April 15 to 16 and met with H.H. The Ruler, Sheikh Zayed Ben Sultan al-Nahyian who gave a dinner party in the Bank Mission's honor and held a business meeting thereafter.

Abu Dhabi differs from the rest of the Emirates in that it is by far the wealthiest and the ruling power, both political and financial, is almost entirely in the hands of The Ruler. He possesses a remarkably strong, yet gentle personality and is greatly respected and admired throughout the Gulf and the rest of the Arab world. Although a great deal of jockeying for position by some of the other Rulers continues to take place, he stands as a prominent favorite to be The Ruler of the unified Federation.

Sheikh Zayed welcomed the proposed Bank survey mission and promised full support and cooperation from his government. He was worried at the needless spending now going on both in his country and the other Emirates which is often a duplication and therefore a waste. There are already four international airports, he said, all within a half-hour's flying time from each other. The new Federation would not need a number of airports or port facilities when it is federated and so much waste could be avoided. He was hopeful therefore that the Bank's survey mission would outline a program of priorities and would take into account the needs and requirements of the Federation as a whole and thus assist them in coordinating their development planning. He said that he realized he was the richest in the area but is trying his best to share his wealth with the other less fortunate Emirates. To this end he has given substantial territory to Dubai and to Qatar which have proven oil findings. He did so, he said, because in any event when the Federation is created he would have to spend his money on those who are less fortunate and he wanted to make an advance gesture of his willingness to share his wealth for the benefit of all. He, too, complained of the lack of trained people to run his government and the future Federation and hoped that the Bank would be willing to assist them in this regard when the Federation came into being.

Mr. Shoaib explained the Bank's thinking with regard to the timing of the reconnaissance and full-scale mission and Sheikh Zayed reiterated his warm welcome for the Bank's mission and appreciation for the Bank's efforts and said he was looking forward to the day when the new Federation would be a full-fledged member in the Bank.

During previous meetings which Mr. Dajany had with The Ruler, The Ruler had complained of a recurring pain in his knee resulting from an injury sustained while swimming a couple of years ago. Mr. Dajany had suggested to The Ruler last November to come to the U.S. and have a complete medical checkup at one of the well known medical centers. The Ruler showed enthusiasm for this suggestion and asked Mr. Dajany if he would enquire for him from the State Department if this could be arranged, provided he comes as a private individual and not as Head of State because he was extremely anxious to avoid fanfare, official receptions and the like. Mr. Dajany had contacted the State Department who were very receptive and said they would very much welcome his visit and would be only too glad to assist him in getting to the best medical institution. They also agreed to respect his wish about coming in a personal capacity. At this meeting, therefore, Mr. Dajany informed The Ruler of the State Department's response and he decided then to make this visit next June. Since he does not speak English he asked Mr. Dajany if he could meet him in London and accompany him back to the States. Mr. Dajany said he would be delighted to do so. The exact timing of this visit has not been set but will be sometime in June following an already planned State visit by The Ruler to King Hussein of Jordan.

4. Dubai

Mr. Shoaib arrived in Dubai with his party on April 17. He met with H.H. The Ruler, Sheikh Rashed Ben Said al-Maktoum; The Heir Apparent, H.H. Sheikh Maktoum Ben Rashed; the Director of Municipality, Mr. Kamal Hamzah and the U.K. Political Agent, Mr. Julian Bullard.

The Ruler said that he joins the other three Rulers in extending an advance welcome to the proposed survey mission and wanted to thank the Bank through Mr. Shoaib for its efforts in assisting an area which does not need money but certainly needs a great deal of technical help and advice. Dubai is a booming State on the south-western part of the Arabian Gulf and is rapidly becoming the Hong Kong of the Middle East. Before the Ruler of Abu Dhabi gave oil territories to Dubai, Dubai was flourishing mainly on trade and commerce, prompted by encouragement from the local government, which has made Dubai a completely free State as far as trade is concerned. The port of Dubai is a free port and there are no import duties, taxes or other restrictions in conducting business. It is a booming State and The Ruler himself participates personally in directing the development of Dubai, now a modern and well developed State compared to the rest of the Trucial States.

Mr. Shoaib explained again the Bank's thinking with regard to the timing of the reconnaissance and full-scale mission and The Ruler promised to lend his support and cooperation of his administration to the Bank's mission.

In the meeting with the U.K. Political Agent, Mr. Julian Bullard said they had received word from the Resident Representative in Bahrein as well as from London and they would be happy to provide every assistance

needed to the Bank's proposed mission. A study had just been completed by the Development Office on the activities of the Trucial States Council and the Development Fund which deals with interstate surveys, capital programs, budgets and other surveys, three copies of which were given to Mr. Shoaib and are now in the Bank. Mr. Shoaib thanked Mr. Bullard and promised that the Bank's mission would call on him when they arrived in Dubai in the fall.

Mr. Shoaib left Dubai on April 17th for Karachi while Mr. Dajany left for Kuwait to meet with the Minister of Finance and discussed Mr. McNamara's forthcoming visit to Kuwait.

cc: Mr. Shoaib
Mr. Lejeune (2)

ODajany:pa

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Michael L. Lejeune

SUBJECT: Brief for your visit to Kuwait

DATE: May 2, 1969

Political Situation

1. The ruler of Kuwait, Sheikh Sabah Al Salem came to power upon his brother's death in 1966. The country is under direct and almost exclusive control of the closely-knit ruling family which comprises the Sabah and Jaber clans; Sheikh Jaber, the crown prince and prime minister, belongs to the latter. A small group favoring the integration of Kuwait in a larger Arab entity exists in the country but so far has commanded little influence and is well under control, despite the strong non-Kuwaiti population (over 50 percent of the total) where presumably it could find some support.

2. Internal politics will not however play a very significant role in Kuwait's future as long as the balance of external forces preserves the country's independence (threatened for a while by Iraq in 1963) and maintains in power the ruling family which has the support of conservative groups. For the time being most Arab countries favor the status quo, in no small measure as a result of the substantial loans made by Kuwait to Arab countries (about \$570 million so far - see Annex) and the grants to Jordan and the UAR (\$132 million per year) agreed upon at the Khartoum conference to mitigate losses resulting from the June 1967 war. Kuwait's stand with regard to the Arab-Israeli conflict is strongly pro-Arab. She sent a token contingent of troops to the UAR in June 1967 and is reported to be supporting financially the Palestinian fedayeen (guerillas).

The Economy

3. The budget for 1968-1969 estimates total Government revenues at \$725 million of which oil revenues account for 92 percent or \$668 million. 93 percent of oil revenues come from the Kuwait Oil Company (owned in equal shares by B.P. and Gulf). These figures are impressive but foreign competition and the closure of the Suez Canal have made their mark on them. Crude oil production increased last year by almost 50 percent in Libya and by 23 percent in Iraq (mostly because of the existence of pipelines to the Mediterranean) while it went up in Kuwait only by 5.4 percent to 130 million tons.

4. Kuwait has received about \$7.5 billion of oil royalties since oil production started in the early 50's. The foreign exchange reserves reported to be held by the Government, the Currency Board and commercial banks amounted to \$1.86 billion in September 1968. In addition, it is

Our lending to Arab countries
Progress of Technical Education (7/10/69)
DATE: May 2, 1969
the role of Kassoumi
cost of water
Industrialization plan
outlook for the oil industry
Kuwait - Saudi
invest in date
plans for further tech
need for the assist - tech
Part of the X
Outlook for Mid-East

believed that about \$2.5 billion are stacked away in privately-owned investments, mostly in Western Europe (especially the U.K.) and the U.S.A.

5. Foreign assets are likely to go on increasing in view of the scarcity of investment opportunities in the country despite the lavish spending in socially oriented schemes and land purchases by the Government; furthermore, most of the Kuwaitis who benefited from the Government's enormous wealth have naturally sought financial havens in politically secure countries. A new trend to industrialize the country, however, seems to have been set by the Government and fertilizer complexes have been built recently and others are foreseen in the future. The natural gas, mostly flared away in the oil fields at present, may be exploited further eventually. Other industrial developments are being considered in petrochemical industries. In all likelihood, Kuwait will, nevertheless, remain a capital-exporting country for years to come.

Kuwait Fund

6. A few years ago, the Government seemed determined to channel most of its financial aid to Arab countries through the Fund and had accordingly raised its capital from \$280 million equivalent to \$560 million (of which \$192 million have so far been committed at interest rates of 3 to 4 percent and on average term of 15 years). At present no further increase of the Fund's resources is foreseen, for war compensation grants to Jordan and UAR have increased substantially Kuwait's aid to Arab countries.

7. The present General Manager, Mr. Abdlatif Al-Hamad, has formed a team of Arab staff members who are generally able and serious, but still gaining experience; the effectiveness of the staff is further limited by a large turnover. The Fund has been increasingly reluctant to recruit experienced non-Arabs.

8. The Fund's operations have not developed as could have been expected. The Fund is understandably anxious to check the desire for easy money of many Arab countries by following a conservative course as regards the type of projects financed. This has led the Fund to reject a large number of applications because they were insufficiently studied. But, because of its own staff limitations and its limited use of consultants, the Fund has not been able to provide the technical assistance required to put potential projects in shape.))

Relations with the Bank

9. In the early sixties, the Bank organized missions to study the economy of Kuwait and assist the Government in its development efforts. The findings of the missions were published in book form ("The Economic Development of Kuwait") in 1965. Though the book was generally well received and translated into Arabic, it is difficult to judge its impact on those who make policy. Nevertheless, it helped to establish good relations with the country which has shown a cooperative attitude in its subscriptions to IDA (\$6.7 million) though it has not yet agreed to an advance release of its portion of the replenishment. A special issue of Bank bonds in the amount of \$42 million denominated in Kuwaiti Dinars was made in 1968. Holdings of 2-year bonds amount to \$5 million. Considering the volume of Kuwait's foreign investments the above figures are moderate. However, the Kuwaitis have repeatedly conditioned increased financial cooperation with the Bank upon increased lending by the Bank Group in Arab countries, especially those of the Middle East.

10. The Kuwaiti Government has expressed several times - especially when Mr. Woods visited Kuwait in 1967 - its disappointment that the Bank Group had not lent more to Arab countries, especially those of the Middle-East. If this subject were raised again with you, you might like to say that it had been one of the reasons for the creation by Mr. Woods in 1967 of a Middle East and North Africa Department. Unfortunately, the June 1967 war had made it even more difficult than before to step up lending in the Middle East, an example being the Jordan potash project which was impossible to carry out under present conditions. Moreover, the reluctance on the side of some Arab countries to accept the Bank's policies and procedures does not make things easier. Nevertheless, the Bank is now actively considering a much larger lending program to Arab countries than had ever been the case before (the figures for FY1970 are \$161 million Bank - including \$31 million for the road project in Lebanon which is likely to slip from FY1969 - and \$44 million IDA; see attachment. It is to be hoped that the political and military situation in the Near East will improve, or at least not deteriorate further, in order to permit lending to such countries as the UAR (for which \$24 million of IDA funds is included in the above figures), Jordan and Syria. But it is also indispensable that countries, such as Algeria, show more willingness to cooperate with the Bank before we can lend to them.

11. Both the Bank and the Kuwait Fund have expressed interest in joint lending operations in Arab countries. None could be arranged so far for a variety of reasons, including the lack of suitable projects. The only serious prospect was the Jordan potash project for which joint discussions had been held regularly and for which the Fund was prepared to lend \$25 million (the same amount as the Bank Group) as a senior lender; the June 1967 war has put this project in abeyance until normal

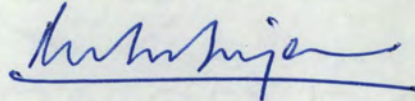
conditions are restored in the area. There have been signs that the Kuwait Fund has avoided joint operations so as not to appear in Arab eyes to be the junior partner of the Bank.

12. The movement for the Federation of the Gulf Emirates, born in anticipation of the British military withdrawal in 1971, is strongly supported by Kuwait, which is not a member. The British Middle East Development Division in Beirut (the regional office of the U.K. Ministry of Overseas Development) is presently carrying out basic studies on means to strengthen the Federation's economy and, so far, limited cohesion. The Provisional Federal Council has requested Bank assistance for carrying out an economic and social survey of the Gulf Emirates and we have accepted. A Bank reconnaissance mission to the Gulf planned for late May or early June will define the exact scope and objectives of the studies to be undertaken and it will eventually be followed by a full scale mission in the fall of 1969.

Miscellaneous

13. I am not attaching a list of the personalities you will meet and of their biographies as Mr. Dajany will provide you with detailed information thereon.

14. You might find the attached map of use. The neutral zone shown in the south is now administratively divided between Kuwait and Saudi Arabia; oil royalties deriving from the zone continue to be split equally between both countries.



Cleared with and cc: Mr. Dajany

Attachment

LOANS EXTENDED BY THE GOVERNMENT OF KUWAIT AND BY THE KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT AS OF APRIL 30, 1969

Borrower	Date of Agreement	Purpose	KD MILLION		Terms
			From Government	From KFAED	
ALGERIA	1963	To Government	10.0		Interest free - 25 years
	1964	Haoud el Hamra-Arzew Oil Pipeline		7.5	4% - 15 years incl. 3 years grace.
	1965	Not available	10.0		Not available
	1967	Haoud el Hamra-Arzew Oil Pipeline		2.5	4% - 13 years
			<u>20.0</u>	<u>10.0</u>	
DUBAI	n.a.	Not available	0.8		Not available
JORDAN	1962	Yarmouk irrigation		4.0	3% - 20 years incl. 6 years grace.
	1962	Phosphates (Al Hasa project)		3.0	4% - 10 years incl. 4 years grace.
	1962	Industrial and Tourism Fund a/		0.5	variable
	1960	Economic Development b/	1.0		4% - 11 years incl. 3 years grace.
	1964	Budget assistance	5.0		4% - 15 years incl. 5 years grace.
			<u>6.0</u>	<u>7.5</u>	
IRAQ	1963	Economic Development	30.0		Interest free - 25 years incl. 6 years grace.
LEBANON	1961	City of Beirut	5.0		4% - 10 years incl. 4 years grace.
	1966	Joun power station		2.4	4% - 12 1/2 yrs. incl. 2 1/2 yrs. grace.
	1966	Economic Development	5.0		4% - 16 years incl. 6 years grace.
	1968	Grain Silos		1.0	4% - 12 years incl. 3 years grace
			<u>10.0</u>	<u>3.4</u>	

(Continues)

MOROCCO	1965	Plan Support	10.0		4% - 16 years incl. 6 1/2 years grace.
	1966	Tessaout irrigation project		7.4	3% - 34 years incl. 5 years grace.
	1966	Tadla irrigation project		2.7	3% - 19 years incl. 4 1/2 years grace.
			<u>10.0</u>	<u>10.1</u>	
SUDAN	1962	Railways		7.0	4% - 16 years incl. 5 years grace.
	1965	Khashim el Ghirba Sugar Scheme		1.7	4% - 14 1/2 years incl. 3 yrs. grace.
	1965	B.o.P. support	5.0		4% - 15 1/2 years incl. 5 1/2 yrs. grace
	1967	Irrigation		5.1	3% - 20 years incl. 3 years grace.
			<u>5.0</u>	<u>13.8</u>	
TUNISIA	1963	Goulette Power Project d/		3.9	4% - 16 years incl. 4 years grace.
	1963	Irrigation Medjerda Valley		2.0	3% - 25 years incl. 5 years grace.
	1964	Budget support	4.0		3 1/2% - 16 yrs. incl. grace period.
	1967	Goulette Power Project		4.6	4% - 14 1/2 years incl. 3 yrs. grace.
			<u>4.0</u>	<u>10.5</u>	
U.A.R.	1963	Economic Development	25.0		Interest free - 15 years incl. 3 years grace.
	1964	Suez Canal		9.8	4% - 16 years incl. 3 1/2 yrs. grace.
	1963	Preservation of Abu Simbel	3.0		16 years incl. grace period
	1964	Not available	0.8		4% - 18 1/2 yrs. incl. 3 1/2 yrs. grace.
	1965	To Government e/	5.0		Repayable in 10 years.
	1966	To U.A.R. Central Bank f/	15.0		
1968	Construction of 8 cargo ships		3.5	4%	
			<u>48.8</u>	<u>13.3</u>	
REP. OF YEMEN	1968	Wadi Zobeid	0.3		Interest free - 60 years incl. 10 years grace.
		Total	<u>134.9</u>	<u>68.6</u>	

(Continues)

- a/ KD. 415,000 committed on February 5, 1964 for Jerusalem Intercontinental Hotel (KD. 175,000 - 4%, 11 1/2 years incl. 2 years grace) and Jerusalem Electricity (KD. 240,000 - 3%, 17 years incl. 1 1/2 years grace) respectively and KD. 85,000 on March 8, 1965 for the Al Urdon Hotel in Amman (3 1/2%, 14 1/2 years, no period of grace).
- b/ Terms as reported in Bank's report on the "The Economy of Kuwait".
- c/ Cancellation of KD. 140,000 not included.
- d/ To be used for civil projects under the direction of the Ministry of Defense.
- e/ Loan to be extended by Kuwait banks (reportedly using Government deposits) to the Central Bank of the U.A.R. The Governments of the two countries are guarantors of their respective banking institutions.

NOTE: 1 Kuwaiti Dinar - US \$ 2.80

Europe, Middle East and North Africa Department
April 30, 1969

Bank/IDA lending to Arab countries (\$ million)

	<u>To June 30, 1968</u>		<u>Fiscal Year 1969 ^{1/}</u>		<u>Fiscal Year 1970 ^{1/}</u>		<u>69+70</u>		
	<u>No. of ^{2/}</u> <u>loans</u> <u>and</u> <u>credits</u>	<u>Amount</u>		<u>No. of ^{2/}</u> <u>loans</u> <u>and</u> <u>credits</u>	<u>Amount</u>		<u>No. of ^{2/}</u> <u>loans</u> <u>and</u> <u>credits</u>	<u>Amount</u>	
		<u>Bank</u>	<u>IDA</u>		<u>Bank</u>	<u>IDA</u>		<u>Bank</u>	<u>IDA</u>
Algeria	3	80.5							
Iraq	2	35.8							
Jordan	4		11.5						
Lebanon	1	27.0		1	31.0		1	15.0	<i>Jorg 1 10</i>
Morocco	5	60.0	11.0 = 7/	1	15.0		1	15.0	<i>Lib. 7 46</i>
Sudan	6	129.0	21.5 = 15/	1	5.0		4	71.0	<i>10.0 Mar. 5 96</i>
Syria	1		8.5						<i>Sudan 6 5</i>
Tunisia	6	34.0	24.0 = 58	4	32.8	8.5	4	34.0	<i>10.0 Jan. 8 97</i>
UAR	1	56.0		1		26.0	2		<i>24.0 APR 3 46</i>
Total	29	422.3	76.5	8	83.8	34.5	12	130.0	44.0
Grand total		498.8			118.3			174.0	<i>20 300</i>

12/20
174/192

^{1/} As at present planned.

