



522 FIFTH AVENUE NEW YORK 36, N.Y.

## THE ROYAL CITY OF TANGIER

A Letter from Charles F. Gallagher

Tangier  
October 26, 1957

The publication in these pages is one of a continuing series from AMERICAN UNIVERSITIES FIELD STAFF correspondents on current developments in world affairs.

This correspondence is distributed by the AUFS as a contribution to the American fund of information on significant foreign events, trends, and personalities. The informal letters, reflecting the current judgments of men on the scene, are of primary interest to the universities and colleges which co-operatively sponsor the AUFS, a nonprofit corporation.

The letters are available by arrangement to other educational institutions, business and publishing firms, and public affairs groups interested in the findings of exceptionally qualified correspondents. The writers have been chosen for their ability to use scholarly as well as journalistic skills in collecting, reporting, and evaluating data. Each has resided in his area of assignment long enough to be thoroughly at home in it, and has combined personal observation and experience with advanced studies.

The letters are copyrighted and must not be reproduced or republished in whole or in part, or given secondary distribution, except by arrangement with the AUFS. Faculty members of colleges and universities receiving the AUFS services are privileged to use the letters in classroom work, and students of these institutions may draw on the material in them for academic papers not planned for publication.

*Letters and reports issued by the AMERICAN UNIVERSITIES FIELD STAFF are not selected to accord with an editorial policy and do not represent the views of its membership. Responsibility for accuracy of facts and for opinions expressed in the letters and reports rests solely with the individual correspondents.*

PHILLIPS TALBOT  
EXECUTIVE DIRECTOR

The enclave, and its close relatives the treaty port and the special zone, came into being as an exotic aberration connected with the history of sea power. Known throughout history, it took on special importance with the rise of European seafaring after the discovery of the Americas and reached its apogee at the end of the 19th century with the treaty port system in China. By 1900 a collection of special zones, international settlements, leasehold ports and fortified islands garlanded the major trade routes of the world like a brilliant colonial necklace: from Panama to Suez, passing by Guantanamo and Gibraltar and continuing on to Aden, Zanzibar, Goa, Pondicherry, Singapore, Macao, Hong Kong, Shanghai, Tsingtao, Weihaiwei, the Liaotung Peninsula and Port Arthur, to name only the more important.

They all had this in common, that they were carved out of a larger entity which continued in existence, that they were established by naval power and relied upon it for their protection, and that they were to serve primarily the interests of overseas trade by functioning as a relay point or a center of economic influence, and secondarily would become bases for naval warfare if necessary. They differed from colonies in not being thought of as productive in themselves -- in that distant era when colonies were considered sources of income for the metropole instead of drains on it -- and they often had not even enough hinterland to be self-sufficient. With the rise of airpower and nationalism in the 20th century these appendages came under twofold attack. As the above list shows, many have already disappeared from the scene; some, like Singapore, are bowing out gracefully; some, like Hong Kong, have a tenuous few decades to go; and others, like Goa and Gibraltar, glower defiantly across hostile frontiers.

One of these enclaves which did not fit the general pattern in several respects -- and

whose future as well may for a time be as singular as its past -- was the ex-International Zone of Tangier, commanding the southern shore of the Mediterranean at its western exit opposite Gibraltar. The strategic Tangier region, a target of European colonial ambition since the mid-15th century, fitted the description of an enclave in that it owed its importance to a favored location in a world dominated by naval forces, and it was a tiny morsel detached from its motherland. But it never became a center from which radiated the influence of any single European power, nor did it ever serve as an orthodox trading center, as a major transshipment port or a coaling station, and in spite of its dominating position it has not heard a shot fired in anger, save distantly from Trafalgar across the Straits, in almost three centuries. The accidents of history, particularly in the past fifty years, stunted it, something like a dwarfed oriental pine, into a tour de force existence the uniqueness of which merits examination; the more so because now that it has returned to the sovereignty of its original Moroccan owners, they consider it difficult or unwise to try to change, at least for the present, the orientation and special character it has developed during the past century.

