Earlier this month, the Saudi Arabian Monetary Agency announced new rules governing Saudi charities and welfare agencies. From now on, each charity must consolidate its funds in a single bank account licensed by the government, from which cash withdrawals are banned. Explaining the new rules in Washington, Saudi ambassador Prince Bandar bin Sultan declared with finality, "We have closed the door on the possibility for charitable giving to be misappropriated for illegal purposes."

Perhaps al Qaeda's four coordinated suicide bombings in Riyadh on May 12 really did deliver "a massive jolt" to the regime, as one Saudi insisted. The official rhetoric, at least, expressed resolve. The day after the bombings, Crown Prince Abdullah called the attackers "vicious animals whose only concern is to shed blood and bring terror to those innocents." Days later, his foreign policy adviser Adel al Jubeir reiterated that the government will do everything necessary "to confront and destroy the organization and the people who did this." Foreign Minister Saud al Faisal went so far as to say that combating terror requires "standing up to whoever feeds it and sympathizes with it."

Not only that, but the Chicago Tribune reported on June 20 that Saudi authorities were about to arrest at least one "prominent Saudi businessman" and seize his assets for financing the al Qaeda cells behind the May 12 attacks. It seems the plotters had plans to assassinate members of the royal family. Can it be, then, that the Saudis have turned a corner on the financing of extremism? Will they now really become full partners in the war on terror, assisting international investigations, following the money trail, and curbing incitement?

Not likely. Even as Saudi security forces crack down hard on terrorists who threaten the kingdom, the government's efforts fall far short of full-fledged cooperation in the effort to stop this global scourge.

To be sure, the Saudis reacted swiftly to the May 12 bombings, which took 34 lives. They conducted sweeps of apartment complexes, arrested terrorists, even detained some radical preachers. Similar crackdowns, however, followed the 1995 attack on the Saudi National Guard office and the 1996 Khobar Towers attack. Since September 11, the Saudis have provided intelligence that has helped prevent attacks on U.S. forces stationed in the region. Saudi agents reportedly infiltrated two domestic al Qaeda cells, leading to the arrest last summer of over 75 al Qaeda members, of various nationalities. Saudi security services also thwarted several plots targeting Western interests in the kingdom. But these were merely tactical operations. The royal family has a history of cutting off investigations whenever the trail leads anywhere near Saudi elites and so threatens to expose fault lines in Saudi society.

Thus, Saudi officials spoke of the men behind the Riyadh attacks as a "small group" of "criminals" -- refusing to recognize them as part of the international matrix of terrorism. The Riyadh cells were originally commanded by Abd al Rahim al Nashiri, a senior al Qaeda figure, tied to the bombing of the USS Cole, who was captured in the United Arab Emirates in November 2002. His deputy, Khaled Jehani, took over the cells' operations, with the help of Ali Abdel Rahman al Ghamdi, Abdurahman Mansour Jabarah, and other well-known al Qaeda operatives.

Far from being a transformative event, the Riyadh bombings elicited the standard Saudi response to such unpleasant developments. Every few months, the Saudis announce new restrictions on charities or launch another PR campaign in the United States -- but they change their behavior only in response to insistent demands from outside.

Thus, shortly after the last tightening of financial regulations, Sheikh Aqeel al-Aqeel, head of the Al-Haramain Islamic Foundation, denied funding terrorist groups and proudly asserted that the decision to close several foreign branch offices had nothing to do with U.S. pressure. In reality, the offices were shut because the Saudi government had frozen their funds -- after German officials had linked the Al-Haramain Islamic Foundation to terrorist activity in Berlin, and two senior U.S. officials had gone to Saudi Arabia armed with U.S. intelligence tying the foundation to current terrorist activity. Similarly, the Saudis extradited the German Islamist Christian Ganczarski -- described by French officials as "a high-ranking member of al Qaeda who has been in contact with Osama bin Laden himself" -- to France on June 3 only after international pressure was applied.