^{2/} Bank/IDA joint financing of a single project has been accounted for as only one operation.

Bank/IDA lending to Arab countries
FY1969 and FY1970 in US\$ millions ^{1/}

Country	Project	FY 1969		FY 1970	
		Bank	IDA	Bank	IDA
Iraq	Telecommunications			10.0	
Lebanon	Highways	31.0			
	S. Beqaa Irrigation			15.0	
Morocco	DFC (BNDE III)	15.0			
	Sebou Irrigation			40.0	
	DFC (BNDE IV)			15.0	
	Roads I				10.0
	Tourism (CIH)			16.0	
Sudan	Mechanized farming	5.0			
Tunisia	Water Supply	15.0			
	Railways	8.5	8.5		
	Ports	8.5			
	Roads (Engineering)	0.8			
	SNI III			10.0	
	Agriculture Credit			12.0	
	Power (Gabes-Thermal)			12.0	
	Tourism				10.0 ✓
UAR	Nile Delta Drainage I		26.0		
	Inland Waterways			10.0	
	Railways I			14.0	
	Total	83.8	34.5	130.0	44.0
	Grand total	118.3		174.0	

^{1/} As at present planned.

May 5, 1969
Europe, Middle East and North Africa Department

check pp 2, 9, 13, 24

For the Middle East Institute, April 1, 1969, by Howard R. Cottam (US Amb to Kuwait)

KUWAIT MODERNIZATION

The relevance of my subject "Kuwait Modernization" to urgent issues in the Middle East will be evident to this concerned, knowledgeable audience. In one generation, this small desert country became a major supplier of oil, a factor in international finance, a model of balanced and rapid development, a substantial supporter of the Palestine struggle, an effective mediator within Arab circles and a balancing factor in the Persian Gulf.

I have chosen to describe a process, not to rationalize or to criticize government policy. I aim to help you sense the process rather than to acquire statistics or clichés. My emphasis will be more on dynamics than structure; my style will be more journalistic than scholastic; my descriptions will be more qualitative judgments than quantitative comparisons; my judgments are strictly personal, but I hope mostly in accord with "official" thinking.

After six years of official ties with Kuwait, I admit some bias, but I attempt objectivity and try to follow the dicta of the scientific method: "...to describe the facts of experience as exactly as possible, as simply as possible, and as completely as possible." (Thompson).

My overall conclusion will be no surprise: Kuwait modernization is rapid, broad, deep and remarkably balanced. The strains, unevenness and retrogressions are more social, psychological and political than technological or economic. The physical aspects of modernization in Kuwait are astounding.

My Kuwait involvement, emotionally and professionally, began with an official visit at a crucial moment in Kuwait's history ^{early in 1963.} ~~On January~~ 28, 1963, the National Assembly was inaugurated. The present Ruler, Shaikh Sabah Salim al Sabah had just become the first Prime Minister-Crown Prince, having been the first Foreign Minister since completion of independence on June 19, 1961. The Constitution ^{promulgated on Nov. 14, 1962} was modern, liberal and responsive to internal and external political and cultural needs. The Constitution was prepared and implemented under the wise leadership of Amir Shaikh Abdullah Salim al Sabah. It was balanced in relation to the royal Sabah family on the one hand and the merchants on the other. ^{On Jan 28, 1963 the National Assembly was inaugurated} In the new Cabinet oil and finance matters were entrusted to Shaikh Jabir al Ahmed al Jabir al Sabah, now the Prime Minister-Crown Prince. His brother, Shaikh Sabah al Ahmed, became the second Foreign Minister in January 1963 and at once recalled from Washington to become Under-secretary the first Kuwait Ambassador to the United States, Sayid Abdul Rahman al Ateegi.

At time of my visit to Kuwait the stage was effectively set for modern sovereignty and independence of this small, rich state. It was to be a part of the Arab Nation as prescribed in the Constitution. Success depended upon its close cooperation with Arab states and upon fostering multilateral ties to replace the colonial ones with the United Kingdom.

A crucial event occurred on February 8, 1963, only a week after my visit to Kuwait: Iraqi President Qassim was assassinated. On May 14,

1963 Kuwait became UN member number 111. In July, 1963 I was nominated U. S. Ambassador and in October I presented credentials. That was just after Kuwait received de jure recognition by Iraq following a soft loan of 84 million dollars. In November my involvement in Kuwait was reinforced by President Johnson's inviting me to continue as his Ambassador following the death of President Kennedy.

Now, five and one-half years later, I attempt to describe to you objectively, but with affectionate bias, the modernization of Kuwait.

For purposes of this lecture I define modernization as the process of adapting to or of contriving circumstances optimum for survival and responsive to needs and expectations. The concept is normative and carries value judgements. While citing examples that indicate deviations and heterogeneity I shall also generalize, on the basis my own observations. Not only shall I generalize concerning overall modernization but I shall discuss separately six aspects of modernization in Kuwait: physical, technological, economic, social, psychological and political. First I shall present a few background facts and descriptions which bear on Kuwait's modernization.

BACKGROUND

Kuwait, or Qew-waite as some Englishmen call it, is known to everyone present but I doubt that many of you knew much about it before 1961 when Iraqi President Qassim publically claimed sovereignty over Kuwait obliging the Amir to call for British protection under the treaty.

Some of ~~these~~ ^{you} present knew Kuwait intimately, of course but others, like me, knew little about it at that time. I recall a flippant Foggy Bottom cliché 'wait for the coup in Kuwait.' But once Kuwait had proved to the world its sovereign independence the quip became: "Queue up and wait for the good business in Kuwait." As Kuwait's rapid and balanced development succeeded underdeveloped countries countries could be accurately advised to look to Kuwait as a model with the cliché: "Don't wait for a better cue than Kuwait." Kuwait is not only a model of rapid development but the biggest per capita aid donor in history, a fact which contributes to Kuwait's security and is hence an aspect of its modernization according to my definition.

Here are a few selected facts about Kuwait:

- Population now is about 650,000, as compared with fewer than 100,000 before oil. Only about ~~40 percent~~ ^{one-third} of these are native Kuwaiti.
- Per capita income is now about \$3,000 as compared with \$50 before oil was exported.
- About 10 billion barrels of oil have earned Kuwait over 6 billion dollars.
- About 2/3 of the income was disbursed locally, half of it through ordinary budget and 40 percent for the purchase of privately owned land. Over 1/2 billion dollars was spent for economic infrastructure and 1/4 billion for loans for joint enterprises with private capital: two investment companies, an airline, a shipping company, a hotel, a national petroleum company, and various petroleum-related industries.

--Of the one third of the income disbursed abroad about one third (\$650 million) was for assistance to other governments and two-thirds (\$1,500 million) for investments, reserves, etc.

Among the circumstances and factors favorable to the rapid modernization of Kuwait were the following:

- 1 - A vigorous, industrious, shrewd populace.
- 2 - Effective leadership and cooperation.
- 3 - Rich oil resources and ample foreign capital and know-how.
- 4 - External events which furnished manpower and other advantages.

Let us examine each of these favorable circumstances:

1. The People: Native Kuwaitis are hardy, intelligent stock made shrewd and industrious by the harsh climate and competitive situation which protected them for centuries from traditional colonial exploitation. The biologically best of these seafarers and traders survived and learned from experience what marvels could be achieved with knowledge, medicine and money. Soon after the turn of this century the Amir of Kuwait invited Christian missionaries of the Dutch Reformed Church to establish an American Mission in Kuwait. This was important preparation for the advent of oil a generation later.

2. Leadership: Cooperation of merchants, seamen, divers and artisans for more than two centuries under Sabah leadership, had evolved an effective division of labor, tribal democracy and social control. During the last century Sabah leadership survived various rigorous tests including the following:

a. Mubarak the Great demonstrated sophisticated understanding of international politics by arranging British protection against the Turks in 1899. Except for management of foreign affairs Kuwait's independence was not sacrificed and it benefited by a small British subvention. Even more pertinent to later modernization was the excellent training Kuwaitis received in government, knowledge of the English language and certain skills and discipline.

b. Two decades later the crusading Wahabis were defeated and turned back by shrewd leadership, tribal cooperation and military valor at the battle of Jahra.

c. Claims of Iraq of sovereignty over Kuwait persisted as its oil wealth was exploited. Amir Abdullah Salim resisted the persuasion of the Nuri Said Government and later the direct claim of Qassim at the moment Kuwait completed its independence in 1961.

d. Especially pertinent to political modernization was the remarkable accommodation of the Sabah shaikhs to the merchant's demands in 1938, just as the famous Burgan well No 1 proved to be a rich strike. An incipient revolution was averted by that leadership and cooperation. The merchants formed a town council affirming that the oil concession payments which began in 1934 belonged to the people rather than to the shaikhs. Amir Ahmed al Jabir made an historic decision: he allocated the oil-concession payments for education and public health creating a fund to be supervised by Shaikh Abdullah Salim who later became Amir on January 25, 1950 and ruled until November 24, 1965. It was Abdullah who guided the transition to independence and to constitutional government which is the essence of Kuwait modernization.

3. Resource Exploitation: The importance to effective modernization of the fabulous oil resources, the availability of foreign capital and know-how is self evident. The coincidence of a rising market for fuels and the technological revolution were also vital to making Kuwait rich quickly. Official British guidance and unofficial oil company tutelage were essential both to exploitation of the oil and to organization. Without this assistance the transition to independence and hence modernity would have been hazardous, indeed.

4. The Setting: Several external events, tragic in other respects, aided and abetted Kuwait's development:

a. The failure of Mosadeq's effort to nationalize oil in Iran turned investments to Kuwait where oil could be produced quickly and cheaply.

b. The expulsion of thousands of skilled Palestinians from their homeland in 1947 coincided with Kuwait's urgent need for articulate Arab-speaking administrators and technicians. Oil was first exported from Kuwait in 1946. The symbiotic relationship that developed was important to both the refugees and to the host country.

c. The rise of Arab nationalism and the successes of Nasser's revolution provided thousands of "seconded" teachers, doctors, engineers, lawyers and administrators to Kuwait at low cost. These were mostly docile, non-politically motivated professionals essential to tranquil development.

d. The wave of coup-d'Etats in the most advanced Arab countries left jobless hundreds of top-level Arab officials and technicians who

were happy to work in Kuwait. Some of them still play important roles in Kuwait as effective loyal advisers to government and industry.

e. There has been a super-abundance of unskilled laborers from other Arab states, Iran, Pakistan and India. While the excessive supply kept wages low it also encouraged exploitation and created social and political problems.

Physical Aspects of Modernization

In striking contrast to the ~~pre-oil~~ narrow alleys between the mud huts of Kuwait town there are now wide functional streets separating glass, steel and concrete edifices, all air-conditioned and with T.V. ~~antennae~~. Instead of camels and ~~other animals~~ there are new air-conditioned automobiles and buses. The layout of the new city indicates functional and artistic town planning but spotty implementation. Along the water front are six-lane carriageways, walkways, lawns, neon lighting and traffic signals. In most parts of the city the old buildings have been razed and replaced with modern office and apartment buildings. The old town walls have been demolished and in their place are parkways and a four-lane ring highway. Outward from this previous town boundary are concentric ring highways crossed with spoke highways. These main roads mark off a series of self-contained residential communities each with its shopping centers, schools, clinics, mosques and fire stations. Pipes for water and sewage are belatedly being installed to replace the truck delivery of water and septic-tanks. The high priority given to throughways has resulted in burying many of the best private beaches but the roadways are being beautified with trees and grass. Southward from the city the palaces and clubs beautify twenty miles of water front. Beyond lies the industrial area for oil and related products. Between the sites of Kuwait Oil Company and Aminol there has grown up an industrial complex for power, desalination, docks, fertilizer and the refinery

of the Kuwait National Oil Company. Numerous clusters of low-income housing are springing up adjacent to the industrial center and the airport which is located inland a few miles. An ultra-modern air strip big enough for any aircraft in existence has been completed but the terminal buildings are several years behind schedule. Westward and northward from the city are dockyards, storage areas and small industries beyond which are large schools, hospitals, the prison and various residential communities. Beyond is more desert transited by a super-highway leading to Basra.

Whereas much of the first post-oil architecture tended to be cheap, garish and replicas of popular European housing those now under construction are of better taste and are increasingly utilitarian with easier maintenance. Some structures have combined the most exquisite of the orient and the most practical of the west. The most modern houses are being equipped with central air-conditioning as well as electronic wiring. A few have swimming pools. Most have small gardens. Office buildings and apartment houses are obliged to comply with zoning and style regulations. The old suks are being replaced with attractive small shops housed in larger functional complexes. Fish and central vegetable markets have been moved to out-of-town locations.

Notwithstanding the acceptance of western gadgetry and engineering, native clothing is preferred. Very few Kuwaiti men wear western clothes while they are in Kuwait, but most of them do while travelling outside the Arab countries. Women seem to like western adornments

but cover them with an aba' when they go shopping. However, emancipation of women is proceeding at a rapid pace. Schoolgirls learn to drive and like mini skirts. Hairdressers have a good business. Almost everyone wears expensive watches and shirt pockets carry ballpoint pens.

During one generation Kuwait has literally "blossomed as the rose". Trees, lawns and flowers, once a rarity, are quite common. An agricultural development plan is in preparation and an experiment station has made extensive tests and surveys. There is some hydroponics. A few poultry and dairy farms are commercially successful. Notwithstanding the fantastic physical changes in Kuwait there are a few incongruities and errors. However, Kuwait is so determined to improve its comforts and its security that errors damaging to health or inconvenient are promptly rectified.

Technological Aspects of Modernization

Kuwait is far behind technologically in comparison with developed countries, but it is far ahead of many others and is strikingly modern in comparison with the old Kuwait. Only by importing thousands of foreign experts can Kuwait support its technology but its own are being trained as fast as possible. Kuwait's leaders have sought and paid for the best available, even more than could be effectively used at some time.

In one sector Kuwait's international leadership has been properly recognized; namely, the commercial development of desalination. New

application of desalination is increasing geometrically. At the end of 1968 the installed capacity was a little more than 25 million gallons per day. In November a contract was let for another 5 million and tenders were opened for an additional 25 million.

Oil technology in Kuwait is of a sophisticated order both among the large international companies holding concessions and by the national company which is just entering the realm of higher technology. Gulf Oil Company is now putting into service the six largest tankers in existence (312,000 tons). To use them an artificial island has been built in 90 feet of water ten miles offshore connected by two pipelines one of which is 48 inches in diameter. Aminol dedicated in March 1969 a 25 million dollar desulfurization plant. The Kuwait National Oil Company made an even larger effort for ultra-modernity by constructing a 90,000 barrel per day, 150 million dollar hydrogen-process refinery. In this venture the U.S. Export Import Bank participated with one-third the capital, thereby providing tangible certification of technical feasibility.

In electronics Kuwait has moved fast with an American-trained Kuwaiti engineer controlling the projects. A ground station of Intelset will soon be dedicated. Some of the largest broadcasting units in the Middle East will soon be tendered. Kuwait has had T.V. for a decade.

Economic Aspects of Modernization

Vest-pocket accounting and bazaar merchandising have given way

to computers, banks and participation in regional and international institutions. Kuwait is an active supporter of the International Monetary Fund, the World Bank and the economic organs of the United Nations and of the Arab League. The Kuwait dinar is backed by gold and accepted ~~as at par~~ globally. Five commercial banks in Kuwait and a Union Bank in London service commercial transactions. A new Central Bank, to be managed by Kuwaitis, will soon replace the Currency Board which has relied heavily on senior foreign members. Two investment companies have placed vast public and private funds abroad. Public finance and monetary policy have been skillfully managed by the Ministry of Finance which drew upon the most reputable foreign advisers while making ultimate decisions itself. An international advisory committee, headed by former IBRD President, Eugene Black, was dissolved recently after more than five years of useful service. Private funds flow abroad freely through hundreds of avenues including brokers in Kuwait connected by teletype to the world financial trading centers.

Most basic to economic modernization in Kuwait was the constitutional requirement that national public funds must be budgeted and approved by the National Assembly. This forced sharing of the control of funds by the Ruler and the legislative branch stands in sharp contrast to some of the other oil-rich countries. The Constitution was in fact the prime factor in Kuwait's overall modernization and its implementation is the keystone of sovereign independence and modernization.

Kuwait's successes in modernizing its economic sector reflect the high priority placed upon oil and money for Kuwait's survival and comfort. Not only has there been an effective awareness that Kuwait's sovereign independence depends upon oil markets and upon the stability of money, but also a realization that regional cooperation is essential for strictly economic reasons, on the one hand, and for strictly security reasons, on the other.

Kuwait has participated extensively in Arab regional planning and development both for economic and political purposes. Even before completion of its independence, Kuwait agreed to pay a generous share of costs of the bodies of the Arab League to which it had not yet been admitted as a member. Once accepted as a member, however, Kuwait put money into many moribund Arab institutions including the Palestine Liberation Organization. Kuwait agreed to participate in an Arab Common Market in 1965 but, when pushed too hard to share its wealth with larger and poorer countries, withdrew. This pragmatic approach to protecting its basic economic interests was again demonstrated by the formation of OAPEC, the Organization of Arab Petroleum Exporting Countries. Neither the Arab League's oil committee nor the global OPEC Organization of Petroleum Exporting Countries were capable of protecting oil markets. The forced boycotting of Kuwait's markets in order to support Arab causes was the experience which prompted OAPEC. Only Saudi Arabia, Libya and Kuwait are members although Iraq was invited to join.