\* \* \* \*

North Africa was historically one of the first parts of the world to shelter trading enclaves. The Phoenicians, more than one thousand years before our era, sailed to the Pillars of Hercules, formed by the twin mountain peaks of Gibraltar and Ceuta, and established factories and trading posts along the Moroccan coast. They were followed in this by their descendants the Carthaginians, themselves sprung from just such a settlement. Indeed the over-all history of North Africa was largely shaped by the decision of the Carthaginians not to colonize the area but only to trade on a limited

CHARLES F. GALLAGHER has since 1951 been a student of the affairs of Northwest Africa. He started his higher education at the University of California just after Pearl Harbor and soon was shifted to the Japanese language school at Boulder, Colo. He served out the war as an officer in the Navy and then became fine arts advisor on Japanese cultural property during the occupation of Japan. In 1949 he entered Harvard University to major in Far Eastern languages and history. He was graduated *summa cum laude* in 1951. Subsequently he was twice offered Harvard-Yenching fellowships to continue in the Far Eastern field, but decided instead to study Islamic society. Under Fulbright and Ford fellowships, he worked for two years in Paris and three years in North Africa. After completing his research in Rabat, he settled in Tangier to write a history of Morocco and a grammar of Maghrebian Arabic. He joined the AUFS in July 1956 as a staff member and participated in the 1956-57 program of visits to member institutions. In the summer of 1957 he returned to North Africa under AUFS auspices.

basis with the primitive populations inhabiting it. The Carthaginian curtain thrown over North Africa by its navy and its monopolies was the first historic factor which retarded civilization here by at least a millenium. North Africa slumbered in ignorance at the same time that the rest of the Mediterranean was fertilized by the crossings of Oriental and newer Greco-Roman cultures.

Tangier, the Punic Tingi, was one of the most important Phoenician settlements. The city boasts the longest history of any Moroccan town and not two blocks from where this is written there are still unexcavated Punic ruins -- a hidden Forum and temple area in the heart of the modern town.

As a Roman town Tangier, then Tingis, flourished as well. From 42 A.D. until late in the 3rd century the Roman colony of Mauretania Tingitana, roughly the northern half of modern Morocco, took its name from Tangier and used the city as its administrative headquarters and chief port, if not capital. When Roman power withdrew from Morocco, just after 284 A.D., the city of Tangier and its small surrounding hinterland were all that remained in Roman hands, and the enclave was attached to Spain for governmental purposes. The separation that has more often than not marked off this region from the rest of Morocco thus began in the 3rd century and continued, with Tangier a part of the Byzantine Empire while southern Morocco reverted to Berber tribalism, until the time of the Arab Conquest. During the first period of Moroccan rule, from 710 to 1471 the city declined somewhat; the focus of Morocco, as an Arab kingdom, was inland and farther south. Contact with Muslim Spain was kept via Ceuta (Sebta) and Alcazarseguir (El Qsar es Sghir) rather than through Tangier.

European interest in Tangier and other ports of the Moroccan littoral awoke with the successful conclusion of the Reconquista in the Iberian Peninsula and the spread of trade to Asia and Africa. The Portuguese, who had already occupied Ceuta in 1415 -- since when it has never been out of European hands - made three attempts to wrest control of Tangier from the Moroccans. They finally entered the city in August 1471, and installed themselves for two centuries. A small commercial colony lived in harassed isolation and the Portuguese garrison was in semiconstant warfare with the neighboring tribes. When the Portuguese, wearying of holding Tangier, passed it off onto the English as part of the dowry of Catherine of Braganza upon her marriage to Charles II in 1661, the British crown faced the same problem of maintaining the strategic outpost in the face of unremitting hostile pressure. The English planned to make a first-rate port on the Straits -- this was fifty years before they occupied Gibraltar on the opposite side -- and although their harbor works were destroyed in a scorched earth policy when they evacuated, the later history of Tangier might have been quite different if its commercial foundations had been consummated in the 17th century. As it was the combined hazards of a budget-conscious parliament, an inefficient administration, constantly changing military governors, plus guerrilla attacks and fuel and water shortages, discouraged the venture. Mulay Ismail (1672-1727), the most able Moroccan ruler in several centuries, laid persistent siege to the town and it was finally decided in 1684 to abandon it after blowing up the newly-constructed mole and principal buildings.

Since the original, highly Arabicized bourgeois population had fled to other cities when the Portuguese marched in, Tangier lay empty and unpeopled in 1684. Mulay Ismail resettled the city with Berber tribes mainly from the Rif region of Northern Morocco, but left it with a substantial

measure of local autonomy. Even today Rifians make up a majority of the city's Moroccan population (unlike nearby Tetuan where a more refined Andalusian Muslim element still predominates) and some districts of the medina, settled by particular fractions of particular tribes, continue to show vestigial peculiarities in speech and custom.

Although the Europeans were gone as occupiers, Tangier remained the window of the Moroccan house, and during the 18th century it began gradually to play the diplomatic role it continued up to the present day. Consulates of the European powers established themselves there although it was not the capital. There were several reasons: foreigners were unwelcome in Fez, the nominal capital and religious center; the Sultan, moreover, was constantly on the move either at the head of a harka repressing dissident tribes or going from one to the other of his four official residences. When in the field or en route he held court under a tent wherever he happened to be, a system that gentlemen-diplomats of the time thought prudent to avoid.

