

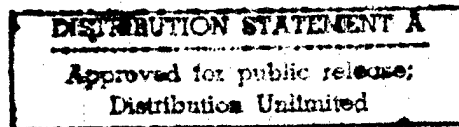
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Near East/South Asia Report

No. 2789



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No. 2789

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CONFERENCE DISCUSSES MEANS OF IMPROVING AFRO-ARAB RELATIONS

London AL-HAWADITH in Arabic No 1384, 13 May 83 pp 60-61

[Article by 'Adnan Karimah: "Africa To Return to Israel's Camp"]

[Text] There are 4,000 Jewish experts distributed throughout the dark continent while plans and programs are needed for Arab aid. Prince Hasan warns against multiple strategies and the tyrannical effect negative attitudes have on relations between people of the same family.

The past 10 years, from 1973 to 1983, have seen the most important experiment in Arab-African relations in modern history. This experiment was simultaneous with a most difficult and a most critical political period. It was also simultaneous with the greatest oil and financial wealth that the Arabs have been blessed with. Was that experiment then a positive or a negative one?

About 100 political thinkers and economic experts from various Arab and African countries brought their answers to that question to a conference on the Arabs and Africa. The conference was held last April in Amman from the 25th to the 29th. The invitation for the conference was issued by the Center for Arab Unity Studies and by the Club for Arab Ideas. Over a period of 50 hours participants discussed, explained and criticized the subjects of their inquiry. Chief among the participants was Jordan's Crown Prince Hasan ibn Talal who gave the keynote address at the conference and attended [its sessions] every day. His contributions to the inquiry and to the discussion underscored weaknesses in Arab-African cooperation and warned against dangers that were threatening not only Arab-African cooperation but also inter-Arab cooperation and inter-African cooperation as well. These weaknesses and dangers are inherent in several strategies in which the struggle for the Third World's resources emerges. It is known that the course of international detente is indivisible, from the Baltic to the Arabian Sea.

It was noted that there were several similarities between the group of Arab countries and the group of African countries. The most important of these are:

--The countries of both groups are Third World countries that have been independent for a short period of time. They are still the object of the industrial world's ambitions and exploitation because of the large resources in raw materials they have. [These raw materials] have an effect on the international economic cycle.

--The presence of Israel as a foreign body and a racist state in the Arab region is comparable to the presence of South Africa, a country that is similar to Israel, in the African region.

--Economic conditions in the countries of both groups are the result of the current division of international labor which is imposed on the countries of both groups under the prevailing economic system with its unequal relationships and its burdensome legacy which was left by many years of exploitative colonialism which produced pronounced backwardness, fragmentation, structural disfiguration and severe subordination.

All these factors dedicated the economies of developing countries, both Arab and African, to [the task of] furnishing the basic interests of advanced countries. This was done by having the developing countries designated for the production of primary materials and for marketing industrial products because of the large consumer power they have. They were designated areas where foreign investments can be made, particularly those that provide returns to multi-national corporations. This would reinforce the control that industrial countries have over the economies of the countries of both groups.

Thus the Arab as well as the African group of countries become affiliated with the international market system, [and they join that system] on the side of the backward world confronting the advanced world which is the other party that controls the system. If there are differences between Arab and African countries, these are no more than discrepancies in the degree to which each of them is incorporated into the contemporary worldwide system; in the degree to which each of them is subject to penetration by the advanced world; and in the degree to which each of them is integrated in the current international division.

Dr 'Abd-al-Hasan Zalzalalah, the Arab League's assistant secretary general for economic affairs says that despite the intense efforts that were made by [the countries of] both groups since political independence to achieve economic independence and independent development for the future, "The traditional ties that draw these countries to the industrial world remained active through their institutions, their channels and their agreements. These ties continued to be strong and to promote the further growth of these ties, particularly since these countries did not succeed in selecting independent modes of development that would enable them to break away [from these traditional ties] and stay away from the attraction of industrialization and organic integration with and subordination to the international market through its machinery."

We will not go here into the details of the international game, the game nations play to manipulate the course of political and economic activity into the streams of Arab-African relations; nor will we go into Israel's role in the same game. We will only indicate that the game, as it seems from the course of events, used to require in the sixties for instance that relations between Israel and the African group of countries be strengthened. It was therefore noticed that the number of African countries that recognized Israel rose from 6 in 1960 to 34 in 1972. African countries even refused to condemn the 1967 Israeli attack even though that attack did lead to the occupation by force of the territory of three Arab countries.

In 1973 the situation was reversed, or rather that was what the game of nations required. At that time about 30 countries broke off diplomatic relations with Israel. The action seemed to be a political demonstration in support of Arab rights. But it turned out later that that move would serve the strategic interests of the western camp. The most important of these are [the following]:

First, it would support the U.S. plan for a peaceful solution in the wake of the 1973 October War, and it would encourage Egyptian action in that direction. This was clearly reflected in the positions of African countries on the Camp David treaty. Most of these countries were satisfied with the treaty, and other African countries did not oppose it. At several conferences the African countries refused to suspend Egypt's membership in the Organization of African Unity or in the agencies that are affiliated with the organization.