Kuwait's aid to Arab neighbors has been unique in scope and in design. About one-tenth of its national income has been extended during recent years through specialized agencies ranging from a large development loan fund (KFAED) to small grant aid for welfare purposes in the Trucial States and Yemen (GUPAC). Especially during the years 1963-66 Kuwait extended large political loans from its reserves. Iraq got 84 million dollars in late 1963; UAR received 70 million dollars in 1964 and most other Arab states, except Syria, received 14 to 28 million dollars. In 1964 Kuwait and UAR founded the Arab-African Bank.

To stimulate both domestic development and foreign cooperation public funds have been used extensively in joint-stock ventures: Two large investment companies, KIC and KFTCI, mostly with official funds have invested profitably abroad. Domestically the government has participated with a national oil company, a fertilizer company, an industrial development company, a hotel company, and a national industrial board which fosters various small service industries. An industries law offered certain lures such as credit, import tax exemption, sites, etc.

An unorthodox economic institution is the land-purchase program. It provides for expropriation and relocation of families and businesses in return for generous payments to owners. The mechanism has served to distribute the vast oil revenue to private individuals at the same time making lands available to the state for development purposes.

Before 1966 when capital surpluses were large about one-fourth of the total revenue from oil was plowed into the private sector through the land-purchase program. Since then there has been an annual outlay of only about 80 million dollars.

Social Aspects of Modernization

Paradoxically, Kuwait is both a welfare state and a free-enterprise economy and its leaders are proud of both labels. Tribal concern for welfare of brothers on the one hand, combined with hard-nosed determination not to let the ruling shaikhs get too many wind-falls from oil, led to the accommodation of 1938 described earlier. That was a basic factor in Kuwait's modernization. Because the early oil concession payments were earmarked for public health and education Kuwait was prepared to use the vast revenue when oil exports began in mid-1946. As more funds came into the treasury more extensive welfare followed. About one-fourth of the national budget/^{during recent years} has been for education, public health and welfare.

Modern hospitals and neighborhood clinics with free medicine and treatment became available for every Kuwaiti citizen and every foreign resident by the time of independence. When the Christian missionaries came in 1910 there was only primitive treatment of illnesses. The first bona fide hospital was opened in 1939 with only four physicians. Two decades later there were 15 hospitals and 500 doctors, about one physician to each 750 persons. Now there are even more modern hospitals with specialized doctors and ample equipment. A nursing

school graduated its first class in 1966. This is not to say, that all Kuwaitis are content to get their medical treatment in Kuwait. On the contrary, many wealthy Kuwaitis go to Europe or to Beirut even for dental work.

Equally impressive has been the development of free education in Kuwait. Whereas there were only two schools with 25 students at the time oil was discovered, there were 160 schools and 5,000 teachers in 1966. By then there was a new well-equipped university. Schooling in Kuwait is compulsory between the ages of 4 and 16; it is available even to adults. More than 1,000 students study abroad each year, mostly at government expense. A striking aspect of present-day Kuwaiti education is that nearly 40 percent of the enrollment is girls. Few of those who go to high school will ever enter purdah. Among the inconsistencies is that co-education is not permitted in high school or college. In addition to trade schools and a nursing school there is an advanced Institute of Economic and Social Planning which is operated in association with the United Nations. Private schools are permitted in Kuwait under the guidance of the Ministry of Education. We helped organize an international school with an American curriculum and national schools are operated by the British, the French and the Iranians.

Religious education is supported by the government and freedom of worship is assured by the Constitution. There are numerous neighborhood mosques but no big national ones. The religion is

Moslem, mostly Sunni with a minority of Shia. There are one Catholic and two Protestant churches, each with informal educational and social programs.

Among the largest social programs in Kuwait is the massive Civil Service which employs over 85,000 persons, mostly native Kuwaitis. Virtually any citizen of Kuwait may have a governmental job and many who hold jobs conduct business on the side. This over-employment may help to distribute the wealth but it also decreases efficiency.

Free or subsidized housing, water, electricity and telephones are also aspects of the welfare state. There are no taxes collected from Kuwaitis except a 4 percent ad valorem tax on imports and 2 percent on re-exports.

Social development in Kuwait is manifest in the rise of co-operatives, sports^{clubs} and social clubs. There is also extensive socialization in homes. The government sponsors sporting events and intends to build a huge sports center with two astrodomes. A museum of Kuwaiti artifacts exists and has finally been promised public support. For a time there was a rejection of anything old. Considerable interest in art and handicraft has been evident lately. Commercial movies and state television and radio show a variety of programs, some in English.

Labor has had an intriguing development in Kuwait. There is a preponderance of non-Kuwaiti in the labor force but the labor laws specify exceptional preferences for Kuwaitis. Only Kuwaitis can become members of a union during the first five years under the law

(1965-69), and only Kuwaitis can hold office. These discriminatory clauses in the laws have blemished the Kuwaiti image somewhat even though social benefits to workers have been high. A recent labor "success" was passage by the National Assembly of Law 43 which was so generous as to be considered by the Government as detrimental. Labor leadership tends to be extremist and is possibly influenced by non-Kuwaiti Arabs. The Government is taking a rigid stand to prevent violence but at the same time seeks generous benefits for workers. Labor has become a factor in Kuwait, both economically and politically.

Among the social problems of Kuwait is the over-presence of foreigners and the onerous commercial, legal and other preferences for Kuwaitis. The social-psychological consequences of these discriminations is not as apparent as it is real. Foreigners are in Kuwait by their own choice and are well paid for their services. Serious dissidents or criminals are easily and quietly deported. Plenty of replacements stand ready to come to Kuwait in their places.

Manifestations of social pathology in Kuwait are few, although crime and petty stealing are reportedly increasing. Punishment has been generally moderate although a public hanging of a convicted murderer occurred in March 1969. Kuwait has the most modern prison in the Middle East which includes facilities for rehabilitation.

Psychological Aspects of Modernization

Modernization of Kuwait has left surprisingly few signs of

personal-social maladjustment considering the tumultuous changes that have occurred. I have not observed or heard of widespread moral breakdown, disillusionment, despondency or anomé; rather, there seems to be elation, smugness, arrogance and expectation of even greater affluence. Perhaps because Kuwaitis started from poverty (less than \$50 per capita per year) and had relatively low expectations there has been little or no gap between what they wanted and what they achieved even with little or no personal effort. There were food, medicine, jobs and status for everyone Kuwaiti.

There have been changes in attitudes toward the old traditional society, toward work, toward authority, etc. Many social controls have broken down especially for youth. However, there is little social disorganization. Strong family ties, tribal loyalties and the in-group feeling of Kuwaitis against foreigners among them have served to minimize social disorganization. Also there has been no direct challenge to Islam and the Koran, leaving religion to serve as a balancing factor for the mysteries of change. Excesses such as alcoholism, fast living and indolence are deplored by the elders and by the mullahs who are understandably frustrated by the changes in folkways and the challenge to the mores. Occasionally panaceas such as prohibition of the use of alcohol are attempted. However, the most common expressions of the effective opinion-makers tend to center on political matters rather than mores.

Of the domestic issues surfaced there seems to be most serious concern about implementation of the Constitution, although the attacks

against the government are usually more specific and more mundane. Not only the articulate moderate-liberals but also the Arab-nationalists and the vocal man-of-the-suk want literal fulfillment of the Constitution. The Government, and especially the controlling Sabah family, would like to make a few amendments but nevertheless, they reaffirm acceptance of the Constitution. Largest concern is over article 175 which protects freedom and equality. The Sabahs have not attempted to decrease the guarantees but the opposition understandably focuses on that possibility as the Government becomes obliged to tighten controls over subversive efforts.

Of all the international issues the Palestine "injustice" is paramount. All sectors of Kuwaiti opinion seem to support repossession of the Palestine homeland by force if necessary. Many would welcome a peaceful settlement but would not say so in advance and may not acknowledge the settlement as final. The cold war issue is more remote to Kuwaitis who affirm "positive non-alignment" but privately fear communism. All except the most ardent Arab-nationalists want an active but not colonial presence of westerners with only a nominal Soviet presence. Kuwaitis want to trade everywhere with all the benefits and none of the risks. Like an attractive maiden they presume they are in control of all approaching males. Most of the opinion-makers in Kuwait ardently want to cooperate with neighbors and have been generous in their efforts to foster equanimity. The government has been imaginative and courageous in efforts to mediate between other Arab states.

Attitudes toward money and oil policy are vital to Kuwait's survival and the government has demonstrated its serious intent. While the public blames the oil companies for exploitation and many citizens do not understand complexities of the situation, the leaders do. Kuwait has been consistently moderate in its policies with respect to oil and money.

Attitudes toward foreigners in Kuwait are ambivalent, having mixed appreciation and annoyance. Kuwaitis feel about their foreign advisers and technicians much as the Romans did about their slave-administrators: they respect and rely upon them but distrust and resent them. Only a handful of loyal foreigners have been given Kuwaiti citizenship and they refer to themselves as Class B Kuwaitis. At the same time citizenship is generously given to nomadic bedu who swear allegiance and settle down in Kuwait. In my view, the reluctance to invite full participation of those who contribute to Kuwait's development is a mistake; clearly it is a failure of Kuwait modernization.

Political Aspects of Modernization

The prime instrument of Kuwait modernization is its Constitution. That remarkable document was written by an elected Constituent Assembly with advice of distinguished jurists such as Sanhuri and was promulgated November 11, 1962. It is, in fact, a basic agreement between the Royal Sabah family and the influential articulate commoners. It is comprehensive, detailed and inflexible concerning

crucial issues such as guarantees of liberties and equality. (Article 175).

The Constitution defines Kuwait as a sovereign, Moslem state, part of the Arab Nation, based on justice, freedom and equality. The document is modern and liberal with respect to human rights. It prescribes a balance of freedom and responsibility and a democratic system of government. The powers of the three branches--executive, legislature and judiciary--are defined. The legislature has separate and equal powers to the Amir, whose position is hereditary. The Amir and his cabinet constitute the executive branch and the courts act on behalf of the Amir.

Legislative power is vested in the Amir and the National Assembly. The Amir can dissolve the National Assembly but must call elections within two months. During the first two years the Assembly was extremely successful but in December 1964 there arose disputes which culminated in the resignation of the esteemed first Speaker and in later accusations of election irregularities. In the January 1967 elections the articulate opposition disappeared (some were not re-elected and others resigned in protest). There was open criticism that the government had failed to implement the Constitution.

While political parties are prohibited in Kuwait there is a distinct cleavage between those in and some of those out of government. The rift, however, is not deep and no one worries about violent overthrow. The absence of effective opposition to the government is

due in part to the comparative well-being of the people. Nevertheless, each one wants his privileges and perquisites; he wants particularly remunerative contracts or to sell property profitably through the land-purchase program.

The judiciary is autonomous and immune and judicial power is vested in the courts in the name of the Amir. The judicial system was derived from the Napoleonic Code as and modified by Sharia law. The Kuwait courts have been staffed with experienced expatriate Arab jurists. Kuwait lawyers dominate the legal profession although a few selected foreigners from Egypt, Iraq, Syria, Jordan and Lebanon have been admitted. Western lawyers serve only as advisers. The judicial system appears to be responsive to local needs but there has been no prestigious outside appraisal. The subject has been debated extensively in committee of the National Assembly and press comment has reflected differences of opinion.

Two new groups have become influential in Kuwait politics: labor unions and students. Both are dynamic and youthful but they have been restrained by governmental lures and threats. An industry-wide oil workers strike paralyzed the industry for two days in January 1969 but violence was averted by strong governmental counter action. Student groups meet from time to time and pass strident resolutions against Israel, the United States and the West in general but there has been no violent action. A few months ago the Minister of Interior and Defense addressed the students in Kuwait, appealing to their sense

of responsibility and underscoring dire alternatives. The National Union of Kuwaiti Students retains its headquarters in Cairo. Labor unions also get much of their training and support from outside Kuwait.

Kuwait's security depends more upon external than internal events but there is a worrisome presence of foreign influences inside the country. Not only is there an overwhelming physical presence of technicians and workers but also ideological threads and pockets of subversive elements. Most of these benefit from an independent, viable Kuwait. They offer little or no threat of either violent or peaceful take-over. Nevertheless, Kuwaiti politicians must cater to those various interests by offering money, propaganda or political commitments. This is the essence of Kuwait's politics of survival. Priorities are necessarily adjusted according to pressures rather to logical analyses of basic interests. There is, however, an effective awareness that oil wealth underlies Kuwaiti sovereign independence, that markets must be kept and ultimate support by the free world is essential. Even so, the Government is determined to cut its umbilical cord with the United Kingdom and does not want any other colonial replacement.

Of all foreigners in Kuwait the Palestinians are the most pervasively present. In return for their skills and industry many thousands of refugees were given sanctuary and jobs. The influx of refugees following the June 1967 war more than doubled the number in Kuwait lowering the ratio of Kuwaitis to foreigners. For the first time Kuwait had within its boundaries about ^{an equal number of} native-born citizens

and expatriate Arabs.

The strategic presence of fiercely patriotic Palestinians in every industry and in many key offices committed Kuwait even further to support their cause. However, Kuwait's support is based on genuine conviction of the injustice of the expulsion of Palestinians from their homeland. The potential threat of sabotage of key installations has prompted selective deportations and tighter security controls. The net result is active and generous support of the Palestine case. Kuwait has been a large contributor to all movements including the Palestine Liberation Organization, the Army, The United Arab Command, the various Fedayeen groups (especially Fatah). Kuwaiti troops and material were sent to the front in June 1967 and no cease-fire was declared when they returned. The U.N. resolution of November 22, 1967 was passed without Kuwait assent. Public statements of the Government continue to oppose the efforts of Ambassador Jarring.

A substantial number of foreign Arab Nationalists inside Kuwait contrive with extremist groups outside to influence Kuwait foreign policy as well as internal change. They also have been accused of using Kuwait as a base for developing plans to be carried out elsewhere in the Gulf or in other Arab countries.

In addition to Arab expatriates there are many Iranian, Pakistanian and Indian nationals. They are essential elements of the labor force and cause little trouble. From time-to-time Iranians who have entered without work permits are deported. Recently the government has tightened controls on entry into Kuwait by certification by sponsors.

Since completing its independence Kuwait has built up small but impressive police and military establishments. The recruits are largely loyal bedu who benefit from discipline and training of the military.

CONCLUSION

A fortuitous convergence of circumstances favorable to development has resulted in exceptional modernization of Kuwait. A vigorous, shrewd populace, effective leadership, rich oil resources, foreign capital and skills changed Kuwait in one generation from a small poor country to an independent sovereign state and a factor in world affairs. The modernization has been rapid, deep, broad and balanced. There are strains and imbalances and even some retrogression socially, psychologically and politically yet the overall achievements are remarkable.

Mr. McNamara - to see please.
RBS 5/2
OFFICE MEMORANDUM

TO: Files

DATE: March 6, 1967

FROM: George C. Wishart *GW*SUBJECT: Visit to Kuwait, February 17-21, 1967

1. Mr. Woods, accompanied by Messrs. Wishart and Steckhan, visited Kuwait, arriving in the evening of Friday, February 17, and leaving in the late afternoon of Tuesday, February 21. While in Kuwait Mr. Woods and his party were the guests of the Kuwaiti Government and the Kuwait Fund for Arab Economic Development (Kuwait Fund) and the arrangements for their stay were made by Mr. Abdlatif Y. Al-Hamad, Director General of the Kuwait Fund. Mr. Omar Dajany joined Mr. Woods's party in the evening of Sunday, February 19.

AL-At. 1/10/67
2. At 10:30 a.m. on Saturday, February 18, Mr. Woods, accompanied by Mr. Al-Hamad and Messrs. Wishart and Steckhan, called on the Minister of Finance and Oil, Mr. Abdul Rahman Ateeqy. Mr. Woods explained that his visit to Kuwait was in response to an invitation from Sheikh Sabah Al-Jaber, Minister for Foreign Affairs, who at that time was also Acting Minister of Finance and Oil. Mr. Woods expressed his interest in seeing for himself the economic development now being undertaken in Kuwait and also his desire to inform the Government of Kuwait regarding the work of the World Bank Group. Mr. Woods said that Kuwait's problem is to put its surplus money to work and he hoped that the World Bank Group and Kuwait could cooperate in assisting the less developed countries of the world, especially the Arab world. Mr. Ateeqy welcomed Mr. Woods's visit to Kuwait and emphasized the desire of Kuwait to cooperate fully with the World Bank Group.

3. At 11:00 a.m. on February 18, Mr. Woods and his party were received by Sheikh Sabah Al-Salem, The Ruler of Kuwait. In the course of general conversation, the Emir stressed the great desire of the Government of Kuwait to diversify the Kuwaiti economy. Over the last two decades Kuwait had been fortunate in the large revenues it had received from oil production but it would now be wise for Kuwait to look ahead and not depend entirely on this as the sole source of its revenue. One development was the discovery of large supplies of water in the northern area of the territory which might yield around 100 million gallons of water a day for 100 years. These supplies had not yet been fully proven but the Emir hoped that they would be. If water in these quantities is available, then Kuwait could look forward to diversifying its economy both as regards agriculture and industry and would become less than totally dependent on oil revenues.

4. Following on the meeting with The Ruler, Mr. Woods called on the Foreign Minister Sheikh Sabah Al-Jaber. The Foreign Minister expressed his pleasure that Mr. Woods had responded to his invitation given to Mr. Woods in New York last year to visit Kuwait and assured Mr. Woods that he had a permanent invitation to stay in Kuwait as long as he liked and to visit Kuwait at any time. Sheikh Sabah then

file July 22 1968

referred to the Jordan Potash project in which Kuwait is particularly interested since, from a foreign policy point of view, it is most desirable to strengthen Jordan's economy. Sheikh Sabah hoped that the World Bank Group would give this project full support and treat it as a matter of urgency. Mr. Woods stated that the chances for this project going forward were good. He believed in the project since it would intelligently develop an important natural resource in Jordan. Mr. Woods stressed that the key element for the project was to find the "know-how" or technical partner who would also be prepared to participate in the equity. He believed that such a partner had now been found in W. R. Grace & Company which had given its preliminary approval. There was one area of uncertainty in that W. R. Grace had also been approached regarding a similar project in Ethiopia, but the chances that Grace would decide to do the Jordan project were good. Allied Chemicals had also been interested but had recently had a change of management. The World Bank Group was seriously considering the project and contemplating a Bank loan of around \$25 million.