As Tangier became a diplomatic center it also began to develop its first real banking activities. The Sultan's treasury was a haphazard affair and the Moroccan court relied upon the Jews in Tangier, mainly Spanish-speaking Sephardic Israelites driven from Spain after 1492, to carry on the necessary financial relations with the foreigners. Their connections with rich and powerful families like the Rothschilds in Europe increased their usefulness, and at the time of the battle of Trafalgar in 1805, credit to Nelson's fleet was being supplied by the Pariente family, whose bank is still the leading one in Tangier today.

After the Napoleonic Wars British policy became more and more instrumental in shaping the destinies of the city. It was British dogma that no European power should obtain control of the vital area, and as the creaking Sherifian Empire ground to a halt in the latter half of the 19th century through inertia and the pin-prickings of French and Spanish encroachments, England often bailed the Moroccan government out of its difficulties. And as the authority of the Sultan declined in the city of Tangier, the consuls of the Powers took up by default many of the burdens of administration. It was they who took responsibility for health and sanitation, and they who built outside of Tangier the first lighthouse on the northern coast of Africa west of Egypt. Under their auspices the protégé system, which granted virtual citizenship to specific classes of Moroccans taken under their wing, flourished and finally became a scandal. The Tangier of 1900 was a typical treaty port in practice, but it differed from most others in that no formal stipulation of any treaty had ever dealt with an alienation of sovereignty from the Moroccan government to the de facto consular rulers.

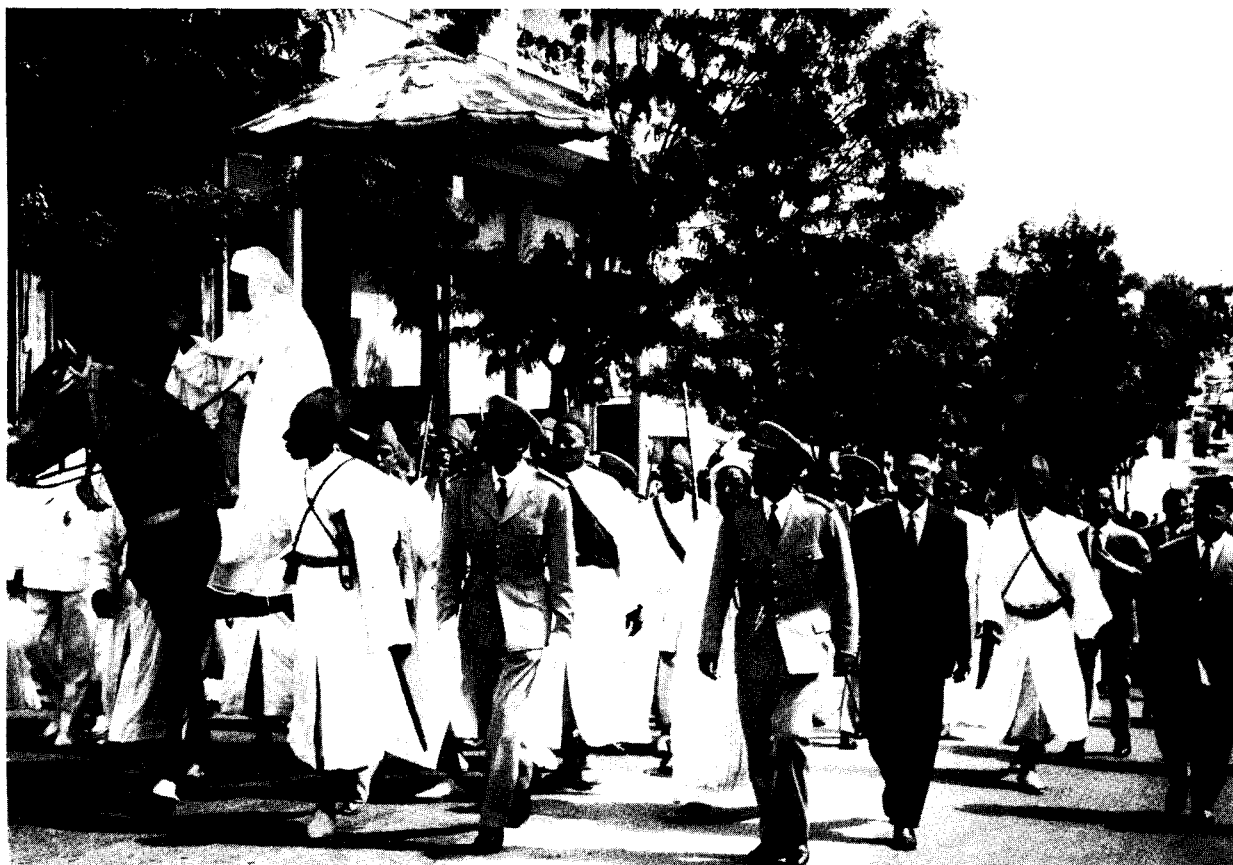
Meanwhile the idea of internationalizing the Tangier zone legally began to gain ground. The Entente Cordiale in 1904 wiped out English interests in Morocco as a whole but did not change London's Tangier policy. The secret Spanish-French agreement of the same year allotted much of northern Morocco to Spain but carefully exempted the city of Tangier, which was "to keep the special character which the presence of the diplomatic corps and its municipal and sanitary institutions have given it." The 1906 Conference of Algeciras, held in the sleepy Spanish village across the Straits, confirmed in a general way the idea of an international administration but made no definite provision for it, and the question dragged on until arrangements for the French and