Second, it muffled African resentment of high oil prices on the one hand and of high prices for manufactured consumer goods on the other by [providing] economic and financial aid from the Arab oil producing countries to the African countries. It is known that what is being promoted by western media agencies about the fact that the rise in oil prices benefited the Arab oil producing countries is not true. All studies conducted over the past 10 years proved that the rise in oil prices was an objective that served the interests of the capitalist economy. That objective was achieved to a high degree.

However, the question that is being raised now is this: did Arab-African cooperation benefit from the flow of oil money into the dark continent?

Available statistics indicate that Arab money that was poured into African countries amounted to about 8 billion dollars. This includes loans at commercial rates, aid and various grants. It also includes easy term loans. The latter alone--grants and easy term loans--amounted to 3.5 billion dollars from 1973 to 1981. These funds are offered to African countries in the context of development assistance from the Arab oil exporting countries to developing African countries.

It's been noted that this assistance was largely dual in nature. Seven Arab countries--Saudi Arabia, Kuwait, Algeria, the United Arab Emirates, Iraq, Libya and Qatar--offered 2.4 billion dollars in return for 1.1 billion dollars offered by four [sic] corporations: the Arab Fund for Economic Development in Africa, the African Development Bank, the African Development Fund, the Islamic Bank and the OPEC Fund. This is not a positive advantage: it reduces opportunities for planned collective cooperation and it increases the clannish character of unconsidered assistance whose results are disparate and diverse.

In addition, other observations were made underlining the negative aspects that prevented the success of the Arab-African cooperation experiment in the seventies. [The following] were among these negative aspects:

--There were no plans and programs for investing Arab funds in areas that would ensure the long-term economic interests of the partners and strengthen the course of their cooperation. [What existed] instead was a reliance on temporary arrangements that were subject to circumstantial factors and narrow interests.

--Relations were restricted to governments and official organizations. There were

no relations between private organizations, nor were there relations between the Arab and African peoples. The thrust and effectiveness of common action and joint investments were thus lost.

--The Arabs restricted themselves to the passive role of financier instead of playing the part of an active partner and taking part in making principal decisions in the various stages [of business]. Over the past 10 years cooperation has been largely "one-sided," and the funds that were poured in were surplus funds coming in from a depletable resource. The continuation of such funding is thus threatened since it depends on unpredictable outside factors, such as an unexpected oil crisis.

--In the absence of corporations that could have executed production projects, not to mention the services projects that are required in various areas, the greatest beneficiaries were the foreign companies, particularly the multinational corporations some of whose contributors were Jewish. This strengthened the ties these countries have with the international market and their reliance on its monopolistic organizations.

Thus, the study that was presented by Dr Tahir Kan'an, a consultant with the Arab Fund for Economic and Social Development, indicated that during the seventies Arab and African countries were not able through their cooperation with each other to reduce their reliance on their principal trade partner, the industrial countries. These industrial countries continued to monopolize 65 percent of total imports to Africa. Europe was also the principal importer of African exports, all of which were primary materials. However, Europe's share of these exports dropped slightly from 76 percent to 74 percent.

Arab countries fared no better; in fact, they were more subordinate to the capitalist economy. The industrial countries' share of Arab imports and exports remained constant to a large extent, around 82 percent of the volume of trade.

One notices by comparison the low volume of Arab-African trade. Arab imports from Africa declined from 1.7 percent to 0.9 percent of total imports while Arab exports remained at 0.8 percent as a result of the increase in oil prices.

The foregoing thus indicates that the Arab-African cooperation experiment of the seventies, which showed 30 African countries breaking diplomatic relations with Israel, was an experiment that was full of drawbacks; it was an experiment that largely benefited industrial countries. How will this cooperation fare during the eighties, now that Israel has begun a gradual return to the dark continent?

It seems that the African countries are continuing their economic and trade relations with Israel despite the fact that they have no diplomatic relations with it. Statistics issued by the Israelis indicate that Israeli exports to a number of African countries including South Africa, Gabon, Ghana, Ethiopia, the Ivory Coast, Tanzania, Liberia, Nigeria and Kenya, rose from 41 million dollars in 1970 to 191 million dollars in 1980. Israeli imports from these countries also rose during the same period from 30 million dollars to 135 million dollars.

In addition, a study prepared by Hilmi Sha'rawi, an expert with the Arab Organization for Education, Culture and the Sciences provided some information about the

economic activities of Israeli companies in Africa. Dr Sha'rawi based this information on several sources which point to the following [facts]:

--Between 1973 and 1978 Israeli companies invested 800 million dollars in about 20 African countries. The most important sites for these investment operations were Zaire, Kenya, the Ivory Coast, Togo and Nigeria. These investments included the sale of fertilizers, agricultural machinery and agricultural products.