5. In summing up on general matters, Mr. Woods mentioned the desire of the World Bank Group to cooperate closely with the Kuwait Fund and also the Bank's desire that Kuwait might see its way to invest some of its surplus reserves in World Bank bonds.

6. On Monday, February 20, at 10:00 a.m., Mr. Woods, accompanied by Minister Ateegy and Messrs. Dajany, Wishart and Steckhan, met with the Crown Prince and Prime Minister of Kuwait, Sheikh Jaber. Mr. Woods referred to a visit he had paid the day before to the Kuwait Oil Company and a drive around the industrial complex which is being built outside Kuwait City. Mr. Woods said he would like to revisit Kuwait again in another five years to see the great developments which he was sure would have taken place by that time in the industrial field. The Prime Minister said that the discovery of water in the north of Kuwait had been like the "fulfillment of a dream" and that the Kuwait Government was delighted at this discovery.

7. The Prime Minister said that he had one request to make to Mr. Woods. He hoped that the World Bank Group would devote more of its attention to furthering the economic development of the Arab world. In particular, the Arab countries required more assistance in infrastructure projects and in enabling the private sector to move forward. Kuwait would be delighted to cooperate with the World Bank in achieving these objectives. In response, Mr. Woods stated that decisions had already been taken to intensify and improve the Bank's activities in the Arab countries and he outlined certain changes in the Bank's internal organization which he intended to put into effect by June 30 to ensure the carrying out of this objective in line with the dignity of the Arab countries. In reviewing the Bank's present relationship with Arab countries, Mr. Woods said that the relationship between the Bank and Morocco and the Bank and Tunisia was good, but Mr. Woods indicated that the relationship with the rest of the Arab countries in the Middle East could have been better. He referred to the Jordan Potash project. Unhappily, the UAR had recently defaulted in payments to the IMF; this was most unfortunate as the World Bank Group would very much like to do business with the UAR.

8. Mr. Woods then expanded on the relationship which the World Bank Group would like to have with Kuwait. He treated this subject under four heads:

- (a) The World Bank would like Kuwait to invest in its bonds.
- (b) He mentioned the need for the second replenishment of IDA and his expectation that Kuwait, along with the other Part I countries, would play its full part in assuring an increased replenishment of IDA funds.
- (c) He hoped that IFC and the Kuwait Fund would work closely together.
- (d) On a broader issue, Mr. Woods suggested a regular exchange of visits between the World Bank Group and Kuwait. He had in mind that perhaps World Bank Group staff and the Kuwait Fund and Kuwait Government might organize two or three regular meetings a year, perhaps one in Washington, one in Kuwait and one in Europe. These meetings would have the advantage of assuring for the Kuwait Government and the Kuwait Fund a regular supply of technical and economic information such as the World Bank Group possessed. Also it would keep the World Bank Group in close touch with the needs and views of the Arab side.

9. Mr. Woods reverted specifically to his suggestion that Kuwait should invest in World Bank bonds and explained the yearly needs of the World Bank to raise around \$400 million to \$500 million of new money each year through bond issues. These bond issues had been made up to now in the capital markets of North America and Western Europe. He would like to supplement these traditional markets by obtaining some of the savings now accumulating in the Middle East countries which were fortunate in having large oil reserves. Mr. Woods referred also to the two-yearly bond issues placed with central banks. Mr. Woods expressed his willingness to arrange a special bond issue for Kuwait if Kuwait would be interested in this approach. Mr. Woods stated he did not expect this matter to be settled during his present visit to Kuwait but he would like to start the thinking on it in the hope that such a bond issue might be possible during the Bank's next fiscal year, and perhaps be part of a continuing program of similar annual investments extending over a period of years.

10. In response, the Prime Minister said he believed that a special Bank bond issue for Kuwait might be a very sound and useful move. However, this was not something which could be settled right away and Mr. Woods should continue his talks on this matter with Minister Ateegy. In regard to the four points made by Mr. Woods, the Prime Minister considered these all to be good and sound. Especially he welcomed Mr. Woods's proposal for a regular exchange of views between the World Bank Group and Kuwait. Such an exchange should not only encompass a discussion of Kuwaiti matters but also consider

projects and developments of interest to the Arab world as a whole. In certain of the less developed Arab countries, there are projects which are very desirable from the point of view of the countries concerned but these projects may not measure up to the normal appraisal and technical standards required by the World Bank or IFC. Kuwait would be prepared to help the countries concerned launch these projects but sometimes it is embarrassing politically for Kuwait to do the financing direct. Kuwait would much prefer that these projects should be assisted by the World Bank, perhaps with Kuwait's help in providing junior capital in order to make the projects viable. The Prime Minister asked Mr. Woods whether the World Bank Group would be interested in this approach. Mr. Woods said that the World Bank Group would indeed be interested in this suggestion and that it would be pursued further. The Prime Minister added that vice versa Kuwait would be interested in joint financing with the World Bank in Bank projects for Arab countries.

11. In regard to the replenishment of IDA, the Prime Minister stated that Kuwait is willing to assist by taking its full share of an increased replenishment. This matter should be pursued further with Minister Ateeqy.

12. Minister Ateeqy then summed up the conversation by confirming that Kuwait is indeed willing to cooperate with the World Bank Group in furthering economic development in the underdeveloped countries. Such cooperation must be within Kuwait's ability and its existing commitments. The Prime Minister had expressed the good intentions of Kuwait and it would now be up to Minister Ateeqy and the World Bank Group to work something out. Mr. Woods thanked the Prime Minister and Minister Ateeqy for their sympathetic reception of his ideas. What he wanted to establish was the fact that as Kuwait has a surplus of money, Kuwait and the World Bank Group should cooperate in assisting the less developed Arab countries. As regards a Kuwaiti investment in World Bank bonds, Mr. Woods had been hoping for an annual investment of Dinars 20 million to 30 million (\$56 million to \$84 million equivalent) expressed in any currency that would suit Kuwait.

13. There were no further formal meetings between Mr. Woods and Kuwaiti Ministers but subsequently Mr. Woods had various private conversations with Minister Ateeqy, Mr. Abdlatif Y. Al-Hamad, Director General of the Kuwait Fund and others.

cc: Mr. Woods
President's Council
Mr. Cope
Mr. El Emary
Mr. Lejeune
Mr. Cargill
Mr. Rosen
Mr. Raj
Mr. von Hoffmann
Mr. Dajany



ALADDIN'S LAMP OF THE MIDDLE EAST

KUWAIT

By JOHN E. FRAZER

Photographs by DAVID F. CUPP



KODACHROME BY RALPH MORSE, LIFE

to work in. Moreover, the portable life support system—a sizable backpack—raises a man's center of gravity so high that it takes extra effort just to maintain balance.

For these reasons, activity on the first lunar landing is limited. During a two- to three-hour excursion away from the LM, the men take pictures and collect up to 65 pounds of lunar soil and rocks to bring back to earth in tightly sealed aluminum cases. They hope to set up an instrument to analyze solar wind, a seismometer to detect moonquakes, and an optical reflector. Laser beams from earth, bounced back from this reflector, will measure the moon's distance to within six inches.

Their visit ended, the astronauts explode the two halves of the LM apart and fire the ascent engine. They rendezvous with their orbiting colleague, crawl back into the command module, cast the now-useless LM adrift, and head for home.

The hazards are nearly over, except for re-entry. But the returning explorers face one

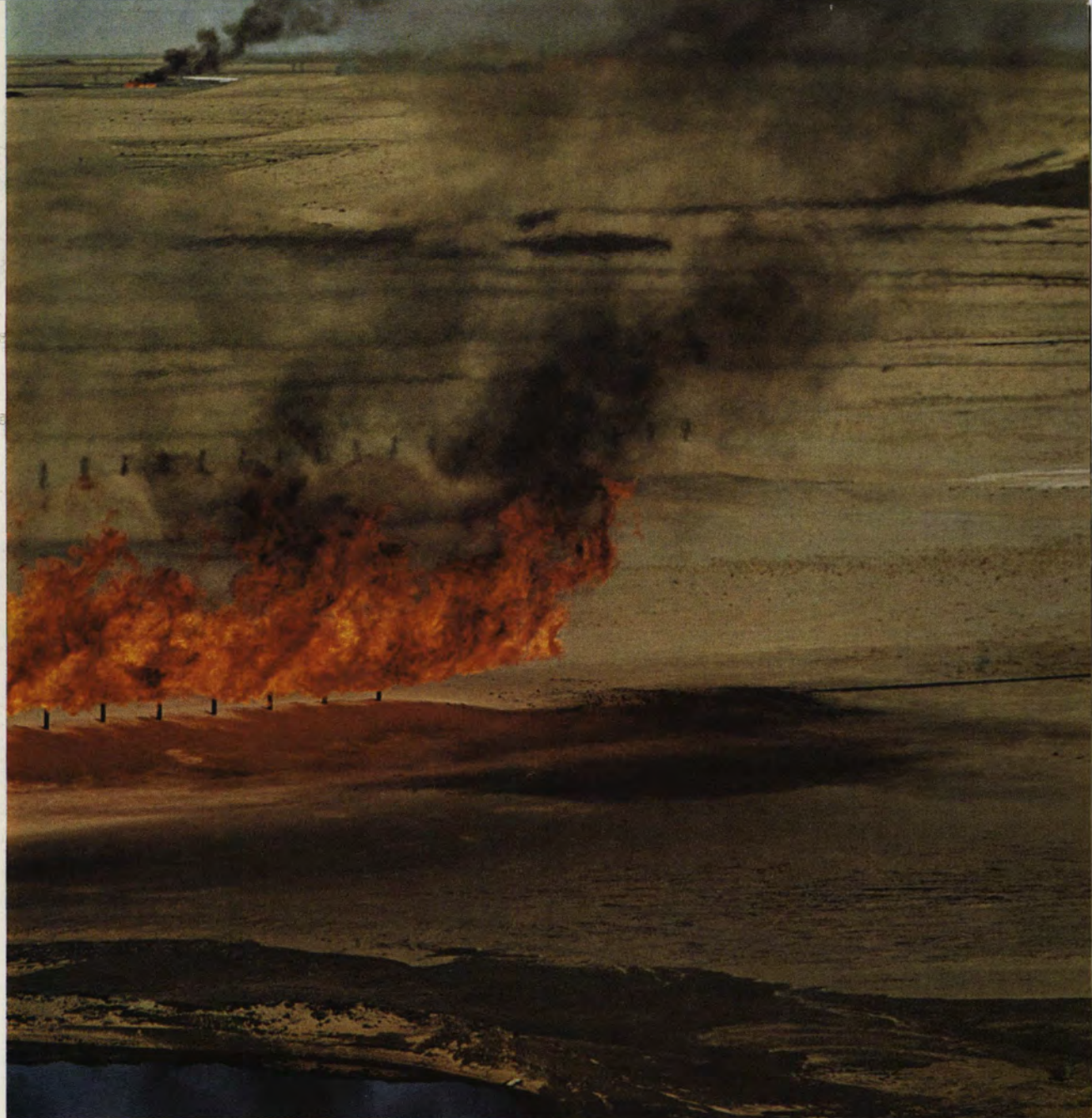
more potential peril—lunar contamination. Will they bring back moon organisms? Are lunar materials toxic or lethal to earthlings?

Although most scientists think not, NASA feels that caution is the best policy. So the astronauts go directly from their spacecraft to a transfer van on the recovery ship, then to the Lunar Receiving Laboratory at the Manned Spacecraft Center near Houston for quarantine until 21 days after the men have left the moon.

This new laboratory provides living facilities for the three astronauts and for the staff that will stay with them. It also contains complex arrangements for analyzing and testing the lunar samples (opposite)—even to the point of feeding powdered portions to such diverse life forms as oysters and cucumbers.

Finally, if no contamination shows up, the astronauts will be freed. Then they can say, with Shakespeare's *Hotspur*, "Methinks it were an easy leap to pluck bright honor from the pale-faced moon!"

THE END



Where the boom began: Excess natural gas flares from Burgan oil field, perhaps the most productive in the world. Here in 1938 Kuwait's first well gushed into being; the ensuing bonanza hurled a pastoral Bedouin society into the whirlwind of the 20th century. Symbols of the new affluence, automobiles sell so fast that Anwar al-Mulla (right), owner of this experimental Plymouth sports car, has become the largest car distributor in the Middle East.



KODACHROMES © N.G.S.

IT IS A WAVY, gravelly, sunburned desert—but one of the richest deserts on earth. It has no personal income tax, and public telephones are free. It has no fire hydrants, but it can distill 30 million gallons of fresh water daily from the sea. It grows spinach in glass houses without using any soil. It has revolutionized its 200-year-old government without a single rifle shot or hint of violence. And its overwhelming problem is not how to get money but how to spend it wisely.

This is Kuwait—the compact sheikdom at the head of the Persian Gulf (map, page 647). Only a few decades ago this Arab community of traders, seafarers, and nomads relied on a mud wall around its capital city (also called Kuwait) to repel invaders storming across the sands from inner Arabia.

Today, secure and progressive Kuwait, only two-thirds the size of Maryland, is the world's sixth largest producer of oil—after the United States, the Soviet Union, Venezuela, Saudi Arabia, and Iran—and an extraordinary example of the power of money to transform a nation.

"If we had not had this development of nature, thanks be to God," says Rashid Abdulaziz Alrashid, Under Secretary of the Kuwait Ministry of Foreign Affairs, "we probably all would be pearl divers."

Rain No Longer a Cause for Rejoicing

I had flown to Kuwait by way of India, and my first view of it was properly symbolic. Far below I could see the Persian Gulf's liquid embroidery scalloping the Arabian sands. Then I noticed a thin black line penciled across the desert—an oil pipeline. In the gulf a laden tanker, white spindrift blowing round the bow, plowed in sunshine toward some distant refinery.

To my astonishment it was raining when I landed in Kuwait—a flash downpour—and, even more astonishing, hardly anyone paid the rain the slightest attention. Bashar Abdul Rahman, of the Ministry of Guidance and Information, was waiting for me with an air-conditioned car. The driver, a tall Bedouin in a long, flowing white robe, or *dishdashah*, and a crisp white headdress, stepped gingerly around the glistening puddles to take my luggage from the Iranian porter. We splashed

away as if water were the most plentiful commodity of the desert.

In this arid region of Arabia, where a scant one to six inches falls in a year, any rain at all was once cause for rejoicing. The people of the capital used to hoard rain water in their rooftop tanks or big courtyard reservoirs. To supplement this chancy supply, 96,000 gallons of water a day was boated to Kuwait City from the Shatt al Arab in Iraq, a hundred miles away, by the famous Kuwaiti teak *booms*, or dhows. These ships anchored outside the harbor until sediment settled in the tanks on deck; then they berthed at a jetty, and *candarīs*, or water carriers, peddled the crystal cargo from goatskin bags. Other vendors sold it from donkey carts or trucks.

Science Solves the Water Problem

I soon understood why a thunderstorm and sudden torrents of rain no longer excite Kuwaitis. When fortunes from oil began to soar in the early 1950's, one of the nation's first major expenditures was construction of the world's largest water distillation plant. Now, in ways hardly dreamed of in an often-parched past, income from oil is helping slake the thirst of Kuwait's 262,000 citizens and 270,000 foreign residents.

I went with Bashar a day or so after my arrival to inspect the mammoth power-and-water complex at Al Shuwaikh, southwest of the city. After introductions and a cup of Kuwait's potent coffee, I listened as Tawfiq Hassan, one of the plant engineers, explained the desalting process.

"The salt water from the gulf is pumped in through six pipes, each of which can handle 1,200,000 gallons an hour," said Hassan. "Then natural-gas heat evaporates the water. We condense the vapor into a liquid again—water in its pure, distilled form. It has no minerals in it, and it's tasteless."

He handed me a brimming glass. "Please try it." He was right—no taste whatever.

"Then we add 5 percent brackish water. This isn't potable by itself, but it gives the distilled water a natural taste, and it supplies a high concentration of minerals and salts."

From Al Shuwaikh the fresh water flows to 22 distribution stations, and trucks deliver it to users (pages 654-5). Prices range from \$2.40

Splendor of the Arabian Nights embellishes Kuwait's official guesthouse. Planned as the private pleasure dome of a royal sheik, Al-Salam, or Peace, Palace was purchased by the government for \$8,400,000. It witnesses glittering receptions held by and for the Emir. As head of state of this now-wealthy land, His Highness Sheik Sabah al-Salim al-Sabah receives an annual income of \$28,000,000, but voluntarily returns one-fifth to the national treasury.



to \$3.00 a thousand gallons—compared with about 44 cents a thousand in my home town of Philadelphia.

Kuwait added a water strike to its string of oil strikes just a few years ago. Now the manufactured water supply is being augmented by millions of gallons daily from an accidentally discovered underground lake at Raudhatain, near the Kuwait-Iraq border.

I had an inkling of what it was like to get water in the old days when I chatted with Bahar Tirathdas Gidwani, an Indian bank officer, after one of Kuwait's seasonal sandstorms.

"If a storm like that came up suddenly," said Mr. Gidwani, "the dhows from the Shatt al Arab couldn't move out, and sometimes, during a 'red' sandstorm blowing in from Syria and Iraq, no water might arrive for two or three days." Several times thereafter I watched shawls of the gritty particles whirling in from the gulf, becoming so impenetrable that I could not even see the park across the street.

Nowadays the water ships are gone, their usefulness past. Kuwait itself almost floats on a sea of oil, and oil has built the most modern city in Arabia. The field at Burgan, about 25 miles south of the capital, has been called the most productive oil field in the world (pages 636-7 and 665). All

Ancient foe: the weather

KUWAIT, tucked in a blazing corner of the Arabian desert, endures summer temperatures that reach 120° F. Kuwait City, among the world's hottest capitals, claims to be the most air-conditioned. Windstorms frequently sandblast it with choking grit. Below, a combination sand- and rainstorm batters a lonely automobile. Rainfall, a meager one to six inches a year, once called for rejoicing. Now with distilled sea water available, downpours are a nuisance. Holding up their *dishdashahs*, traditional flowing robes, pedestrians (right) aid a cab driver searching for an ignition key lost during a deluge. A floating carpet has run aground on the sidewalk. All





EXTACHROMES © NATIONAL GEOGRAPHIC SOCIETY





EKTACHROME © N.G.S.