Spanish protectorates had been completed and were put into effect in 1912.

\* \* \* \*

Three diplomats -- British, French, and Spanish -- began work in June 1912 on the draft of an international statute for Tangier. The draft was not completed until late in 1914, after World War I had broken out and when the international position of Tangier had changed considerably. The first World War set the stage for Tangier's later reputation as a spy-ridden nest of intrigue, even though the German and Austrian consuls were, somewhat irregularly, deported on the opening of hostilities. The Allies saw German agents everywhere in the nearby Spanish zone and it is doubtless true that Spain saw brighter opportunities for herself in North Africa in the event of a German victory. During the war the cumbersome machinery of co-operative rule broke down, mostly to the advantage of the neutral Spanish; justice was aberrant and public services declined noticeably. When the war ended it was natural that the Allied Powers, after disposing of more pressing problems, would eventually get around to revising the Tangier conventions in their own interests.

They did this in the Tangier Statute, which came into effect in 1925, and under which, with variations, the 200-plus square mile area was governed for the next three decades. Modifications were made in 1928 to allow Italy to participate, and after World War II to permit the United States and



KING MUHAMMAD V goes to Friday prayer during his visit to a reintegrated Tangier

the Soviet Union to take part. The former acceded to the revised Statute worked out in Paris in 1945, but the Russians never took the seat allotted them in the international regime.

Tangier had suffered a wartime occupation from 1940-45 by Spanish forces from the neighboring zone, on the excuse that public order was in danger. The "invasion," on June 14, 1940, coincided with the fall of Paris and the great likelihood, from the Spanish viewpoint, of German victory. For the next two years international institutions in the city were throttled and finally dismantled, and Axis agents were allowed a free hand. In November 1942, Allied fleets steamed past Tangier while Churchill and Eisenhower flew into Gibraltar on the eve of the liberation of North Africa. Too late Spain realized that the tide of war was turning and the Franco government began to withdraw as gracefully as possible from its embarrassing position.

The 1945 Statute revision accordingly punished Spain for her war-time adventure, but the 1953 changes, which came after international quarantine had been removed from Franco, restored her privileges and increased the power given to the representatives of the smaller European countries. As the Statute finally stood, it established a Committee of Control made up of the ministers of the eight countries participating in the administration: France, Spain, Great Britain, United States, Italy, Portugal, Belgium, and Holland. This executive, which was the real force in the government, was completed by a shadow assembly which had several nationals nominated by each minister, and a minority sprinkling of Moroccan Muslims and Jews added. Moroccan subjects were put under the Mendoub (Mandūb), a French-chosen representative of the Sultan in the city. The Assembly tended to be made up of local businessmen from the foreign colonies, and they often found themselves in an antithetical position to the bureaucrats of the Committee, but their subordinacy was always clear. The Assembly could debate the budget (autonomous for the zone and deriving almost entirely from customs revenues) but the Committee had final veto powers. And it had all other powers as well, such as administrative appointments, admission of foreigners, granting of passports, expulsion of undesirables, i.e., Moroccan nationalists, and so on. The Committee functioned something like an exclusive club; one blackball was enough to stigmatize the victim, and any political figure or press article deemed offensive to one of the Powers, particularly France or Spain, would usually be barred from the zone out of respect to diplomatic courtesy.