--Israeli companies are involved in the activities of about 100 projects. The [investment] share of one of these companies exceeds 100 million dollars.

--Many sources explained this expansion in Israel's investment operations by linking it with economic liberalism in Israel which led to Israeli companies creating a trilateral system of operations with European countries and with the United States. In 1981 this system enabled these companies to save the Israeli treasury 4 billion dollars.

--In the area of experience and training the same Israeli method was used to link economic relations with the presence of technicians and experts. Some sources repeated that the number of Israeli experts in Africa amounted to 4,000 in 1982: 300 of them were in Zaire; and 1,000 experts were in Nigeria alone. There is also a number of Africans who are being trained in Israel.

All the evidence indicates that Israel will launch a strong attack on the dark continent in the eighties. Of course this attack will be launched in the context of the "game of nations" which began late in the fifties. International political sources associate this attack for which preparations were begun in 1979-1980 with developments in the U.S.-French position that followed the election of Ronald Reagan U.S. president and Francois Mitterand president of France. These developments also came after the three parties agreed on a strategy to ensure their common interests in the region.

This Israeli action which has international support on the dark continent coincides with the reduction of the oil revenues of Arab oil producing countries. Thus, the assistance these countries can offer the African countries is reduced. Israel and others could take advantage of this gap and use it against Arab-African cooperation.

However, the most important element that ought to be realized as a basic step in Arab policy toward the African continent may be that of displaying a unified Arab will. And herein lies the problem.

It is imperative to cite in this regard a statement made by Dr 'Abd-al-Hasan Zalzal, the Arab League's assistant secretary general for economic affairs. Dr Zalzal made that statement in his evaluation of the experiment. Dr Zalzal said, "The evaluation must be based on the cooperation experiment between the parties of each group alone. It must be based on what the parties within each group achieved in their efforts to reinforce their integration, their development or their liberation. I do not think at all that either side can achieve in his relations with the other party more than he can achieve in his relations with the members of his own family. The experiment for Arab cooperation, with its accomplishments and frustrations, its essential nature and its institutions, may itself provide the best evidence of what I am saying."

Dr Zalzal added this clarification: "I am not here to make justifications but rather to explain [the situation] so that we do not become overly ambitious and allow ourselves to jump to conclusions and deem the experiment a failure."

DEVELOPMENT OF ISLAMIC REVIVAL MOVEMENT DISCUSSED

Paris LE MONDE in French 12-13 Jun 83 p 8

[Article by Paul Balta: "The Islamic Shock"]

[Text] More than any other European country, France has experienced the "Islamic shock" caused by the Iranian revolution, both because it hosted the Ayatollah Khomeyni at Neauphle-le-Chateau, and because it is on French territory that the largest immigrant Muslim community lives.

The French note this phenomenon, or experience it, with mistrustful curiosity at best, and with the xenophobia sometimes noted during the last electoral campaign, at worst.

The Muslims in France, for their part, do not feel "well-liked." "This begins on the state level, doubtless because the updating of an old custom has been neglected," an ambassador told us. And it must be remembered that on the occasion of the new year, the president of the republic met with the heads of three communities--Catholic, Protestant and Jewish--while the protocol haughtily ignores the Muslims, who constitute the second largest religious community, in terms of numbers, with 2 million believers. In fact, France has more than 1.5 million immigrants, some 400,000 French Muslims and about 35,000 French converts to Islam. These latter are not well-known, with the exception of a few personalities such as Michel Chodkiewicz, the director of the Editions du Seuil publishing house, the philosopher Roger Garaudy, university professor Vincent Monteil and choreographer Maurice Bejart. This group, although sizable, has not yet been the focus of any serious study.

The Islamic shock has also affected the publishing industry. Twenty years ago, books on the Arab and Islamic world came out in printings of two or three thousand copies, on an average, of which half were sold. Since, the number of titles has multiplied and printings have doubled, as have sales. This represents a great deal in comparison with the past and what is happening in other European countries--we were able, furthermore, to see this at the book exhibition held in conjunction with the Euro-Arab symposium in Hamburg (LE MONDE, 19 April)--but it is little in terms of all those who presumably would be interested in the subject in France, if we realize that a large proportion of these publications is exported to the Maghreb.

An Increasing Number of Periodicals

We are seeing, moreover, the proliferation of issues of periodicals and collective works devoted to the study of one subject. It is true that the enthusiasm resulting from the Iranian revolution led journalists to contribute their testimony and led researchers to emerge from the study of the distant past to which they had too long confined themselves. There are few experts who claim henceforth to have universal knowledge. Several themes dominate this burgeoning field: faith and power, Islam and the state, Islam and socialism, Islam and the Third World, not to mention the women's issue, which comes into almost all the studies directly or indirectly, and, obviously, the integrism to which there are references everywhere, as if every Muslim were a potential integrist.