Meanwhile, an abundance of evidence confirms that financial and moral support for terrorism are still flowing from the kingdom.
On May 6, Saudi police raided a safehouse in Riyadh and discovered a weapons cache and hundreds of pounds of explosives, though the terrorists got away. A State Department cable from the U.S. consulate in Jeddah offered a sampling of the following Friday’s sermons. One called for the “destruction of the Jews and the Americans.” At the al-Hessy Mosque in Riyadh, Sheikh Abd al-Rahman followed similar remarks with the announcement that officials from the Ministry of Islamic Affairs would be waiting outside with collection boxes. The sheikh encouraged worshippers to give freely to the officials “as they are trustworthy.” (Several months after the September 11 attacks, the head of this “trustworthy” ministry, Sheikh Saleh Abdul Aziz Mohammed al Sheik, told a gathering of religious leaders in Malaysia that “suicide bombings are permitted” and bombers “are considered to have died a martyr’s death.”)

International investigations continue to tie Saudi charities to terrorist activity the world over. A long list of Islamic extremists have been linked to the Saudi-funded al Nur Mosque in Berlin. One of them, Tunisian al Qaeda associate Ihsan Garnoai, was believed to have been plotting an attack in Berlin. Muhammad Fakihi, chief of the Saudi embassy’s Islamic Affairs Section in Berlin, confessed to doling out embassy funds according to the instructions of “close friends” of bin Laden.

In May, Saudi diplomat Fahad al Thumairy was denied reentry into the United States for his links to terrorism. Like Fakihi in Berlin, Thumairy worked in the Islamic and Cultural Affairs section, this time at the Saudi consulate in Los Angeles.

Around the same time, Mauritanian officials carried out a series of arrests of Islamists. One group, which included religious leaders, was accused of “recruitment” and “subversive scheming.” On May 27, at least 10 teachers at the Saudi-funded Arab and Saudi Islamic Institute in the capital, Nouakchott, were arrested. A total of 36 people were charged with “plotting against the constitutional order” and other offenses.

On May 28, Cambodia charged 3 men -- 2 Thais and an Egyptian -- with being members of the Jemaah Islamiyah and having links to al Qaeda, and prepared to deport another 50 Arab and African Islamists. Twenty-eight of the suspects were Islamic teachers associated with a Saudi-funded school. Prime Minister Hun Sen presided at a press conference announcing that his government’s “investigation proves this group has received financial support from international terrorist groups. The funding mainly came out of Saudi Arabia.” A few days later, 4 more Jemaah Islamiyah terrorists tied to the Cambodian network were arrested in Thailand, where they were reportedly plotting to bomb the American, British, Australian, and Singaporean embassies.

None of this, of course, is new. A recently disclosed 1996 CIA document shows that as early as 1994 Washington was warning that in 1992 Saudi nationals gave some $150 million to Islamic charities active in Bosnia and implicated in terrorism. Similarly, computer files uncovered in the March 2002 raids on the Benevolence International Foundation in Bosnia revealed a 1988 al Qaeda memorandum listing 20 Saudi financial backers described by bin Laden as “the Golden Chain.” But neither did Saudi support for terror cease after 9/11. The Los Angeles Times recently published some extremely interesting Italian intelligence wiretaps. One captures a senior al Qaeda recruiter in Europe telling the Egyptian imam of the Via Quaranta mosque in Milan not to worry about funding because "Saudi Arabia's money is your money." That was in June 2002.

It mystifies the American mind that such activity continues, even in the face of so many murders. Surely what the world has learned about international terrorism since September 11 must cause the Saudis to question their tradition of tolerating extremism and facilitating terror -- mustn't it?

Only to a limited extent, and here's the reason. Two pillars uphold the Saudi regime. One of them -- the social contract by which the House of Saud provides education, health care, jobs, and other basic necessities at little or no cost and in return is granted complete political discretion in the kingdom -- is no longer economically tenable. So Riyadh is that much more dependent for its legitimacy on the second pillar, the political-religious contract struck between the House of Saud and the Wahhabi clerical elite.

The Wahhabi clerics, of course, espouse a fundamentalist variant of Islam that is strongly supportive of al Qaeda's message. The Saudi regime will not curb the financing of extremist groups or the incitement and hatred pervasive in its educational system as long as the royal family bows before these masters.