With the disappearance of the International Settlement in Shanghai after World War II, Tangier was left as the only dot on the world map under international administration. In terms of its original raison d'être, the special demilitarized zone was clearly no longer serving any real purpose in the era of the atomic bomb. And it remained an economic anachronism as well. Cut off from its natural markets by customs and police barriers a few miles out of town, it was too small to be economically viable. Agriculture was minimal and industry nonexistent, and enlargement of the small but good natural harbor was opposed by both protecting powers, who wanted no rival to the ports they were developing in Casablanca and Ceuta. Unsupported by its eight foster parents, and having no place in the Moroccan budget, it was forced to bear the costs of an elaborate government with the meager resources of its customs duties. The integration of Tangier into the rest of Morocco economically was blocked by intricate regulations which hampered transshipment from the Tangier Zone to the other zones, while local industry could not thrive because of the lack of a market.

Under these conditions economic strangulation would have been the fate of Tangier over a period of time had it not been for the unusual world political situation after World War II and, most notably, at the outbreak of the Korean War in 1950. Tangier, said a cynical local businessman in the early '50's, feeds on the misery of others; when conditions are bad elsewhere they are good here, and when they are prosperous in the rest of the world they are bad here. This was an oversimplification and certainly not true at all times in Tangier history, but it cannot be denied that the city's growth in the ten years beginning with 1945 was based upon the fear, the financial insecurity, and the excessive controls operative in postwar Europe.

Two principal activities made Tangier prosperous during that period: contraband trade or smuggling, and banking. The first flourished in direct proportion to the lack of vital goods or luxury commodities in Europe; tobacco, liquor, nylon stockings, and penicillin-type drugs headed the list of merchandise smuggled into other Mediterranean ports but taken out of Tangier quite legally. Since there were no restrictions on exports of any kind from Tangier, the illegality of the smuggling operations became a problem only after the territorial waters of the country of destination were entered. When the small launches, usually ex-patrol boats bought in surplus war sales in England and elsewhere and fitted out with souped-up engines, returned to Tangier after a "mission," no questions were asked. Favorite landing grounds were the Canaries, for later transshipment to Spain, and the coast of Italy south of Rome. In the past few years, as Europe has regained its feet and begun to produce its own luxury items, contraband has declined sharply. The smuggler's life has also been made more difficult by increased surveillance in Europe -- "The French now watch their Riviera coast with radar and helicopters," said one captain recently with an aggrieved air. The severity of jail sentences in Spain has added another deterrent and the only profitable operation now is the running of American cigarettes to Italy. (They are sometimes genuine, sometimes not, for good will is an unimportant asset in the one-time-killing of the smuggling business.)

Smuggling not only made Tangier prosperous, but made it famous, or infamous, in a Grade-B movie way. Less sensational, but more important to the economy, however, was the banking business. Banking was stimulated by the laws in the 1925 Statute providing for a free money market and an almost completely tax-free fiscal structure. Tangier banks since then have existed in an atmosphere of giddy economic freedom. For them there were (and still are) no banking laws to worry about and no regulatory bodies to watch over them. Their operations are limited only by the integrity and financial acumen of their directors, and this has led to numerous charges of irregularities. Much depends on which bank is concerned. Among the 145 Tangier corporations which list banking as one of their functions only about 30 are active banks and of these there are some unimpeachable ones: the Banque d'Etat du Maroc (a private, not a government, bank which has the monopoly of issuing currency for the Moroccan government); the Banco de España and the Banco Exterior, in addition to two venerable Tangier institutions, Pariente's Bank and the Hassan Bank. Many of the others were fly-by-night postwar banks which disappeared as quickly as they had sprung up. One of these quietly went out of business over the week end and by Monday morning all its officials were in countries of South America from which extradition was impossible. The American Legation in Tangier has always wisely advised prospective clients to make discreet inquiries through banking channels before using a Tangier bank.

Banking activities were important on a small scale through the '30's, but the flow of flight capital into Tangier after 1945 opened up a high-riding boom era in which the city became a famous international center. This capital came from several sources: excess war profits and money made in smuggling; war scare money which reached a climax in the Korean War fright of late 1950-51; money fleeing successive devaluations in France, Italy, Spain, and England, and coming to Tangier to be changed into hard currencies; and tax evasion money which came to keep out of the hands of European treasuries. Most of these funds fled their own land illegally but, again it should be stressed that -- like the smuggling launches -- they entered and left Tangier in a completely aboveboard way.

Probably the most publicized aspect of Tangier's money system is its currency exchange. The free convertability of all currencies in the city has made it a center of money changers dealing in the principal currencies of Europe, but primarily in the peseta and franc. The change booths which line the principal streets are picturesque additions to the local scene and are much patronized, at some risk, by tourists, but their turnover is small and their role in the economy smaller. The banks also handle incidental exchange of this kind, usually on better terms; but they deal more with the forwarding of money to clients in European countries on the free-rate basis (through checks and postal money orders in the local currency involved), and with regular banking transactions. There is also a small but highly specialized arbitrage market.