Fading fashion envelops a shopper at a supermarket. Robe and veil have been cast aside except by the most conservative women, who seldom leave their homes. This rare exception and her junior-miss daughter select from vegetables largely imported from nearby nations. Kuwait experiments with hydroponics, or soilless farming, in the hope of producing an increasing percentage of its food.

told, Kuwait's proved reserves of crude oil are estimated at more than 10 billion tons—about 15 percent of the world's supply. So plenteous is the flow that the Emir, as head of state, receives a yearly income of \$28,000,000 from state revenues (of which he voluntarily returns a fifth). At latest count the nation's annual revenues from oil had skyrocketed to \$759,000,000.

Wondrous City Springs From the Desert

How are such huge sums being spent? What is little Kuwait doing with it all?

Any night from the balcony of my seventh-floor room at the Kuwait-Sheraton I could see the vibrant answers in the expanding city's spangles of light. Two decades ago, where I stood was the southwestern limit of the mud-walled capital. Now, illuminated highways spoked out for miles; roofs sprouted an aluminum forest of television antennas; quality shops of Fahad al-Salim Street, glittering below, sold everything from miniskirts to skin-diving equipment. Where, in the tranquil past, Bedouin shepherds had prodded their jostling animals through dusty lanes, there was now a cosmopolitan city of concrete-and-glass office buildings, marble banks, cinemas, public gardens, mosques, hospitals, schools, and lavish houses (following pages).

And not only the physical aspect of Kuwait but also the mellow traditions of its people, their desert ways, and their prospects for the future—all had changed irrevocably, for better or worse.

The Kuwaiti primarily responsible for his country's transformation was a tall, heavily built sheik of imposing dignity—the late Emir of Kuwait, His Highness Sheik Abdullah al-Salim al-Sabah. He assumed office in 1950 as the eleventh consecutive member of the al-Sabah family to rule Kuwait. His younger brother, the present Emir, His Highness Sheik Sabah al-Salim al-Sabah, who began his rule in 1965, is the twelfth (page 646).

Kuwait's revenues from oil were slight at first—an estimated \$500,000 in 1946 when commercial production began. But by the early 1950's income had leaped to hundreds of millions of dollars a year.* Sheik Abdullah thereupon made two basic decisions. I heard about the first even before I left America, when I talked in Washington with His Excellency Talat al-Ghoussein, Kuwait's Ambassador to the United States.

"What may surprise you most about Ku-

wait," the ambassador had said, "is the way oil revenues are distributed. Sheik Abdullah simply decided to buy land from Kuwaiti owners and pay for it at high prices."

Land was constantly needed for new roads, new houses, new office buildings, new schools and government ministries, said the ambassador, and prices began to soar.

"Often the same land was sold and resold, and always at a higher price," he continued. "But the government kept on buying. This was one of the methods the Emir had chosen to distribute oil revenues—and the land purchases continued."

They still continue—though on a limited scale. Since 1953 about \$2,500,000,000 has been paid out for land by the Kuwait treasury to more than 20,000 families—about 50 percent of the Kuwaiti citizenry. Only Kuwaiti citizens can own, buy, or sell real estate. Large landholders, including members of the ruling family and leading merchants, became millionaires almost overnight. And even Kuwaitis who owned only small tracts of land awoke to find themselves affluent.

The former Administrator of the American Mission Hospital, Haider Mohammed al-Khalifa, told me, "In 1949, my father bought a plot in the capital for \$1,260 and built a house on it for \$4,200. In 1961 the government bought the house and land for \$105,000."

Nor was that the end of his family's good fortune. Haider and his father and four brothers purchased another plot outside the city wall, near the present International Airport, for \$2,100. "We sold that to the government," he said, "for \$44,100."

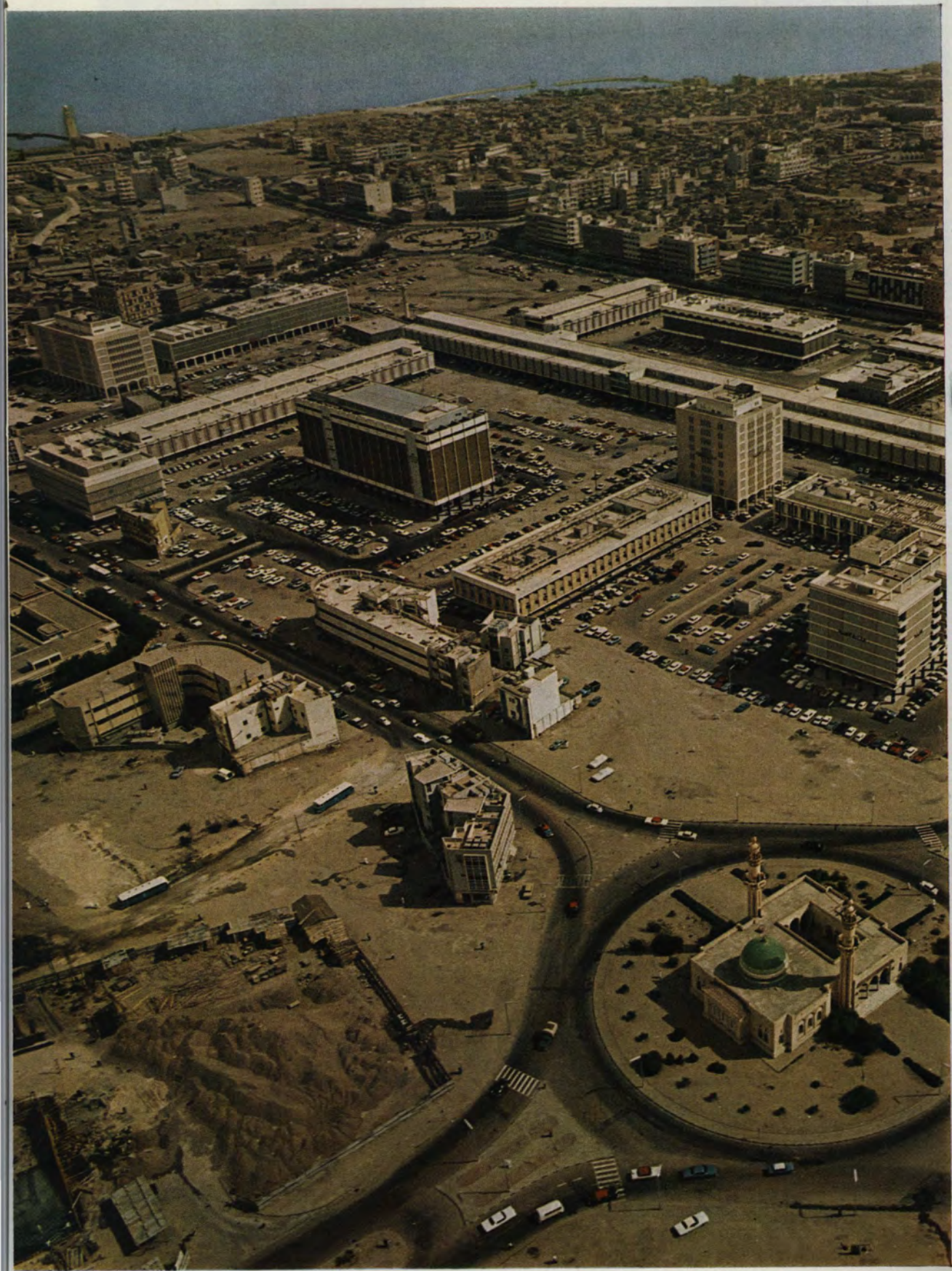
Poverty No Barrier to a Secure Life

But what about those who owned no land—the desert wanderers, the poor of the docks, the laborers and fishermen who toiled for a low daily wage? How have they fared?

Among them are many of the foreigners—mainly Arabs from other lands and Iranians, Indians, and Pakistanis—who make up slightly more than half of Kuwait's population. And many Kuwaitis also fall into the low-income group. The minimum daily wage of government employees is \$2.25, and some Kuwaitis as well as foreigners still live in squalid tin shacks on the edge of town.

It was for such Kuwaitis that Sheik Abdullah arrived at his second basic decision:

*See "Boom Time in Kuwait," by Paul Edward Case, NATIONAL GEOGRAPHIC, December 1952.





KODACHROMES BY DAVID F. CUPP © N.G.S.

Posh playground, the Gazelle Club caters to wealthy foreigners and well-to-do Kuwaiti nationals. Drawn by dreams of a share in the riches, outsiders flock to Kuwait in such swarms that they now outnumber the country's citizens.

Touched by the magic wand of oil, the Cinderella city of Kuwait tosses away her crowded mud-walled homes and dons bright concrete-and-glass buildings. The Al Mirgab area, foreground, blends multistoried office buildings with long, low shopping arcades. Retaining the organization of the old *sugs*, or bazaars—a few of which still exist—some buildings specialize: cloth merchants in one, jewelers in another. The Abdullah al-Mubarak al-Sabah Mosque rises from one of Kuwait's more than 150 traffic circles.



KODACHROME © N.G.S.

Rolling out the welcome carpets, the Emir of Kuwait, right, greets a visitor—ruling Sheik Ahmad ibn Ali al-Thani of Qatar, another oil-rich Arabian sheikdom. Grand Chamberlain Mohammed Darwish al-Aradi, center, introduces the visiting ruler to a reception line of Kuwaiti officials and the diplomatic corps; news photographers record the good-will visit.

He determined to create a modern welfare state so that, in due time, no Kuwaiti should lack a home, or a job, or an education, or medical care, or the opportunity to make something of himself.

Camel Herder Commissions an Artist

If, for example, a Kuwaiti's income is too low for a satisfactory level of living, the state grants assistance of \$43.50 to \$220 a month, depending on the size of the family. More

than 7,800 families now receive such financial aid. The state will also help a man with a small income to buy a house.

I dropped in one morning on the Bedouin owner of such a house at Al Jahrah (population 10,400), west of the capital. Hasan Salim, as I will call him, is an erstwhile shepherd and camel tender, a man of quiet humor with the weathered face of the desert dweller. He is now a guard in the Ministry of Education.

His new house has a sitting room, kitchen,



A land Croesus would have envied, Kuwait has increased her revenue more than a thousandfold in little more than two decades. Her people have one of the highest per capita incomes in the world—and pay no personal income taxes. In addition to profits from her own wells, the nation receives half the oil revenues from the eastern Neutral Zone, shared with Saudi Arabia.

sleeping quarters, women's quarters, and a courtyard for his animals. An artist on a step-ladder was painting a flamboyant design around a ceiling fan when I arrived. My guide, Sayed Uthman Muzeal al-Saeed, the Civil Governor of Al Jahrah, softly chided Hasan for lavishing \$225 on such a florid luxury.

The new owner ignored the mild reproach. "I want my home to be like the homes of other rich men," he said with a laugh.

Nearly 9,000 low-income houses like Ha-

san's have been provided, and others are being built. The owners can repay the cost in 25 years with as little as \$10 a month.

A week or so afterward, I visited a rather more elaborate home when Ibrahim al-Shatti, the talented young Kuwaiti who is Director of the Office of His Highness the Emir, invited me to tea. He courteously sent his car and driver for me, and we left the hotel just in time to escape the late-afternoon rush. This can be a very competitive situation, since



long hall from the kitchen I admired the family room where, my host explained, "we sit on the floor Arab-style and drink our tea and watch television."

Later, in the handsome library, or *maktabah*, I noticed among the hundreds of Arabic volumes a copy of National Geographic's *Wondrous World of Fishes*.

"I used material from it on my TV program," said Mr. al-Shatti, who until recently conducted his own popular Tuesday-night show over Kuwait State Television.

Old Town's Gates Were Locked at Dusk

In the days that now rippled swiftly by, I had many chances to explore the new Kuwait. But like many Kuwaitis themselves, I often felt the lure of the peaceful past. I liked to wander at twilight toward shadowy sectors of the old town, which bulldozers eventually will rip apart.

By the sea in one such area is the hospital of the Arabian Mission of the Reformed Church in America, founded in 1911 and until 1949 Kuwait's only hospital. It has been a state health service facility since 1967.

I asked Dr. Lewis R. Scudder, formerly the hospital's Chief Medical Officer, what Kuwait looked like in the quieter days before oil.

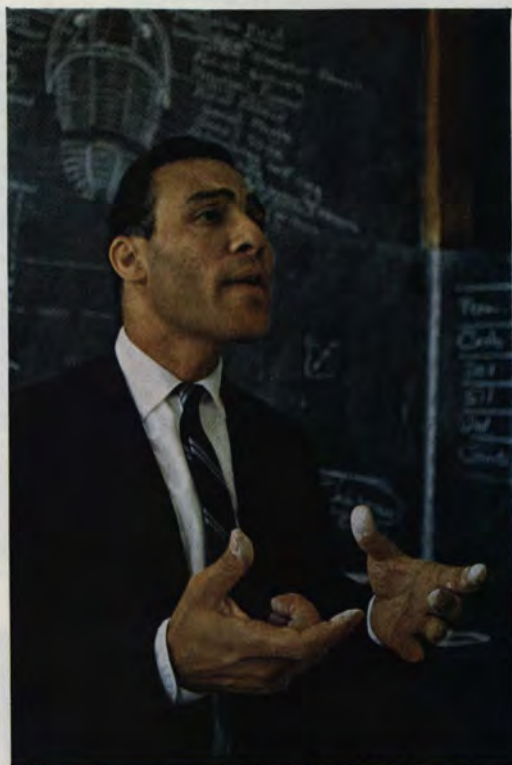
"It was a very simple little town when I came here in 1939," said the American physician, who still lives in the hospital compound. "The wall gates were locked at night, and you had to get a watchman up to let you through. Most houses were one story high, made of mud or coral rock with mud interiors."

When I mentioned this to my friend Bashar Abdul Rahman, he said, "My father-in-law owns such a house. He doesn't live in it any longer but likes to go there and sit in the courtyard sun with his friends. I'll borrow the key."

We soon halted before the house, with one of the massive teak doors justly famous in Kuwait. Bashar opened a small door framed within the larger one, spraddled through, unlatched the big door studded with iron bolts, and bade me enter.

I discovered the house was not one but four—built in a row with front and rear walls common to all. We had entered the first wife's home. A short passageway led to a sun-warmed walled courtyard, shaded by pomegranate and lemon trees. Off the courtyard on three sides opened a number of rooms.

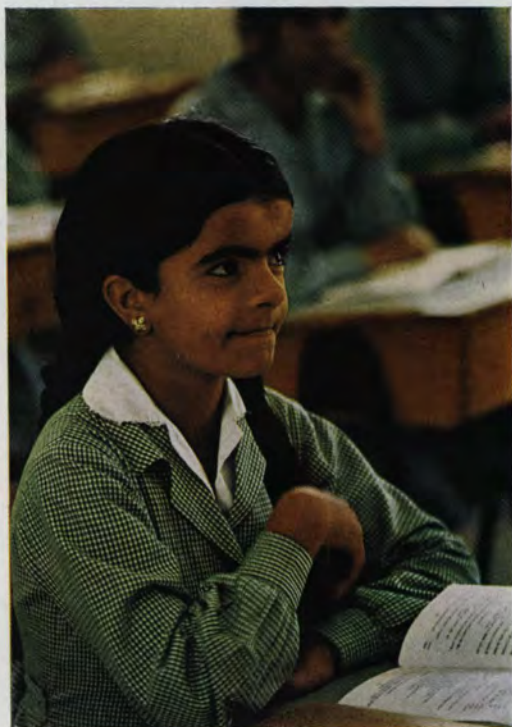
"Each member of the family occupied a room," said Bashar, "and here"—leading me into a large chamber—"was the family sitting room. There would have been a Persian rug

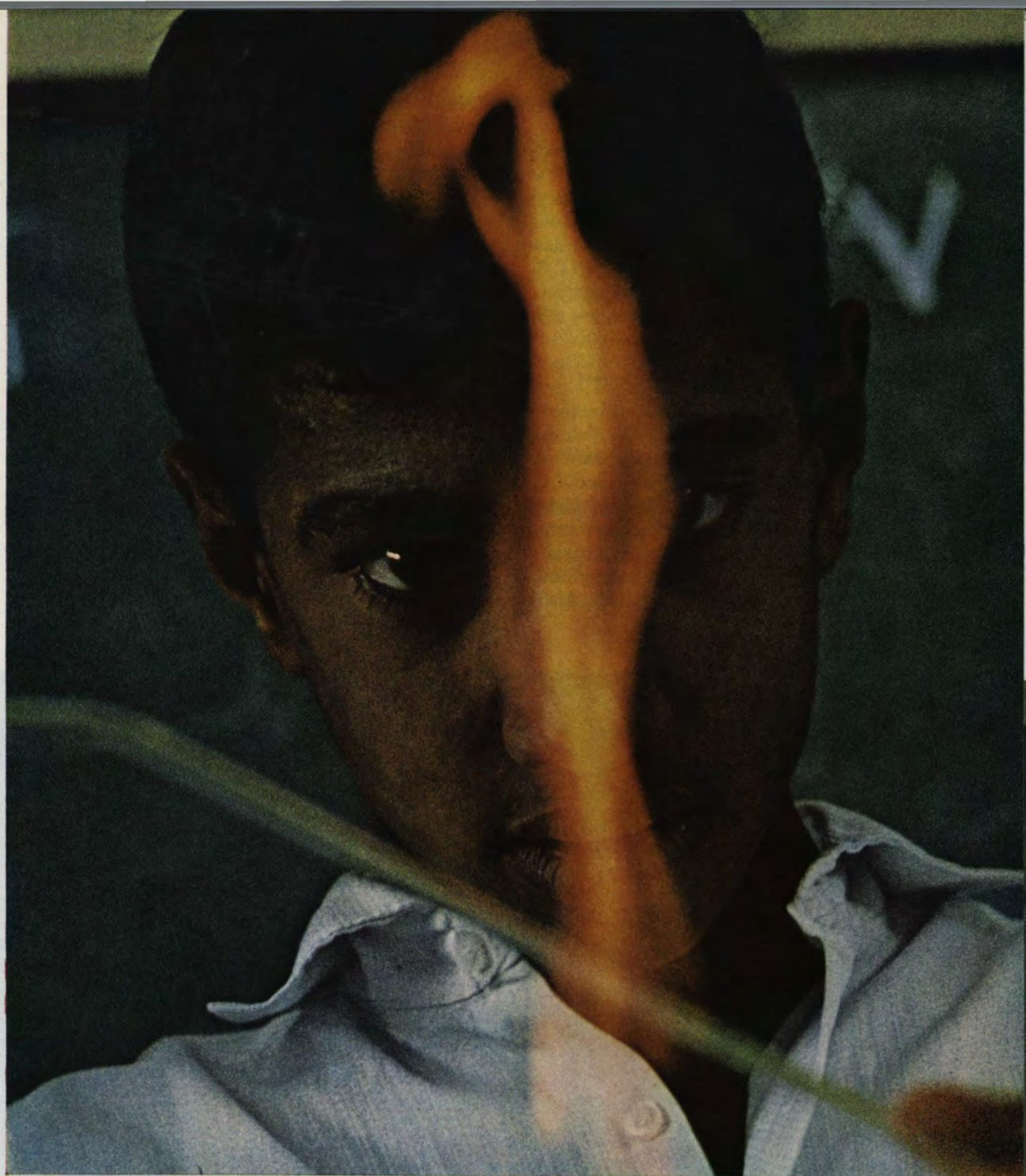


KODACHROMES BY DAVID F. CUPP © N.G.S.