This burning subject is also a weapon. Let us, first of all, listen. "Khomeyni's plan is clear: he wants to make use of the workers in the Maghreb to cause a simultaneous explosion in Europe and North Africa, to regain the Arab East, and to propagate upset from west to east, in this way imposing his total domination over the terrorized Ummah (Muslim community). Thus, one day soon, the vise opened up in Tehran may close again on Paris." It is no accident that this apocalyptic vision was outlined in an issue of the Free Iran Movement, a letter from the shah's supporters, dated 7 March and published in Paris during the municipal elections.

It is true that it quoted an article in JOMHURI-YE ESLAMI (Islamic Republic), which ended as follows: "It is on countries such as Tunisia that we should focus our propaganda effort. The other nations--Jordan, Iraq, etc.--are too closely watched by the superpowers. In the Maghreb, our intervention is easier and more fruitful, relatively speaking." However, the "great Islamic upheaval" is not imminent, if we are to believe Mr Rachid Ben Aissa, an Algerian integrist who stated the following in another issue of JOMHURI-YE ESLAMI: "I ask my Iranian brothers to be patient. I say to them: 'You are working for the time span of a generation'." From the Maghreb to France, it is but a step, which the Tehran strategists have taken easily, followed by their monarchist adversaries in Paris who are pursuing a diametrically opposed goal.

The Utopia of the Islamic State

Let us then beware of oversimplifications, even if they sometimes serve as a goad to the mind, and can be tempting in a complex area. "Islam and the state in today's world," drafted under the direction of Olivier Carre (PUF [French University Press], Paris, 1982), constitutes the most current presentation and analysis of the situation in the most representative Muslim countries. We must be glad of it, because such study was needed and, in addition, and this spoils nothing--quite the contrary--it is rather easy reading for those who are not specialists.

An introductory chapter recalls that the establishment of an ideal Islamic state is the main goal of the fundamentalists, or integrists. "The social and economic aspects of this utopian Islamic state were summarized as early

as 1949 in Muhammad Al-Ghazali's expression 'Islamic socialism'," Olivier Carre explains. Ten years later, Mustafa al-Siba'i, the guide of the Muslim Brothers in Syria, took it up again in his book "The Socialism of Islam." However, the author notes, "the states, 'Islamic' though they claim to be, react vigorously against revolutionary Islam," and this clash is "traditional in Muslim history between established Islam and the popular movements of a messianic type urging a pure, egalitarian and just Islam." This is an observation which should be remembered when considering Khomeyni's Iran.

The journalist Edward Mortimer (Faber and Faber, London, 1982) also urges, in his "Faith and Power," that we abandon schematics and make a distinction between the Muslims and Islam, since the latter incorporates multiple realities, depending on place and time. In the special issue of PEUPLES MEDITERRANEENS devoted to "Islamism in Upsurge" (Issue No 21, October-December 1982, which came out in February 1983), Hasan Hanafi, a former Egyptian Muslim brother, reviewed the ideologies which have "passed through the national and cultural conscience" of the Islamic countries in the modern era, and which have been transformed into political and social regimes.

Khomeyni's False Victory

He lists: "The religious conservatism in Saudi Arabia, represented in Egypt by the Muslim Brothers; the secular progressivism prevailing in Yemen, represented in Egypt and in the rest of the Islamic world by the communist parties; the military revolutions in Egypt, Syria, Iraq, Libya and Algeria; the reigning national liberalism in Morocco, Tunisia, Kuwait and prerevolutionary Egypt; and finally, revolutionary Islam in Iran." His article, which was written in 1979, brilliantly explains why all these systems have failed, with the exception of revolutionary Islam.

Now a question arises today. Isn't the victory of the Imam Khomeyni, which had such repercussions in the Islamic world and created such high hopes there, in the process of coming to a sudden end? Was it not based from the beginning on an ambiguity which was not revealed until recently? Or, to put it even better, in what way is the clerical government currently in power in Tehran faithful to the movement which mobilized a people to overthrow the monarchy barehanded? The texts of the writings of the inspired ideologue of the revolution, Ali Shari'ati ("History and Destiny," Sindbad, Paris, 1982), available for the first time in French, although, regrettably, these texts are limited--confirm that it is just to pose these questions.

"One finds himself dreaming," Jacques Berque writes in a lengthy introduction, "about what turn the vicissitudes of Iran might have taken after 1979 if the Islamic revolution had put into practice Shari'ati's ideas, that is to say a progressive Islam instead of a backward-looking one." The fact is that Shari'ati's thinking is bold, forward-looking and problematical, while that of Khomeyni is rigid, institutional and normative.