Another important facet of Tangier banking has been its gold operations. Tangier is one of the few places left in the world where there is complete freedom to buy, sell, import, export, or hoard gold. During the Korean War panic there were about 50 tons of gold stored in bank vaults here. Much of it enters in what is called entrepôt fictif, under which gold may be imported and deposited in a bank without payment of any duty, provided that it is registered with customs and that the owner does not take physical possession of it or sell it locally. The steady outflow of gold since independence has been a sign of waning confidence in the financial future, but a recent slight upturn may indicate that the situation is being stabilized. It does not seem likely, however, that gold will return to Tangier in any appreciable amount in the near future.

But the primary purpose of Tangier banks has been to serve as a haven for refuge capital, and from this devolves their most important activity: investment of this capital. Tangier, with no personal or corporate income taxes, no gift or inheritance taxes, no capital gains tax, no excess profits or undivided profits taxes, is -- to say the least -- an attractive investment center. Some of the capital here has been invested in local business or real estate, but the overwhelming majority is used, through the free money market, to buy securities throughout the world. In this respect Tangier banks should be thought of as functioning not only as banks, but as stock brokers, trust fund advisers, investment counselors and management companies. Banking secrecy, so often necessary because the capital concerned left its country of origin in dubious circumstances, is strictly maintained by means of a numbered account system. Often a Tangier corporation will be formed to provide front ownership for the securities. Over 6,000 such corporations exist and through last year nearly 300 a year more were being formed. Forming a corporation is, like other financial dealings, extremely simple. A minimum fee and a paid-in





TANGIER - -

The old town

and

A view from the Medina  
to the new town



capital of 100,000 Moroccan francs (about \$240) suffices. Most corporations are established with this minimum sum, but it does not reflect their real worth, and it is not unusual for a corporation to declare the above amount of capital and then open a bank account for an astronomically larger sum. Usually, upon formation of the corporation, bearer shares are issued to conceal the identity of the owner. The corporations may be administered by anyone, but generally an official of the bank which "covers" the corporation, or one of those professional administrators who form in Tangier a profession unknown anywhere else, takes the job. It is estimated that about four-fifths of all existing corporations are this kind of phantom institution.

The banks which contain the funds of such phantom corporations then often set up management companies (Sociétés de Gestion). These are authorized by the corporation to buy and sell securities in its name, and the earnings on these are deposited as corporate dividends in Tangier, thereby avoiding heavy taxes in the home country of the corporation owner. When and if profits are finally returned to the home country they would legally have to be declared for income tax, but since (in the case of most European owners) the capital which made the profit had usually left its original home illegally, it is unlikely that the owner would call attention to its existence at that late date. In any event Tangier follows here as well its watchword of seeing, hearing and speaking no evil. Where American capital is concerned it is usually allowed to accumulate in Tangier for reinvestment, and when finally repatriated is treated as capital gains, thus avoiding the high corporate tax rate in the United States. Generally the securities bought are not held physically in Tangier, but are left in the country of purchase so as to be available for trading on the world markets. Nominative shares are often taken out in the name of the Tangier bank which is serving as the management company for the corporation, thus further concealing the true owner.

\* \* \* \*

This elaborate financial structure, which has been called the iron lung that permitted Tangier to breathe, was shaken when independence came to Morocco in March, 1956, and the new Moroccan government announced that unification of all the former zones was its primary objective. Tangier existed in a twilight period of expectancy and uncertainty about its future until October last year when a conference of the Statutory Powers, convened by the Moroccan government, officially transferred jurisdiction to Morocco.

During that summer, a few months before the Fedala Conference, Foreign Minister Ahmed Balafrej had come to Tangier to look into the city's problems. And problems there were. Concern for the future of the economy which had grown up in the laissez-faire atmosphere of the old international regime had made business stagnate, while most of the gold deposits and what securities were physically held in the city had been removed. Some minor banks had closed down completely; others, hedging on the shape of things to come, opened subsidiary outfits in Switzerland, Liechtenstein, Panama and Curacao, where they took out in the name of the new organizations securities for their clients. Several of these places approximate in freedom of exchange and in minimum taxation the advantages that Tangier has offered, and Curacao further benefits from a Dutch-American agreement to reduce United States taxes on the corporate dividends of nonresident investors from 30 per cent to 15 per cent.