Egyptian educator, Dr. Zaghoul el-Naggar, a professor at Kuwait University, lectures to a second-year class in paleontology.

Eager to learn, this youngster pays close attention to her teacher at Qadisiya Intermediate School, one of 73 set up to educate Kuwait's girls.





EXTACHROME © NATIONAL GEOGRAPHIC SOCIETY

Free tuition, kindergarten to college

FIRE OF CURIOSITY shines in the eyes of a Kuwaiti youth as he prepares for a science experiment at Al-Fayha Intermediate Boys School, bending glass tubing in the flame of a Bunsen burner. To tap the potential of its people, the government budgets a generous portion of oil income—11 percent—for education. Today more than 120,000 students troop to classes in 212 schools. Attendance is compulsory for both boys and girls from 4 to 16 years of age. High-school scholars who maintain high-enough averages receive free college tuition and expenses either at the University of Kuwait or at institutions abroad. As facilities permit, foreign residents may also attend the free university.

on the floor, and long rolled white cushions to lean against."

On the rooftop stood a *bag-dir*, or wind tower, presumably of Persian origin. Two tall vertical slabs of mud brick intersected midway at right angles to catch the wind from any direction and then funnel it down to rooms below.

"Not a bad air conditioner," I said.

Bashar agreed. "Especially at dawn when cool winds blow in from the desert."

Quzi Honors the Special Guest

A door in the courtyard wall admitted us to the yard of the kitchen house. We continued through to the courtyard of the third house, the *diwaniyyah*, a kind of open-air social hall for men of the family, with rail-backed wooden benches in the center.

"My father-in-law and his men guests sat here in the evening to drink tea and coffee and discuss the day's news," explained Bashar.

Beyond, in the fourth house, had lived the second wife. The whole compound was, to my mind, spacious, cool, contemplative, and a perfect symbol of a Kuwaiti way of life now gone forever.

I asked Bashar about meals in the old house.

"Breakfast was usually around seven o'clock," he said. "There would be black tea, flat Arab bread, and white cheese—we'd eat mint leaves with this, then boiled or fried eggs. At noon or 12:30 we ate lunch—Kuwait's big meal. Perhaps we'd have *machbus*, lamb and rice cooked with raisins, chickpeas, salt, onions, rose water, and saffron; and with it *dakkus*, made of tomatoes and garlic, sometimes with eggplant added, and hot pepper. Supper at seven or eight o'clock was lighter—perhaps fried *zubaidi*, a prized gulf fish."

To honor a special guest, Kuwaitis serve *quzi*, the national dish. A spring lamb is stuffed before roasting with rice mixed with eggs, almonds, pine seeds, chopped kidneys



EKTACHROMES © NATIONAL GEOGRAPHIC SOCIETY

Staffed by international specialists, the 700-bed Al-Sabah Hospital was established by the late Emir, His Highness Sheik Abdullah, brother of the present ruler. Here in the hospital laboratory, English technician John Lawrence works with a beam-direction shell, a face mold used in a cobalt treatment for cancer. In 1949 Kuwait opened its first public hospital; today the nation has 11, providing free medical care for all.

Strengthening frail legs with the help of a wheeled walker, a little girl pushes through a clinic for crippled children. More than 100 health-care centers offer medical and rehabilitation services to even the most remote villages. Complete medical records are kept up to date on every citizen and resident of the country.



and liver, salt, and saffron. I feasted on this delicacy, and I can assure you it deserves its reputation as a special treat.

It was a piece of chocolate wrapped in gold foil, however, that introduced me to another aspect of the new Kuwait—the school system. A demure girl of 5 curtsied and shyly held out a box of candy as I entered the principal's office in the Euphrates Kindergarten, one of 43 in Kuwait. (Foreigners must provide their own kindergartens, and do.)

Literacy Rate Has Already Doubled

Later, I watched the new, youngest generation of Kuwaitis dance a wedding dance, paint at outdoor easels, and hop and frisk lightly around a high bush, picking up branches that had been sheared off by the school gardener—practice in helping at home!

Farida Mukhtar, the principal, is an Egyptian. Kuwait imports almost all its schoolteachers, chiefly from Egypt and other Arab

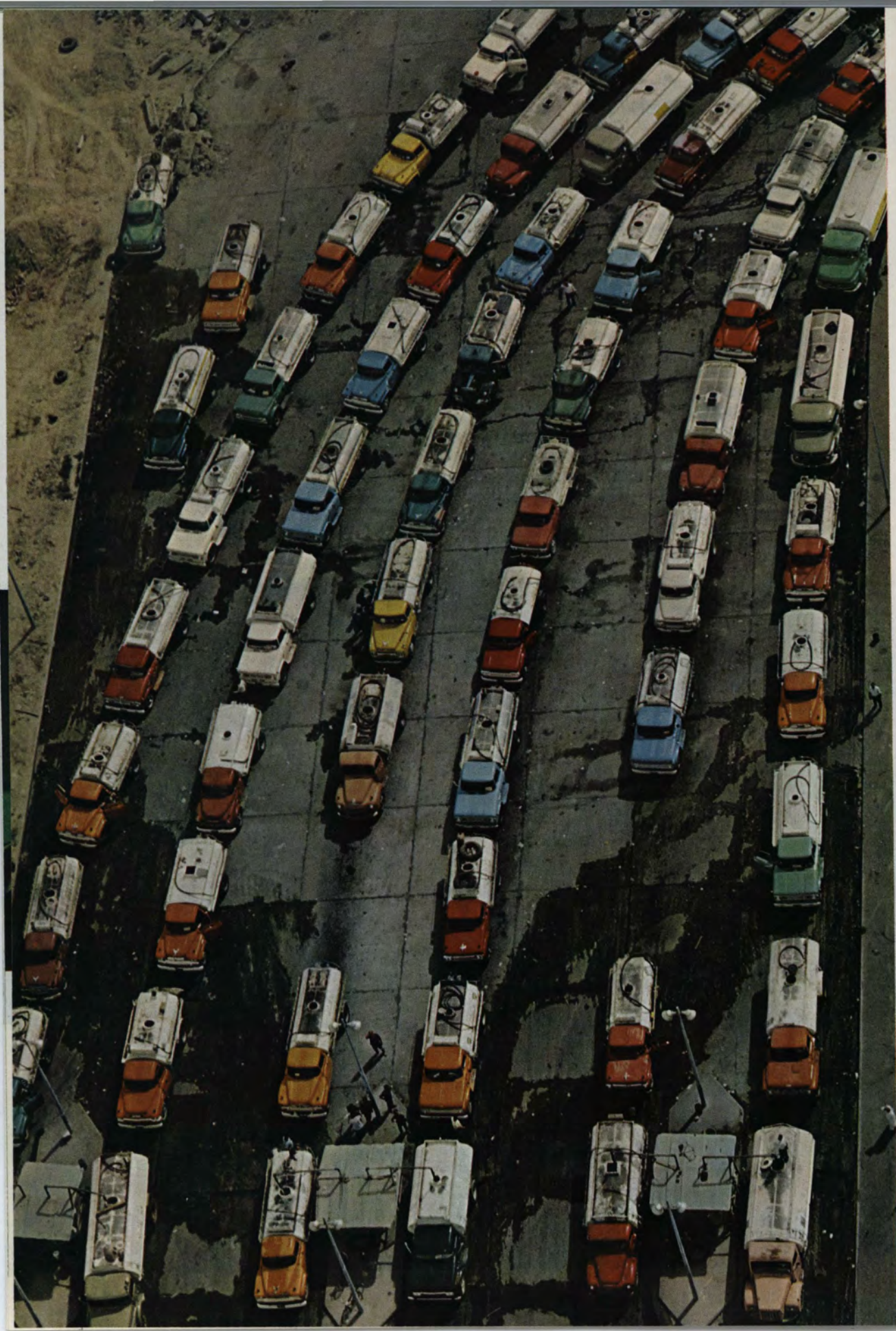
countries, and in June a scholarly hegira takes off from Kuwait's International Airport as thousands of them fly home for the holidays.

"We eventually may have the highest percentage of educated people in any country," Faisal A. al-Kazemi, a young official at the Kuwait Planning Board, told me proudly.

I can believe it. There are now 212 kindergartens and primary and secondary schools, big, bright, and impressive, with more than 120,000 pupils, of whom 52,500 are girls (pages 650-51). Education is compulsory from age 4 to 16, and everything is free—tuition, books, clothes, transportation, food. A vast central kitchen prepares lunches for all but the few who go home for noon meals.

Kuwait now also has its own university, with a motto from the holy Koran that poignantly expresses the nation's hope for its youth: "O God, make me more knowledgeable." It is free to all and accepts a limited number of foreigners. Enrollment is 1,300, and by 1970





Stream of trucks lines up for water at a pumping station in Kuwait City. Lacking surface water, Kuwait built its first large-scale sea-water distillation plant in 1953. Now three plants, fired by natural gas, can provide 30,000,000 gallons a day. The trucks deliver to homes, pumping the water into rooftop storage tanks. In 1960 a vast underground reservoir was found near Raudhatain, supplementing the distilled supply.

Filling station attendant pours water, not gasoline. Truckers buy water at \$1 per thousand gallons and sell it for as much as \$3.

may total 2,000 students from Kuwait, the Trucial States, and elsewhere in the Arab world (page 648).

Meanwhile, high-school graduates whose grades average 69 and up may go to a university abroad on a government grant to study subjects not taught at the University of Kuwait. For a Kuwaiti undergraduate student in the United States, the grant is \$3,800 a year—plus tuition, transportation to and from Kuwait, and medical expenses.

One result of this educational activity is plain: Kuwait's literacy rate, about 30 percent only two decades ago, is 60 percent today and rising.

Kuwait's health is improving too, thanks to oil. Any Kuwaiti who is sick is treated free. Medicines, X-rays, injections, hospital stay, maternity care, operations—all, with minor exceptions, are paid for by the state. Foreigners receive free treatment too, with the exception of surgery and hospitalization, for which nominal fees are charged.

Kuwait now has 11 government and three private hospitals (pages 652-3). Everybody in the country is registered at a neighborhood clinic, and everybody is health-conscious.

"Formerly, when you asked a Kuwaiti mother to have her child inoculated against smallpox," said Dr. Mohammed II-Hami, Director of Maternity and Child Welfare Centers, "she would refuse. Now mothers want their children vaccinated against all sorts of diseases—even those for which we still have no vaccines."

Despite all this modernization, Kuwait still respects its hardy past. The most breathtaking trade—literally—in old Kuwait was pearl diving, but only rarely now does a ship put out on the hazardous, exhausting hunt for pearls on the gulf's coral reefs.

I found a former diver, Rashid al-Jaimaz, and he told me about the men and ships that



KODACHROMES BY TOR EIGELAND (ABOVE), AND DAVID F. CUPP © N.G.S.

sailed the pearling grounds in quest of fortune.

"We would set out in May," recalled Rashid, "sailing to Dubai on the coast. We had a crew of 30—15 divers, *ghes*, and 15 haulers, *syub*. Divers and haulers worked in teams of two, and each man knew the other well."

The pearling ship had a single deck, and on this cramped space the crew worked, slept, and stowed ropes, implements, and gear.

Stone Takes Diver to the Bottom

"When I was ready to dive," said Rashid, "I roped a heavy stone around one foot, slung a rope basket around my neck, and clipped shut my nostrils. I dived, and when I felt my breath giving out, I tugged on the rope and my hauler pulled me up. I dived about 40 times a day. Some divers stayed down for four minutes and some only a minute and a half. An experienced diver would plunge 50 feet."

The pearl's profits were distributed by formula. "On our ship," said Rashid, "one-fifth, plus the amount spent for food, went to the owner-captain. The remainder was divided into eight parts—five to be split among the divers and three among the haulers." Average earnings for a three-month season might total only \$35.

Other Kuwaitis, in that austere past, also turned to the sea for employment. Perhaps as many as 5,000 toiled as fishermen, setting their dome-shaped wire traps or using weirs



and tow-nets to harvest the teeming gulf.

And on the land were merchants, blacksmiths, sellers of grass for fodder, quilt makers, and brokers. Smugglers, too. Low customs duties made it profitable to run goods illegally into nearby lands, a traffic that yielded a considerable share of Kuwait's livelihood.

And out in the desert were the Bedouin, nomadic inheritors of the Arab past, grazing their camels and sheep on camel's-thorn and green-gray *arfaj*. The Bedouin came, pitched their rectangular black tents of goat hair, departed, and came again, wandering unhindered across the open borders of Iraq, Saudi Arabia, and Kuwait.

Tribe Uprooted by Drought and Famine

Many modern Kuwaitis are descendants of the al-Sabahs, the al-Khalifas, the al-Zayids, and others of the Aniza tribe who in the 18th century came to this coastal site from their homeland in central Arabia, which they fled because of drought and famine. Here they

founded a new Arab community or joined one already established, and around 1756 the chief of the al-Sabah family, thereafter known as Sabah the First, was chosen Emir.

Of Kuwait's more modern history I had some insight when I visited the Red Fort at Al Jahrah. This oasis town was the scene in 1920 of a fierce battle between the forces of the fanatical Faisal al-Dawish of central Arabia and besieged Kuwaiti soldiers.

I walked the parapet of the mud-walled fort, open to the sky and hardly larger than three tennis courts. Sayed Uthman Muzeal al-Saeed, the Civil Governor, who showed me around, pointed to a heavy wooden door.

"Back of that," he said, "our soldiers stacked heaps of dates as a barricade."

Earlier, the Emir Sheik Salim ibn Mubarak al-Sabah (1917-1921), fearful of assaults on his capital, had ordered a wall 5 miles long and 14 feet high to be built around Kuwait City. But Faisal's forces were repulsed at Al Jahrah, and the wall was not needed. Now



Tableau of change: A Bedouin pitches his tent in faceless sand, and a visitor comes to call in a Volkswagen. With the government's policy of offering employment to all nationals, more and more nomads leave their precarious existence in the desert for permanent homes in the cities. But a few still wander unfettered, freely crossing the borders of Iraq and Saudi Arabia. With the first fall of life-giving rain, they fold their tents to travel with their flocks from one grazing ground to another in a manner little changed since the days of Abraham.



KODACHROMES BY DAVID F. CUPP © N.G.S.



Milk from cows instead of camels arrives at a Bedouin's tent, a daily delivery chore because of lack of refrigeration. Here the milkman shows a tribesman how to open the unfamiliar wax-paper carton. When encamped near towns, the Bedouin receive cow's milk from dairies. Some milk is imported in powdered form and reconstituted into liquid in the city. On their treks through the desert, the nomads still depend on their camel herds for milk.

Telltale mustache curls from the mouth of a small daughter of the desert, drinking milk just sold to her father by the delivery man from the city.



the wall is gone, bulldozed down in a few afternoons in 1957, but the five gates, relics of danger and warfare, still stand.

Soon after the battle of Al Jahrah, Kuwait's borders were fixed by the treaty of Uqair. Kuwait, which had been under British protection since 1899, seems to have had little to say about the demarcation of her own boundaries at the 1922 conference between Sultan Ibn Saud of Nejd in Arabia and Sir Percy Cox, Great Britain's High Commissioner for Iraq. Territory which Kuwait claimed was sliced off for Ibn Saud, and Ibn Saud, in melancholy turn, lost land to Iraq.

Ironically, neither the British High Commissioner nor the subdued Arab sultan, though suspecting the presence of oil in this general region, realized they were cutting up some of the world's most valuable real estate. Sir Percy picked up a red pencil and drew Kuwait's new southern boundary line inland

from the gulf—enclosing, unknown to him then, the Burgan area, that El Dorado of Middle East oil. The Neutral Zone, which the treaty carved out of the old Kuwait sheikdom south of the border, also proved rich in oil. It is now administered by Kuwait and Saudi Arabia, who share its profits half-and-half (map, page 647).

Oil Helped Keep the Camels Running

Though they could not know its ultimate value, the Kuwaitis themselves had suspected the presence of oil in their country long before drillers tapped it. "Divers would bring up a kind of asphalt from rocks off the Neutral Zone," said Ahmed Sayid Omar, Chairman and Managing Director of the Kuwait National Petroleum Company. "Then the Bedouin would boil it and smear it on their camels as a poultice for mange."

Earlier in the century the Emir Sheik Mu-



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Desert luxury: Kuwaiti businessmen rest during a hunt near the Saudi Arabian border. After a cup of strong cardamom-flavored coffee, the men drive out in open cars with their falcons and shotguns, searching the scrubland for *hubaras*, or lesser bustards. These favorite game birds arrive in the fall when sparse rains turn the scrub a delicate green.

Swathed against the sun, a falconer holds his bird hooded until the hunt begins. Then with hood removed, the keen-eyed falcon spots a bustard's movement in the bush and takes wing. A series of swooping dives usually dispatches the quarry or flushes it for the hunter's gun. The falconer retrieves it for a future feast. So honored is this traditional sport that a falcon adorns the nation's official seal.

barak ibn Sabah al-Sabah (1896-1916) offered to dispatch one of his sons to show a British dignitary "the place of bitumen in Burgan." I saw what is apparently that place—an oval depression in the desert where chunks of oil-saturated sand still blacken the surface. Here was desert gold just waiting to be extracted!