A "Radical Upheaval"

We are indebted first of all to "Study on Ideology and Red Shiism," and secondly to "The Government of the Sage"* and "The Islamic Government" (Fayolle, Paris, 1979). And there lies the whole difference. "The mission of renewal which Shari'ati wants to entrust to the men of God postulates a reform which liberates them from all clericalism. He does not see in modernity any secretion from the West, but rather a stage necessary for any culture," just as "he hopes to rescue his people from the pernicious dilemma of a future without roots or authenticity from the past," Jacques Berque writes further. This is a far cry from the ideology which prevailed in the end in Tehran, where Shari'ati's views now smack of heresy. However, this would not justify ignoring the "electric shock" effect caused by this revolution in an Islamic world which is often little understood or disparaged in the West, but which continues to expand. This seeming paradox is explained by the contradictory aspects of Islam. Because its structures had been ossified since the 18th, if not the 16th century, it failed to succeed in preventing colonization, but because of its mobilizing power, it has been the spearhead of the victorious struggle against colonialism in the second half of the 20th century.

On the triple levels of religion, psychology and society, it has been a factor in the progress made in black Africa and Asia, as it had been for 5 centuries in the Arab world, but it seems currently less well-equipped to guarantee technological development, doubtless because as the centuries have elapsed, theological thinking was replaced by scientific thinking.

This complex of problems lies at the heart of the excellent special issue, edited by Mr Ahmad Mu'tasim, which the periodical TIERS-MONDE (No 92, October-December 1982, which came out in February) devoted to Islam and its current importance to the Third World. It is noted in the introduction that Jacques Berque found the word "reason" in instructions for combatting "superstitious beliefs" in 45 places in the Koran, while the term "holy" occurred only seven times, just as Shaykh Tantawi Jawhari, of Al-Azhar University in Cairo, counted 750 verses recommending reflection and scientific research as compared to only 150 urging theological study. And it is not Marx, but the Koran, which states that "nothing in the situation of a people will change if it does not first change its way of being."

The leaders of the majority of the Islamic countries would thus do well to meditate on this verse and on the text by Mufti Subhi al-Salih, vice-president of the Higher Islamic Council of Lebanon, which serves to conclude this issue. "Let us make a clear distinction between Islamic doctrine and the use to which it is put in certain Muslim countries. Here and there we see somewhat timid undertakings, but very soon, in the majority of cases, the letter takes precedence over the spirit... The building of the new Islamic society cannot be brought about without a radical upset of all the old structures and ossified habits. This is only possible through a veritable revolution, a

* Extract in "The Political, Philosophical, Social and Religious Principles of the Ayatollah Khomeyni," Hallier Publications, Paris, 1979.

transformation of the methods of thinking and action from top to bottom. The stakes are great, and so is the resistance."

This is why, although they are in the minority, attention must be paid to the "disturbing" voices, because in terms of Islam as elsewhere, true revolutions must be undertaken from the inside. It is also to be regretted that Bernard Lewis, who takes a vivid approach to a subject which is taboo in his "Race and Color in the Islamic Countries" (Payot, Paris, 1982), does not refer to the solid arguments developed by the Haratine (slaves in Mauritania) on the basis of the Koran for denouncing slavery. On the contrary, in "The Muslim Maghreb in 1979" (publication of the CNRS [National Center for Scientific Research], Paris, 1981), edited by Christiane Souriau, one cannot but be moved by the analyses pertaining to the women of the Maghreb, which show to what extent "the women's issue is pivotal in the social history of the Maghreb." Where the Near East is concerned, we must await the publication of the study under way by the author of "The Chrysalis," the Algerian Aicha Lemsine.

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LOAN PAYMENTS DUE USSR

London AL-SHARQ AL-AWSAT in Arabic 31 May 83 p 1

[Article: "Egypt's Debts to the Soviet Union, 3.849 Billion Rubles"]

[Text] The Egyptian economic delegation that signed the new trade protocol between Cairo and Moscow returned to Cairo yesterday. This is considered the first agreement after the suspension of political relations between the two countries.

An economic source told AL-SHARQ AL-AWSAT that Egypt has discussed with Moscow all the accumulated economic aspects between the two countries, especially the problem of the military and civilian debt schedule. The Soviet Union has requested an increase in the yield of Egyptian exports to the USSR, in the amount of 70 million pounds sterling, which constitutes an annual installment on the military and civilian debts.

Moscow has estimated Egypt's indebtedness from 1955 to the present as 3.849 billion rubles, of which 3.579 billion rubles have been used, and 1.408 billion rubles paid. (One dollar equals 0.7 rubles).

The military debt account against Egypt is approximately 2.130 billion rubles, whose interest after late payment or Egypt's suspension of payment, has reached 321 million rubles.

The economic source made it clear that there are accumulated debt installments against Egypt in the amount of 320 million rubles, i.e., the equivalent of 282 million pounds sterling.