Local financial circles seem to have made a strong case for special treatment of Tangier during the government's investigatory period. I remember when I was in Rabat in August 1956, meeting my landlord -- the head of a powerful Tangerine trust and landowning company -- in the hotel where I stayed. When pressed as to what he was doing in Rabat, he admitted that he was trying to sell the government on a new free-port-and-storage-area scheme, the free zone to be located, naturally, on his land. This plan was a little too much to swallow, but the authorities do seem to have been impressed by the alarming dip in Tangier business, and it must be remembered that they were not equipped to handle such an unusual situation. Tangier bankers -- and whatever one may think of their sometimes sharp practices, they are never unresourceful -- did have ideas and kept hammering away at government departments. The contest was quite unequal. The feeling of irritated bafflement typical of some ministers was expressed to me by the Minister of National Economy, Abderrahim Bouabid. An extraordinarily capable man with definite plans for the Moroccan economy, he was known to look upon Tangier with a disapproving eye. I met him on a visit here last month after he had spent the day looking into banking activities. "What do you think about the banking structure here?" I asked. "What do I think?" he said, with a resigned shrug. "I don't know. It is just impossible even for me to get any information about what they are really doing. And this is what they call economic freedom!"

Although there was divided opinion in the cabinet, the King and his Foreign Minister favored the idea of keeping Tangier much as it had been, and at the Fedala Conference the Moroccan government announced that it would guarantee the economic liberties Tangier had been enjoying, but on a unilateral basis and not through international negotiation. The question of sovereignty was to be made quite clear; whatever was to be done for Tangier in the future would be done by Moroccans. Muhammad V is considered to have a sentimental attachment to Tangier, in that he made his first appeal for freedom there in 1947, but there were also sound economic reasons for the government's move. Tangier's economy had become so warped that a sudden attempt to normalize it would probably have turned the city back into little more than a fishing village. With unemployment rising in the south, the authorities would have been unwise to add another ten to twenty thousand people to relief rolls by cutting out the ground from under Tangier's only legitimate business.

But Tangier did not breathe easy until this August when, in implementation of the promise, a Royal Charter was bestowed on the city, officially guaranteeing the continuation of the special economic regime which had existed for three decades. For Tangier businessmen the key proviso in the Charter is the article stipulating a warning period of six months before any revision of the Charter can be made effective. Thus capital cannot be seized, sequestered or frozen overnight. Under the terms of the Charter, Tangier has been made a kind of Hanseatic free city, permitted by special dispensation to carry on its peculiar kind of 20th century freebooting. Trade between Tangier and the rest of the world is to remain free, but between Tangier and the rest of Morocco certain as yet undefined regulations will be applied in the future. So Tangier remains in a kind of limbo, but a Moroccan limbo rather than an international one. Outside the Charter, Tangier has been given some extra dividends: its unofficial designation as the summer capital has given business a new upsurge, and the provision for registering ships under the Moroccan flag by means of a special Tangier immatriculation -- with low rates and advantages a la Liberia and Panama -- will bring added prosperity.

Paradoxes still abound in Tangier, and no one doubts that difficulties lie ahead. The city is Moroccan by law and by sentiment; the last vestiges of the old regime were swept away with the establishment of the unified Moroccan courts replacing the multinational tribunal, and no one ever accused Tanjawis of being less patriotic than Rabatis or the people of Fez. Its Moroccanness was emphasized by its sharing in the new higher customs duties, valid for the whole country. But it remains a "country within a country" and it has powerful enemies in what Tangerines now refer to as the "winter capital."

It is not at all certain for one thing that financial confidence can ever be the same under the rule of one government as it was when too many cooks were stirring, but not necessarily spoiling, the broth. Many things could be said against the old administration, notably in terms of social and economic justice. It was run by and for the 60,000 foreigners in the city and in pretty complete disregard for the 120,000 Moroccans. The venality of the last administrator was under constant attack from the press. And everyone is better off for the introduction by the new government of family allocations, social benefits, and union rights -- all of which have lessened the 19th-century robber-baron aspects of Tangier business. But when this is said, the old administration did have its good points. Tangier gave the world the example of a government which left the individual more free than he was in 99 per cent of the rest of the world. Compared to the repressive political control in the French and Spanish zones, Tangier was a paradise, and much to the credit of both its people and its police is the fact that during the resistance years 1953-56 there was not to my knowledge one violent death ascribable to political motives.