But nothing happened until a man had a perplexing dream.

To understand the strange tale, you must know the background: On December 23, 1934, the Emir Sheik Ahmad al-Jabir al-Sabah (1921-1950) granted a 75-year concession to the Kuwait Oil Company Limited. The engineers started drilling in 1936 at Bahrah on the north shore of Kuwait Bay, but the well was dry, though it cut 7,950 feet into the earth. The drillers then shifted about 35 miles south to a site at Burgan and in May 1938 completed another well which tested at more than 4,000 barrels a day. Subsequently, they drilled

eight more, also bonanzas. There was no doubt whatever of the immensity of the sheikdom's riches in oil.

Why did the drillers shift to Burgan? Mrs. Violet Dickson, who still lives in Kuwait, gave me an eerie explanation. Mrs. Dickson is the widow of the late Lt. Col. H. R. P. Dickson, British Political Agent in Kuwait and afterward appointed by Sheik Ahmad to be Chief Local Representative for the Kuwait Oil Company.

Dream Held Key to Oil Bonanza

"One morning in early 1937," said Mrs. Dickson, "my husband woke up and said to me, 'I've had the most unusual dream. I want you to write it down.' This was the dream: He and I were living in a bungalow in Kuwait, and one day after a violent sandstorm he noticed that the wind had carved out a hole by a *sidr* tree in the compound. In the hollow

was a sarcophagus, and when he and I approached it in the dream, we saw a figure wrapped in an ancient, yellowed cloth.

"To our amazement the figure seemed slowly to come to life—it was a beautiful young woman. We took her into the house, and the maid and I washed her and dressed her. When we went outside again and sat near the sidr tree, we heard men shouting in the distance. As they approached, she became frightened and spoke to us in ancient Arabic: 'My life is in danger,' she said. The strangers seized the girl and tried to bury her alive. Colonel Dickson sprang to her aid, knocking down the leader of the group, a bearded man. The others fled, and he and I led the girl back into the house. Then he awoke."

Colonel Dickson described his strange experience to Umm Mubarak, a Bedouin woman famous as an interpreter of dreams. She informed him that the young woman in the sarcophagus, wrapped in yellowed grave clothes, represented a wealth of oil buried in Kuwait. The hostile men were foreigners who wished to prevent its discovery. Moreover, said Umm Mubarak, Colonel Dickson should go to the drillers at Bahrah and advise them to abandon the well and proceed instead to Burgan. There, by a lone sidr tree, they would find the black gold.

Dickson did tell the oil drillers, and was politely ignored, as might be expected. But when, months later, he recounted the dream at a meeting of oil executives in London, one

The heirs of Sindbad

SHIPWRIGHTS and sailors still practice their crafts in Kuwait, but the ancient ways are vanishing. Today only a few small dhows (right) still ply local waters in search of fish.

Once, great fleets of lateen-rigged dhows followed the winds across the Persian Gulf, Arabian Sea, and Indian Ocean, bearing cargoes of dates from Iraq, cloves from Zanzibar, and exotic woods from India.

"Of all Arab dhows," wrote veteran sailor Alan Villiers, "I thought the big Kuwait *booms* had no equals for beauty, sound construction, seaworthiness, and ease in handling."

Kuwaiti shipwright Ali Abdullah Abdul Rasool builds in the traditional manner. Here his workmen shape a *lunj*, or launch. Curved logs of teak, imported from India, form the ribs. The Kuwaitis pass the art of shipbuilding from father to son. Using no blueprints, they carefully saw each plank and fit it by hand. Such skillfully crafted ships often last more than a century.

KODACHROMES BY DAVID F. CUPP © N.G.S.





A ruler's gift to his people, democratic government came into being in 1962 when the late Emir Abdullah established a constitution and a 50-man National Assembly. The Emir's choice of a successor, always a member of his family, must be approved by the lawmakers; a distant cousin, Sheik Jabir al-Ahmad al-Jabir al-Sabah, has already been endorsed as Kuwait's next ruler.

Disdaining the microphone, legislator Zaid al-Kazemi, whose district includes Faylakah Island, speaks before the Assembly.



of them, himself a believer in dreams, cabled instructions to the party working in north Kuwait to start operations at Burgan. There, by the sidr tree, they found oil.

On June 30, 1946, the Emir Sheik Ahmad turned a silver-handled valve at the site that is now Mina (Port) al Ahmadi, and oil from the Kuwait desert began to flow into the tanker *British Fusilier*. It has been flowing ever since (pages 664-5).

World's Largest Tankers Drink Their Fill

Today five oil companies in Kuwait and the Neutral Zone hold concessions to extract liquid wealth not only from beneath the sands but also from wells drilled under the gulf. They represent United States, British, Dutch, Japanese, and Spanish interests as well as Kuwaiti. By far the largest is KOC, the Kuwait Oil Company Limited, in which the British Petroleum Company and the Gulf Oil Corporation of the U. S. are equal partners.

James E. Lee, an American, is Managing Director of KOC in Kuwait. In his offices at Al Ahmadi, the pleasant, landscaped oil town near the wells and the port, he told me early last year of his firm's exciting new plans.

"A number of oil tankers nowadays exceed 100,000 tons capacity," said Mr. Lee, "but Gulf Oil, one of our two partners, has placed orders in Japan for six vessels of 326,000 tons each. These will be the world's largest tankers, and Kuwait will be the only country with facilities to load them. But they'll be too big for piers at Mina al Ahmadi, so we're building a loading platform nine and a half miles out in the gulf, in water 93 feet deep at mean low tide."

The first giant tanker took its initial load from the new platform last September.

Ideas about how to diversify Kuwait's oil economy are blooming everywhere. "They're growing spinach in the desert," a businessman assured me, and one morning I drove out to



EXTACHROMES BY TOR EIGELAND, BLACK STAR © N.G.S.

the Kuwait Experimental Farm near the airport to inspect the unit that makes this agricultural wonder possible.

Subhi R. Attar, in charge of the hydroponics project, described the science for me. Seedlings, he said, are planted in a mixture of gravel and vermiculite, and irrigated with a nutrient solution.

"We're raising 17 kinds of vegetables," he said; "leaf crops like spinach and Swiss chard; root crops like turnips, carrots, and beets; and fruit-bearing vegetables like cucumbers, tomatoes, eggplants, and peppers. Later we plan to grow grapes, bananas, and mangoes.

"This is an experimental unit"—we were walking slowly through a humid greenhouse drenched in tinted sunlight—"but we are building a permanent five-acre unit which will be the first major commercial hydroponics farm in the Middle East."

Mr. Attar showed me a hybrid tomato—the Fantastic—growing on plants 10 feet high.

Five hydroponic acres, he estimates hopefully, will yield a million pounds of tomatoes in a two-crop season, compared with 200,000 pounds on the same acreage of soil. Private business, it is planned, will establish new farms, cashing in on the research done here.

Chickens Thrive on Dates and Corn

Adjoining the hydroponics unit is its new country cousin, the airponics unit. Here, tomato seedlings are inserted into apertures in tubular ducts standing from floor to ceiling—something like a child's jungle gym. A solution of water and chemicals washes over the roots for one minute out of every five. The wet roots provide all the nourishment, and within three months a tangle of vines laden with juicy red tomatoes interlaces the ducts.

The country is currently raising 6,500 cattle and 2,150,000 chickens. The Kuwait Experimental Farm is trying fledglings on a mixture of date mash and bran or yellow corn. The

farm specialists hope the experimental date diet will set a new standard for poultry nutrition and save money too.

Kuwait's wealth is building the future not only of the nation but also of her Arab neighbors. The Kuwait Fund for Arab Economic Development has lent millions of dollars to help finance 16 projects—including a 45-mile railway line in the Sudan, steam units for an electric grid in Tunisia, phosphate mines in Jordan, and an oil pipeline in Algeria.

Since their Six Day War against Israel in 1967, Egypt and Jordan have received millions from Kuwait to rebuild damaged areas. Kuwait has also provided 24 schools in the various Persian Gulf emirates, and the late Emir of Kuwait, Sheik Abdullah, donated the

funds to build mosques in the Yemen. The latter gift underscores the fact that Kuwait, by law, is an Islamic state. The constitution begins, "In the name of Allah, the Beneficent, the Merciful," and Article 2 declares that the state religion is Islam. There is a ministry to advance the cause of Islam in Kuwait and abroad. It maintains the nation's mosques, of which there are 235, and provides the imams, or prayer leaders, for them.

Nevertheless, the Kuwait constitution, which was the gift of Sheik Abdullah to his country in 1962 (the year after Kuwait gained complete independence from Great Britain), protects the free exercise of religion. Protestants, Roman Catholics, and members of other Christian churches in Kuwait, virtually





EKTACHROME (ABOVE) BY TOR EIGELAND, BLACK STAR; EKTACHROME BY DAVID F. CUPP © N.G.S.



Kuwait's liquid bank account



A BRILLIANTLY LIGHTED DERRICK pierces the desert sky of the Burgan field, seeking yet another withdrawal from the vast deposit of wealth beneath the sands. With drilling complete, the huge rig will roll to a new site to begin again. At the Ahmadi field, a drilling superintendent (above, left) wears a hard hat decorated with Arab motifs. If his well proves a success, more oil will flow toward Mina al Ahmadi, Kuwait's mammoth oil port (left). Here huge pipelines fill tankers at Kuwait Oil Company's south pier, which can load as many as eight ships at a time. The five companies holding drilling rights in Kuwait and the Neutral Zone produced more than 900,000,000 barrels last year, and the Government of Kuwait received 83 cents for each as its share.



all foreigners, have their own places of worship. The state has even donated the land for a Roman Catholic church.

Sheik Sabah the First and the emirs who succeeded him, up to Sheik Abdullah, ruled as absolute monarchs. Today, thanks to the new constitution, His Highness the Emir heads a more democratic state. "Sovereignty resides in the people," according to this document, and though the office of emir is hereditary, power to rule is shared, in part at least, with the National Assembly (pages 662-3). Few states in history can point to such a peaceful transition from autocracy to constitutional government.

Shampoo Replaces Sidr Leaves

Of the change in the status of women it is less easy to speak. Kuwait, on the surface, remains a man's world. Women do not yet have the vote, but things are not all as they were; modernity has begun to creep into the Kuwaiti woman's outlook.

Mrs. Dickson told me she had recently asked a Bedouin woman whether she still washed her hair with the powdered leaves of the sidr tree. The sidr is a bushy, thorny fruit tree, known also as Christ's-thorn (*Zizyphus spina-christi*) because of the legend that it formed Christ's crown of thorns. Leaves of the tree are dried and pounded, and the powder is then mixed with water to make a lather. Bedouin women, and Mrs. Dickson too, use it as a hairwash.

"Oh, I don't use the sidr leaves any more," said the Bedouin friend cheerfully. "I use shampoo."

But Kuwait, leaping headlong into the mid-20th century, has not escaped problems.

"We have made mistakes," a Kuwaiti merchant prince said to me frankly. Some were due to ignorance; some were thrust upon the emergent, unwary state by what the merchant called "carpetbaggers and slick operators." There were graft and excessive spending, land was wasted, houses often were eccentric in design and shabbily built, and maintenance was and is neglected.

Kuwait now is catching up with some of

this. For example, a renaissance of Arab architecture adapted to the modern city seems to be in the making. Until recently most of Kuwait's new buildings were like the new buildings in Buenos Aires or Bombay or Baltimore—"international modern" (pages 644-5)—and traditional Arabic design was largely overlooked. Today there is already a perceptible clamor for the return to the courtyard, the arcade, the fountain, and other Arabic and Arabesque motifs.

The impact of easy wealth on the Kuwaiti character also causes concern. "I used to work for my money," said an engineering technician. "Now I only sit for it."

Family relationships have also altered. "The ideas of the father are not the ideas of the son," a social worker commented. "The father may not know anything about the international politics the son studies at college. The affluent son, with a car and money to burn, doesn't realize how hard his father worked in the past, the family perhaps living on a pittance all summer, while the father earned a meager wage as a pearl diver or a fisherman."

Kuwaitis, too, sometimes feel like strangers in their own country, at the mercy of a flood of foreign experts. There are nearly 700 doctors in Kuwait, but only 33 are citizens. Two of them, incidentally, are the first Kuwaiti women doctors.

Nation's Goal: Blend Old and New

The Kuwaitis are proud of the transformation of their land, but the thoughtful ones do not want to lose the values of the past.

"What we wish to preserve," said Under Secretary of Foreign Affairs Rashid Abdulaziz Alrashid, "is first our religion. Then our hospitality. Then our family relationships—the feeling of loving and of trying to help and shelter each other. Then, the simplicity of simple men and the respect of the younger for the older. Finally, our individualism—which is both our strength and our weakness—the spirit of independence that encourages even the humblest man to approach the head of state and complain of an injustice. We hope all these will remain."

THE END

New roads to tomorrow lance into the desert in search of future towns. Thirty years ago Kuwait had no paved roads and few automobiles. The power of oil put its feudal society on wheels and sent it down the path of progress. Since the photograph was taken, this highway has been finished, giving Kuwait City an expressway to the International Airport and burgeoning suburbs, its costly construction a testament to faith in the future by a dynamic young nation.

Retracing John Wesley Powell's Historic Voyage Down the Grand Canyon

By JOSEPH JUDGE

Photographs by WALTER MEAYERS EDWARDS

Both National Geographic Staff

OUR PONTOON RAFTS, the *Grand* and the *Green*, ease down a wind-raked Colorado River. Sheer 3,000-foot walls lift to the sky on either side, flying from gigantic red battlements the wild clouds of an August thunderstorm. Ahead, the swift caramel-colored waters seem to vanish at a bright line. Only an occasional spit of spray beyond, and an angry growl in the throat of the Grand Canyon, warn of the danger ahead.

The growl grows to a roar as the current sweeps us onward. Now the thrashing tops of "rooster tails," where the river explodes against unseen rocks, rise into view. In another moment we are at the brink and look down upon Lava Falls Rapids in all its fury.

"Hang on!" yells Ron Smith, pilot of the *Grand*. Fists tighten on ropes lashed across the plywood deck. Then we slant to the right, the fat rubber nose tilts sharply, and we drop into the thundering maelstrom (pages 670-71).

A hissing wave slams aboard with the force of a fire hose. Buried in a seething brown torrent, the bow struggles upward like a fish breaking the surface. Now we leap to the crest ahead and slide again into a chasm of churning foam. The *Grand* buckles and shudders as angry waves wrench at the ropes, flail the rubber bags holding our supplies, swamp the cockpit where Ron steers with the straining outboard motor.

We drive toward a huge rock of lava blocking the river near the right bank. Its glistening black flank seems to rush at us; in another instant we pile against it. The boat tilts crazily on the raging waters.

Then we are blown clear and washed down through tumbling tail waves to the safety of the lower river. The worst of the canyon's rapids lies behind us.

Last summer our small National Geographic Society expedition battled mighty Lava Falls Rapids and more than 200 others on the Colorado River during a 300-mile voyage through Marble and Grand Canyons. Our destination: a rendezvous with history.

It was in the summer of 1869 that a band of 10 intrepid men, led by Maj.



A ruler's gift to his people, democratic government came into being in 1962 when the late Emir Abdullah established a constitution and a 50-man National Assembly. The Emir's choice of a successor, always a member of his family, must be approved by the lawmakers; a distant cousin, Sheik Jabir al-Ahmad al-Jabir al-Sabah, has already been endorsed as Kuwait's next ruler.

Disdaining the microphone, legislator Zaid al-Kazemi, whose district includes Faylakah Island, speaks before the Assembly.



of them, himself a believer in dreams, cabled instructions to the party working in north Kuwait to start operations at Burgan. There, by the sidr tree, they found oil.

On June 30, 1946, the Emir Sheik Ahmad turned a silver-handled valve at the site that is now Mina (Port) al Ahmadi, and oil from the Kuwait desert began to flow into the tanker *British Fusilier*. It has been flowing ever since (pages 664-5).