The trade protocol between Egypt and the Soviet Union stipulates that:

1. Concerning Egyptian exports, the 1983 estimate is 225 million pounds. In 1982, exports totaled about 189 million pounds.
2. Regarding Egyptian imports from the Soviet Union, the 1983 estimate is approximately 190 million pounds. The 1982 figure was 184 million pounds. Therefore, Egyptian exports are only 25 million [sic] pounds more than imports.

Egypt has been able to reduce the Russian request for an annual debt payment from 70 million pounds to only 25 million pounds, a difference of 45 million pounds, because of an increase in the number of years for the debt payments.

ATTACKS AGAINST YUSUF IDRIS, OTHER INTELLECTUALS EXAMINED

Riyadh AL-YAMAMAH in Arabic No 754, 1 Jun 83 pp 34-36

[Article: "Yusuf Idris Massacre: First Step in Confrontation With Intellectuals"]

[Text] Amidst the logjam of political and economic problems, the Egyptian reader has paid no attention to a 3-line report published in a neglected corner of one of the morning papers. The report says: "Dr Yusuf Idris, the prominent Egyptian writer, suffered a heart attack as a result of which he was taken to the intensive care unit of one of the major hospitals." As for Yusuf Idris' friends, they have been shocked by the news even though they had expected it. A few days before he suffered the heart attack, Dr Idris said to a friend, bitterness coloring his words: They want to slaughter me. Don't you see them setting up scaffolds for me on the pages of their newspapers to get rid of me because I am not one of them, not one of the clique of "trumpeters and drummers" and not one of the hypocrites?

The friend replied sympathetically: Don't think of it too much, Yusuf. Your heart cannot withstand all these battles and pressures. Don't forget that you are living with half a heart!

Following this brief conversation, Yusuf Idris' friends realized that the prominent writer was passing through the most violent crisis of his entire life and that the campaign of attack and distortion launched against him by the official press was about to hit a fatal spot in his "ailing heart."

The "scenario" of the assault and distortion campaign started in the same paper in which Dr Idris had spent 20 years of his life as a full-time writer. The paper published a letter it claimed was from an Egyptian female reader working in Kuwait. In this alleged letter, the writer denounces the series of articles written by Yusuf Idris in the Kuwaiti AL-QABAS under the title "Search for al-Sadat" because the articles undermine Egypt's reputation abroad!

One of the official journalists eagerly picked up this thread to weave from it a "fabricated story" on the political and historical crimes contained in Dr Yusuf Idris' articles. This official journalist claimed that Yusuf Idris said in his articles that the great October war was a "rigged war" or a "comedy" that al-Sadat had prepared in participation with Israel.

Because the Egyptian reader has not read Yusuf Idris' original articles because entry of the Kuwaiti AL-QABAS into Egypt was banned, he has been compelled, and understandably so, to believe the "official journalist's" allegations. Some readers reacted so emotionally that they attacked Yusuf Idris' honesty and word.

The slandered writer has tried to defend himself and to prove with evidence that he has not attacked the magnificent military accomplishment of the October war. But the official papers have refused to publish his defense and the chief editors of these papers, some of whom are his friends, have avoided meeting him or even answering his phone calls.

This is a part of the "scenario" agreed upon.

The second part of the "scenario" came when the chief editor of MAYU emerged with a new and serious accusation saying that Yusuf Idris did not write the articles attacking the October war until after he had met with Col Mu'ammarr al-Qadhdhafi and collected from him 5,000 pounds as the price for these articles. To prove the truthfulness of his accusations, the chief editor of MAYU said that Yusuf Idris has called Camp David "Stable David", the same name used by al-Qadhdhafi.

Answering this horrible accusation, Yusuf Idris said that he wrote the articles 2 months before he met al-Qadhdhafi and that immediately upon his return from Libya he wrote a report about what went on during this meeting with al-Qadhdhafi and presented the report to President Mubarak, adding that this meeting was a small contribution on his part to improving the relations between two neighboring Arab countries and that the issue amounts ultimately to no more than meeting the president of an Arab state, not the president of Israel.

Yusuf Idris said all this in his reply to the accusation by the chief editor of MAYU. But nobody heard the reply or permitted its publication.

The "scenario" culminated with the attempt to convince President Mubarak of the turthfulness of the accusation made against Yusuf Idris, the most serious being the accusation pertaining to the October war and the accusation of being an agent of Colonel al-Qadhdhafi. It seems that Yusuf Idris' foes have succeeded somewhat in this attempt.

Idris did not imagine that President Mubarak, for whom he harbors all love and appreciation, would attack him publicly and accuse him of collecting 5,000 pounds from al-Qadhdhafi as a price for articles in which he cast doubt on the October war.

The stab was more than the extremely sensitive writer could take and intensified Yusuf Idris' feeling of being done an injustice. His "bill of indictment" was broadcast publicly before the eyes and ears of 45 million Egyptians, but he was not permitted to defend himself even in a closed room!