An administration of lazy anarchy, erring through omission rather than commission, fostered a climate of free enterprise which was remarkable. Its independent newspapers far outshone the dailies in the rest of Morocco which, with one exception, hewed to the official line of their respective governments. Its American-owned and operated Radio Tangier was eagerly listened to by Moroccans (a nationalist in exile prepared its Arabic news programs). On his recent visit to Tangier the King made a point of visiting the station and thanking the director for Radio Tangier's objective broadcasts during Morocco's time of troubles. And in other, smaller ways Tangier was a beacon of free enterprise: the lack of requirements for import licenses filled the shops with goods from all the world, while in the south French monopolies foisted products on Morocco at higher-than-world prices. And economic competition produced a city where telephone taxi service was instantaneous, home delivery came "with a smile," and where rentals followed the law of supply and demand rather than being subjected to artificial controls.

It is just this fact, that Tangier is slated to remain a little oasis of free enterprise in the midst of what Moroccan government leaders see as a gradually increasing "economy with planning," that makes its future uncertain. As long as it remains different from the rest of the country it will be judged with suspicion or envy: if it prospers and the remainder of Morocco stagnates, jealousy will demand the end of its privileges; if it fails there will be many who take an I-told-you-so attitude. No other country has ever set aside a small part of its national territory and practiced within it an economic policy at variance with the whole, permitting the circulation of different currency, the imposition of different official price levels, and the application of a completely different set of laws governing its financial and

economic life. (Legislation in effect in the other zones of Morocco, it must be added, has not been automatically extended to Tangier but is made applicable only by specific decree.) All this makes the Tangier experiment a brave but uncertain one.

It is also doubtful if the world financial situation will ever again be so favorable to Tangier. In a planet intertwined by sputniks and ICBM missiles, what capital will any longer take the trouble to flee from one continent to another? Some of the funds which have left Tangier in the last eighteen months will return, but certainly not all. There does seem to be a better chance for the stocking of investment capital interested in Morocco or other parts of North Africa. If the political picture goes smoothly this kind of money might be tempted to keep itself in Tangier, where prospects for the area are known, and await opportunities. Significant in this respect was the opening this week of a new bank, the Bank of Tangier Province, formed by a group of American financiers who intend to invest in Moroccan industry, and having as one of its administrators the eldest son of a brother of the King.

Whatever the future of banking in Tangier, the city is diversifying its portfolio by pushing a new industry: tourism. For many years of course there has been a steady tourist trade here, but it was stunted first by post-war poverty in Europe, and later by political unrest in Morocco. Now, with Europeans traveling in great numbers and more Americans than ever flying to the Mediterranean, an all-out drive for tourists is being waged. Last week a second group of 50 American travel agents came to be wined, dined, and photographed on camels in a bid for the American tourist dollar.

For a city of less than 200,000 Tangier has remarkable hotel and restaurant facilities. Over 2,700 hotel rooms in all categories and some 79 restaurants with almost every national cuisine. Add to this a temperate and sunny climate, superb bathing beaches, and a largely unspoilt 18th century medina, and Tangier could be -- especially with the promised construction of a casino -- a rival to Monte Carlo or any Mediterranean vacation spot.

Although the word "international" is out of fashion here now, there is one respect in which the Moroccan government wants Tangier to continue its international vocation: as a rendezvous center, a kind of second Geneva. In the past two years UNESCO and FAO have both held conferences here. Last month the labor movements of the four North African countries met in Tangier to discuss unification. And the Moroccans are now pressing in the UN for the establishment of an all-Africa Development Agency to be located in Tangier.

It may be in this role as a meeting place that Tangier has lived, and still does, its most honorable life. For it is in spirit truly an international community and the old cliché about East meeting West has some meaning here. There is much less clannishness and mutual distrust among the several populations which live here, not side by side, or separated by several miles as in many Moroccan cities, but thoroughly scrambled up together. Alone of North African cities Tangier has no mellah, or Jewish quarter, and its medina harbors thousands of poorer Spanish, a few bohemian writers and artists, and Barbara Hutton on occasion. Its "Mountain," hovering over the city like Fiesole above Florence, contains titled nobility and English civil servants from out east who were unable to make the last lap back from the Orient, but interspersed among their homes are the freehold properties of sedentary

Berbers who garden and farm and sometimes pasture their flocks on the outskirts of great estates, and the secluded reserves of Moroccan aristocrats. Whatever its excesses in the past and whatever its future holds, Tangier has always been on the whole a happy city, a very human city, and a fraternal city in the best sense of the word. The spontaneous and genuine welcome of the foreign population to the King on his arrival last month testified to the prevalent goodwill among all its people. In a world overburdened with racism, the strains of Megalopolis, blue laws and the dreariness of socialist realism, perhaps some of these qualities will be infectious, and will continue to entitle Tangier to a special place in the world.

*Charles F. Gallagher*

[Photographs courtesy of the Moroccan Ministry of Information and Tourism.]