World's Largest Tankers Drink Their Fill

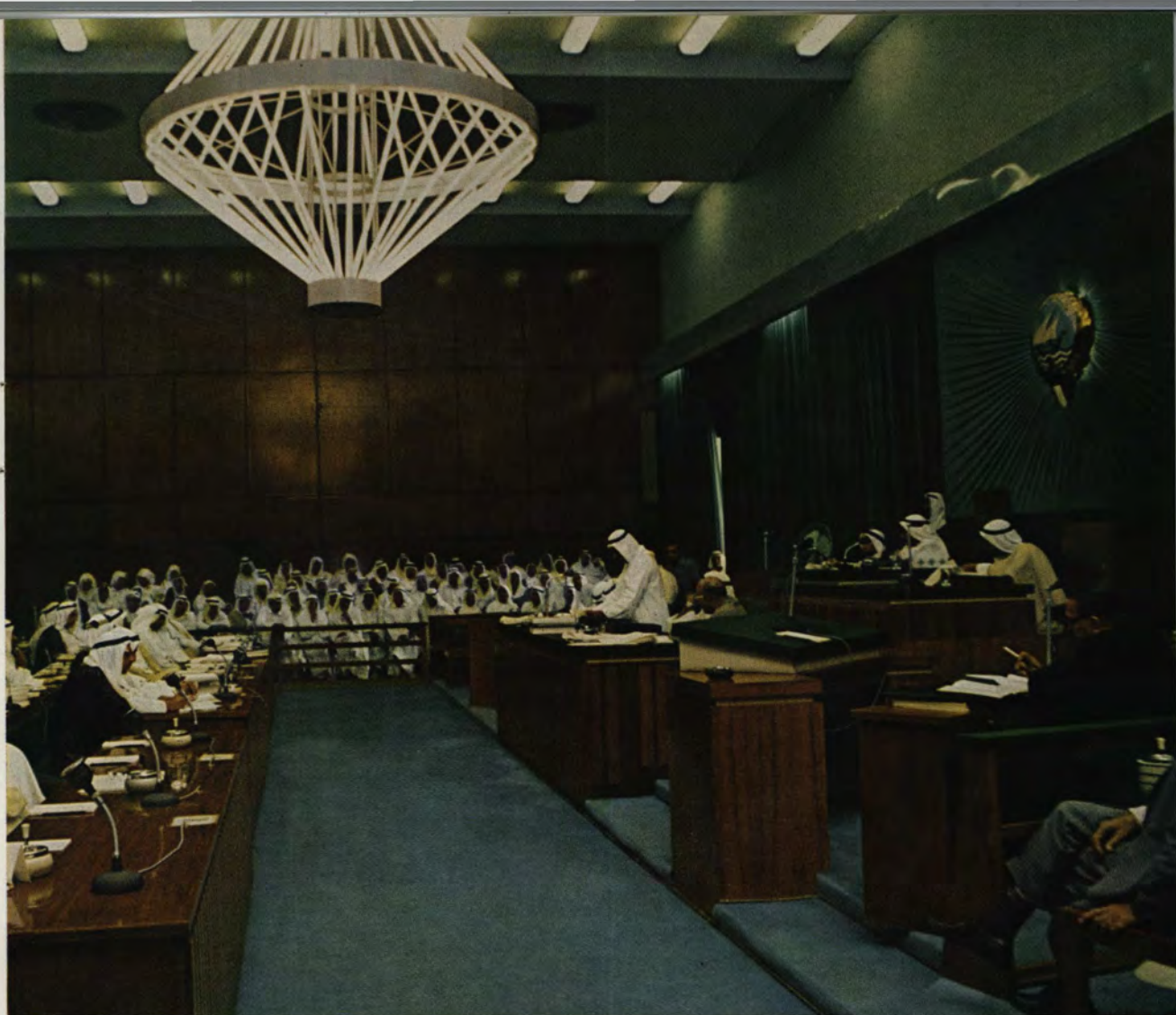
Today five oil companies in Kuwait and the Neutral Zone hold concessions to extract liquid wealth not only from beneath the sands but also from wells drilled under the gulf. They represent United States, British, Dutch, Japanese, and Spanish interests as well as Kuwaiti. By far the largest is KOC, the Kuwait Oil Company Limited, in which the British Petroleum Company and the Gulf Oil Corporation of the U. S. are equal partners.

James E. Lee, an American, is Managing Director of KOC in Kuwait. In his offices at Al Ahmadi, the pleasant, landscaped oil town near the wells and the port, he told me early last year of his firm's exciting new plans.

"A number of oil tankers nowadays exceed 100,000 tons capacity," said Mr. Lee, "but Gulf Oil, one of our two partners, has placed orders in Japan for six vessels of 326,000 tons each. These will be the world's largest tankers, and Kuwait will be the only country with facilities to load them. But they'll be too big for piers at Mina al Ahmadi, so we're building a loading platform nine and a half miles out in the gulf, in water 93 feet deep at mean low tide."

The first giant tanker took its initial load from the new platform last September.

Ideas about how to diversify Kuwait's oil economy are blooming everywhere. "They're growing spinach in the desert," a businessman assured me, and one morning I drove out to



EKTACHROMES BY TOR EIGELAND, BLACK STAR © N.G.S.

the Kuwait Experimental Farm near the airport to inspect the unit that makes this agricultural wonder possible.

Subhi R. Attar, in charge of the hydroponics project, described the science for me. Seedlings, he said, are planted in a mixture of gravel and vermiculite, and irrigated with a nutrient solution.

"We're raising 17 kinds of vegetables," he said; "leaf crops like spinach and Swiss chard; root crops like turnips, carrots, and beets; and fruit-bearing vegetables like cucumbers, tomatoes, eggplants, and peppers. Later we plan to grow grapes, bananas, and mangoes.

"This is an experimental unit"—we were walking slowly through a humid greenhouse drenched in tinted sunlight—"but we are building a permanent five-acre unit which will be the first major commercial hydroponics farm in the Middle East."

Mr. Attar showed me a hybrid tomato—the Fantastic—growing on plants 10 feet high.

Five hydroponic acres, he estimates hopefully, will yield a million pounds of tomatoes in a two-crop season, compared with 200,000 pounds on the same acreage of soil. Private business, it is planned, will establish new farms, cashing in on the research done here.

Chickens Thrive on Dates and Corn

Adjoining the hydroponics unit is its new country cousin, the airponics unit. Here, tomato seedlings are inserted into apertures in tubular ducts standing from floor to ceiling—something like a child's jungle gym. A solution of water and chemicals washes over the roots for one minute out of every five. The wet roots provide all the nourishment, and within three months a tangle of vines laden with juicy red tomatoes interlaces the ducts.

The country is currently raising 6,500 cattle and 2,150,000 chickens. The Kuwait Experimental Farm is trying fledglings on a mixture of date mash and bran or yellow corn. The

farm specialists hope the experimental date diet will set a new standard for poultry nutrition and save money too.

Kuwait's wealth is building the future not only of the nation but also of her Arab neighbors. The Kuwait Fund for Arab Economic Development has lent millions of dollars to help finance 16 projects—including a 45-mile railway line in the Sudan, steam units for an electric grid in Tunisia, phosphate mines in Jordan, and an oil pipeline in Algeria.

Since their Six Day War against Israel in 1967, Egypt and Jordan have received millions from Kuwait to rebuild damaged areas. Kuwait has also provided 24 schools in the various Persian Gulf emirates, and the late Emir of Kuwait, Sheik Abdullah, donated the

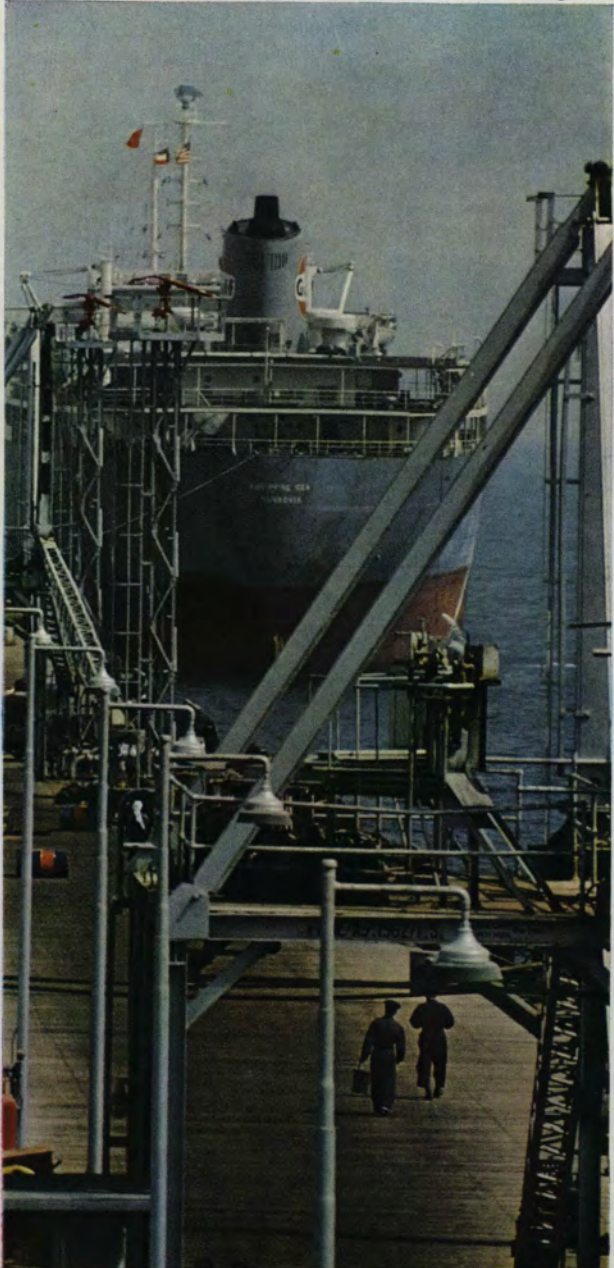
funds to build mosques in the Yemen. The latter gift underscores the fact that Kuwait, by law, is an Islamic state. The constitution begins, "In the name of Allah, the Beneficent, the Merciful," and Article 2 declares that the state religion is Islam. There is a ministry to advance the cause of Islam in Kuwait and abroad. It maintains the nation's mosques, of which there are 235, and provides the imams, or prayer leaders, for them.

Nevertheless, the Kuwait constitution, which was the gift of Sheik Abdullah to his country in 1962 (the year after Kuwait gained complete independence from Great Britain), protects the free exercise of religion. Protestants, Roman Catholics, and members of other Christian churches in Kuwait, virtually

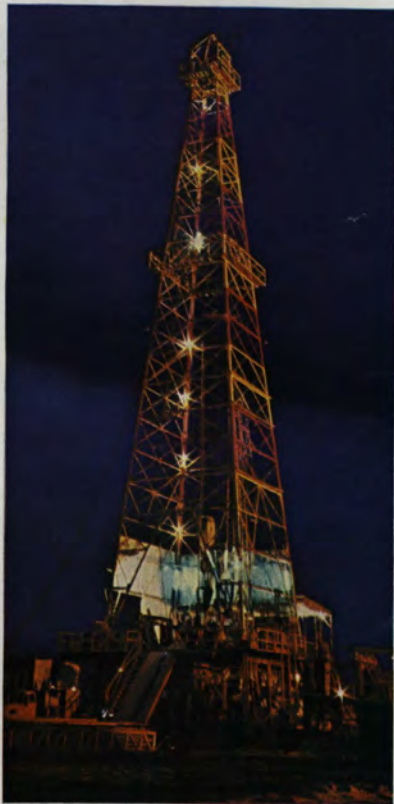




EKTACHROME (ABOVE) BY TOR EIGELAND, BLACK STAR; EKTACHROME BY DAVID F. CUPP © N.G.S.



Kuwait's liquid bank account



A BRILLIANTLY LIGHTED DERRICK pierces the desert sky of the Burgan field, seeking yet another withdrawal from the vast deposit of wealth beneath the sands. With drilling complete, the huge rig will roll to a new site to begin again. At the Ahmadi field, a drilling superintendent (above, left) wears a hard hat decorated with Arab motifs. If his well proves a success, more oil will flow toward Mina al Ahmadi, Kuwait's mammoth oil port (left). Here huge pipelines fill tankers at Kuwait Oil Company's south pier, which can load as many as eight ships at a time. The five companies holding drilling rights in Kuwait and the Neutral Zone produced more than 900,000,000 barrels last year, and the Government of Kuwait received 83 cents for each as its share.



all foreigners, have their own places of worship. The state has even donated the land for a Roman Catholic church.

Sheik Sabah the First and the emirs who succeeded him, up to Sheik Abdullah, ruled as absolute monarchs. Today, thanks to the new constitution, His Highness the Emir heads a more democratic state. "Sovereignty resides in the people," according to this document, and though the office of emir is hereditary, power to rule is shared, in part at least, with the National Assembly (pages 662-3). Few states in history can point to such a peaceful transition from autocracy to constitutional government.

Shampoo Replaces Sidr Leaves

Of the change in the status of women it is less easy to speak. Kuwait, on the surface, remains a man's world. Women do not yet have the vote, but things are not all as they were; modernity has begun to creep into the Kuwaiti woman's outlook.

Mrs. Dickson told me she had recently asked a Bedouin woman whether she still washed her hair with the powdered leaves of the sidr tree. The sidr is a bushy, thorny fruit tree, known also as Christ's-thorn (*Zizyphus spina-christi*) because of the legend that it formed Christ's crown of thorns. Leaves of the tree are dried and pounded, and the powder is then mixed with water to make a lather. Bedouin women, and Mrs. Dickson too, use it as a hairwash.

"Oh, I don't use the sidr leaves any more," said the Bedouin friend cheerfully. "I use shampoo."

But Kuwait, leaping headlong into the mid-20th century, has not escaped problems.

"We have made mistakes," a Kuwaiti merchant prince said to me frankly. Some were due to ignorance; some were thrust upon the emergent, unwary state by what the merchant called "carpetbaggers and slick operators." There were graft and excessive spending, land was wasted, houses often were eccentric in design and shabbily built, and maintenance was and is neglected.

Kuwait now is catching up with some of

this. For example, a renaissance of Arab architecture adapted to the modern city seems to be in the making. Until recently most of Kuwait's new buildings were like the new buildings in Buenos Aires or Bombay or Baltimore—"international modern" (pages 644-5)—and traditional Arabic design was largely overlooked. Today there is already a perceptible clamor for the return to the courtyard, the arcade, the fountain, and other Arabic and Arabesque motifs.

The impact of easy wealth on the Kuwaiti character also causes concern. "I used to work for my money," said an engineering technician. "Now I only sit for it."

Family relationships have also altered. "The ideas of the father are not the ideas of the son," a social worker commented. "The father may not know anything about the international politics the son studies at college. The affluent son, with a car and money to burn, doesn't realize how hard his father worked in the past, the family perhaps living on a pittance all summer, while the father earned a meager wage as a pearl diver or a fisherman."

Kuwaitis, too, sometimes feel like strangers in their own country, at the mercy of a flood of foreign experts. There are nearly 700 doctors in Kuwait, but only 33 are citizens. Two of them, incidentally, are the first Kuwaiti women doctors.

Nation's Goal: Blend Old and New

The Kuwaitis are proud of the transformation of their land, but the thoughtful ones do not want to lose the values of the past.

"What we wish to preserve," said Under Secretary of Foreign Affairs Rashid Abdulaziz Alrashid, "is first our religion. Then our hospitality. Then our family relationships—the feeling of loving and of trying to help and shelter each other. Then, the simplicity of simple men and the respect of the younger for the older. Finally, our individualism—which is both our strength and our weakness—the spirit of independence that encourages even the humblest man to approach the head of state and complain of an injustice. We hope all these will remain."

THE END

New roads to tomorrow lance into the desert in search of future towns. Thirty years ago Kuwait had no paved roads and few automobiles. The power of oil put its feudal society on wheels and sent it down the path of progress. Since the photograph was taken, this highway has been finished, giving Kuwait City an expressway to the International Airport and burgeoning suburbs, its costly construction a testament to faith in the future by a dynamic young nation.

Retracing John Wesley Powell's Historic Voyage Down the Grand Canyon

By JOSEPH JUDGE

Photographs by WALTER MEAYERS EDWARDS

Both National Geographic Staff

OUR PONTOON RAFTS, the *Grand* and the *Green*, ease down a wind-raked Colorado River. Sheer 3,000-foot walls lift to the sky on either side, flying from gigantic red battlements the wild clouds of an August thunderstorm. Ahead, the swift caramel-colored waters seem to vanish at a bright line. Only an occasional spit of spray beyond, and an angry growl in the throat of the Grand Canyon, warn of the danger ahead.

The growl grows to a roar as the current sweeps us onward. Now the thrashing tops of "rooster tails," where the river explodes against unseen rocks, rise into view. In another moment we are at the brink and look down upon Lava Falls Rapids in all its fury.

"Hang on!" yells Ron Smith, pilot of the *Grand*. Fists tighten on ropes lashed across the plywood deck. Then we slant to the right, the fat rubber nose tilts sharply, and we drop into the thundering maelstrom (pages 670-71).

A hissing wave slams aboard with the force of a fire hose. Buried in a seething brown torrent, the bow struggles upward like a fish breaking the surface. Now we leap to the crest ahead and slide again into a chasm of churning foam. The *Grand* buckles and shudders as angry waves wrench at the ropes, flail the rubber bags holding our supplies, swamp the cockpit where Ron steers with the straining outboard motor.

We drive toward a huge rock of lava blocking the river near the right bank. Its glistening black flank seems to rush at us; in another instant we pile against it. The boat tilts crazily on the raging waters.

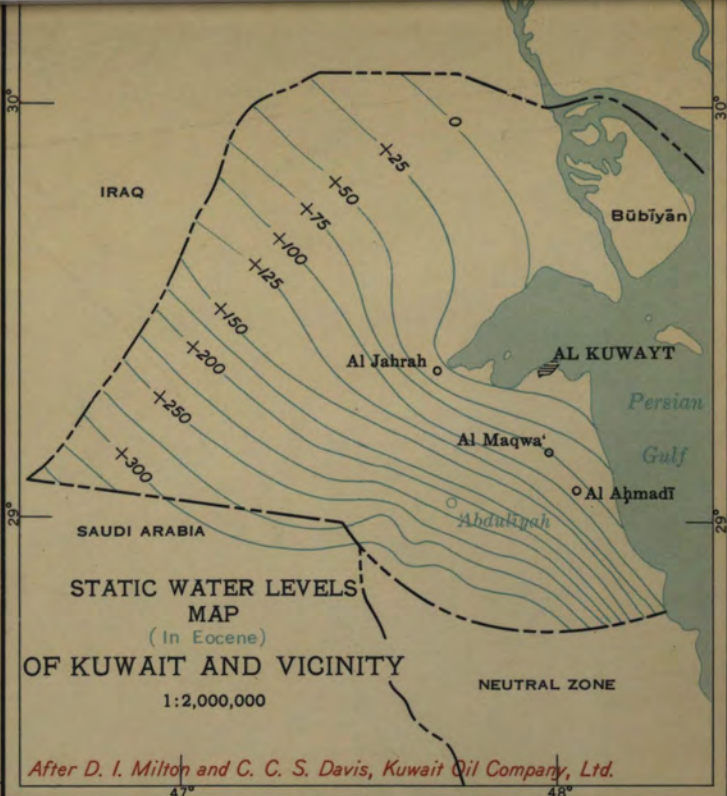
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IRAN

IRAQ






30°




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MAP OF KUWAIT

LEGEND

-  Recent
Marine sands, shell-banks and soft limestones
-  Windblown sands and gravels
-  Miocene
Feldspathic sands, saline and gypsiferous clays, thin limestones.

-  200 meters
-  100 meters
-  Sea Level

(After I. E. Higgin-Bottom, of George Wimpey & Co. Ltd.)

 Raudhatain Waterfield after Ralph M. Parsons Co.

The delineation of International Boundaries on this map must not be considered authoritative



NEUTRAL ZONE

(Saudi Arabia and Kuwait)

Prepared from Southwestern Asia 1:250,000 Series K502 maps, U.S. Air Force Aeronautical Approach Charts, U.S. Geological Survey 1:500,000 map I-203B and Kuwait Oil Company Ltd. maps