Idris could not but pick up the pen and write a special letter to President Mubarak in which he said: Imagine my son, an engineering student, turning to me and asking me: Has al-Qadhdhafi given you 5,000 pounds, Father?

By God, Mr President, and you are the father of two sons who are of the same age as my children, if you were to hear one of them asking you a question like this what degree of angry grief would sweep over you when you know perfectly well that you are innocent, that the president has all the information and that nevertheless he is the one who condemns you before your children, family, readers, and people?

The wound has been severe and deep, even fatal. I am prepared to be killed by falsehood and fabrication. But before I die, it is my duty as a writer and a citizen to reveal to my citizens and my president the disastrous disease that, it seems to me, has triumphed.

It is my duty to tell the people the truth because he who remains silent about the truth is a mute devil. With my silence, I would be in effect a plotting member in their gang and I would help them to further deceive the people and the authorities and to persist in their crime to the end.

Yusuf Idris wrote this passionate letter as a final shot in his unequal battle and then fell victim to the heart attack, as if he didn't want to fall before telling the whole truth and before eliminating from his bright patriotic page this shameful blot that seeks to besmirch it.

Yusuf Idris' fall means that his foes are much stronger than he is and much closer to the president's ear and mind and that they have actually been able to destroy the bridge of understanding and dialogue established between Mubarak since his assumption of power and Yusuf Idris and other Egyptian intellectuals of free opinion and sincere patriotic position.

This final outcome is the most serious goal sought by those who have plotted against Yusuf Idris and sought to slaughter him.

Insofar as they are concerned, the goal has been to sabotage the mutual dialogue that President Mubarak was eager to conduct with the elite Egyptian intellectuals from various currents. They have sought to achieve this by slandering these intellectuals and by casting doubts of their patriotism and their loyalty to the regime.

As they have accused Yusuf Idris of being al-Qadhdhafi's agent, they have also accused Ahmad Baha-'al-Din of becoming a millionaire by writing in the Arab papers, so that therefore his loyalty is not to Egypt. They have accused Dr Hilmi Murad of seeking leadership and personal glory, Fathi Radwan of being radical in his nationalism, Kamil Zuhayri of being radical in his Arabism and his hostility toward Israel, Muhammad Hasanayn Haykal of distorting Egypt's foreign reputation for a handful of dollars and they have accused every Egyptian intellectual who writes in the Arab press of selling his country to Arab Foreigners for a handful of dinars and riyals.

Ultimately, the objective of all of these ridiculous accusations is to steer President Mubarak away from such intellectuals and to make him fear them because the presence of Ahmad Baha'-al-Din, Yusuf Idris, Fathi Radwan and Hilmi Murad close to the president's mind and ear poses an imminent danger to the gang of "trumpeters and drummers" represented by Musa Sabri, Anis Mansur, Sabri Abu al-Majd, Ibrahim Sa'dah, Ibrahim Nafi' and others.

This "gang" understands perfectly well that the president's mere listening to the voice of the true intellectuals and to their sincere advice threatens its existence and the distinguished position of its members in the regime. This is why the battle between the two groups is a battle of life or death.

The story of Dr Yusuf Idris, with its tragic end, assures us that the "gang of trumpeters and drummers" has succeeded in sabotaging the relationship between President Mubarak and the intellectuals and in changing the prevalent language in this relationship from one of dialogue and advice to one of confrontation and doubts.

This is not a loss to Yusuf Idris and the Egyptian intellectuals alone but also a graver loss to the regime of President Mubarak himself. How?

Any Egyptian regime, regardless of its color or inclination, finds itself from the beginning responsible for a country that possesses no agricultural, industrial or oil wealth--a poor country except for one element, namely, "human wealth." The cream of the "human wealth" in any society is its intellectuals. The intellectuals are the "nucleus" of human wealth and only this nucleus can give us a vast energy that exceeds in its dimensions and weight the "human nuclear power."

If the Egyptian ruler can control the nucleus of the Egyptian human wealth, namely, the intellectuals, then he will possess the only energy capable of building a better future.

Some Egyptian rulers have been aware of this "delicate equation" and have been able to use it to serve their country. When Muhammad 'Ali Pasha the Great wanted to build modern Egypt in the early 19th century, the first thing he did was to send a mission of Egyptian scholars to complete their studies in France. Shaykh Rifa'ah al-Tahtawi, who was a member of the mission, initiated with his writings upon his return from Paris the modern age of renaissance and enlightenment.

In the wake of the British occupation of Egypt in 1882, the occupation authorities tried to eliminate the class of Egyptian intellectuals born in Muhammad 'Ali's era and to replace it by a class of small literate people who master minor administrative activities and cooperate with the occupiers with utter loyalty.

But the class of intellectuals, which had fought the annihilation attempts, was the class that led the 1919 revolution against the British occupation. The most prominent members of this class were Sa'd Zaghlul, 'Abd-al-'Aziz Fahmi, 'Ali Sha'rawi and Ahmad Lutfi al-Sayyid.

After it attained its diminished independence in 1924 and after the split of the national movement into two parties, namely, al-Wafd Party and the Constitutional Liberals Party, each party tried to attract the most prominent intellectuals to its ranks. 'Abbas al-'Aqqad was al-Wafd's number one writer and Taha Husayn, Muhammad Husayn Kaykal and 'Ali 'Abd-al-Raziq were the writers of the Constitutional Liberals.

The gravest mistake committed by the 23 July revolution was its confrontation with Egyptian intellectuals from all currents, even though the intellectuals were the ones who had advocated the revolution, prepared for it and spread its thought among the masses years before the revolution broke out. For this, they endured the severest forms of oppression and tyranny. The revolution did not realize until it was too late that the military class cannot replace the intellectuals in leading national action.

In the absence of the intellectuals and in their steering away from national action, groups of opportunists rallied behind the revolution's leadership and hurt the revolutionary experience gravely. These groups are still alive and they still enjoy the confidence of the Egyptian leadership.

In the wake of the June 1967 defeat, Jamal 'Abd-al-Nasir tried to repair the bridges linking him with the Egyptian intellectuals and assigned Dr Hilmi Murad, who was a university professor then, to draft the 30 March Declaration, which sought to correct the mistakes and the negative aspects that had led to defeat.

But this experiment did not last long. After 'Abd-al-Nasir's death and al-Sadat's assumption of power, the confrontation erupted again between the leadership and the intellectuals, perhaps even more violently than before because al-Sadat suffered from a special sensitivity toward culture and intellectuals. He felt that his regime, which was based on an open-door economy with no controls and on extreme rapprochement with the United States, did not enjoy the acceptance of the intellectuals, not even of the "liberals" among them. A new class of parasitic and unproductive capitalists, which accumulated its vast wealth through "economic corruption", flourished under al-Sadat's administration. Al-Sadat was aware that this class was the real support for his regime and that the common enemy against him and against his new class was the "intellectuals." This is why al-Sadat did not let any opportunity pass without attacking and slandering this class and calling its members sarcastically the "effendis." During the 11 years in which al-Sadat ruled, the "intellectuals" were subjected to more than one arrest campaign and to dismissal from their jobs. The latest such campaign took place in September 1981 and claimed as its victims nearly all of the intellectual leaders in Egypt.

The main beneficiary of this confrontation between al-Sadat and the intellectuals was the group of "trumpeters and drummers" to whom the arena of intellectual and cultural action opened with the absence of the true intellectuals. These "trumpeters and drummers" are the ones who performed the role of the "cultural facade" for al-Sadat's regime, who justified all his actions and who egged him to take further measures to suppress the intellectuals.

The game taht the "trumpeters and drummers" are now playing with President Mubarak is a continuation of the game they played with al-Sadat, and its ultimte objective is to push the new president toward confronation with the intellectuals.

If this game succeeds, its most serious consequence will be to deprive the president of the most important weapon he possesses in the battle for progress, development and modernization, namely, the weapon of the intellectuals. The arena will then become open to the gang of "trumpeters and drummers" and the president will belong to them completely.

8494

CSO: 4504/412

INCREASED OIL PRODUCTION CRITICIZED

London AL-SHARQ AL-AWSAT in Arabic 29 May 83 p 7

[Article: "Oil Reserves Depletion in Egypt; Oil Price Reduction Forces Egyptian Government to Increase Oil Production"]

[Text] The decline of oil prices came as a surprise to those responsible for the Egyptian economy. It has become dependent upon oil as one of its primary sources of foreign currency and is considered one of the basic pillars of the 5-year (1982-87) plan. In the plan, the aim was for oil profits to reach about 5.5 billion pounds and production to reach 50 million pounds [sic] by the end of the plan.

This course met with strong opposition from Egyptian economic and oil experts at that time, because this meant depletion of Egypt's reserves in a misguided fashion and at a higher rate that was more than double the ideal.

The recent sharp decline in oil prices was a depressing shock to Egyptian economists, and it became mandatory to find a quick solution to this dilemma.

Recently, the Egyptian Ministry of Petroleum announced that it has decided to increase oil production by about 3 million tons in 1983-84, in order thereby for the total Egyptian oil production to reach approximately 40 million tons. This was in response to the recent sharp decline in oil prices.

This report again inquires into the concerns which were recently manifested concerning the future of oil in Egypt. There have been many voices raised in warning throughout the past few years regarding Egypt's continuing to deplete its oil irrationally, through depletion of its reserves in such a way as to threaten the future of oil reserves in Egypt.

The oil sector has continued to be the strongest sector in the Egyptian economy since 1979, when the increase in Egyptian production was accompanied by the rapid increase in world oil prices. That situation continued until the past few months! While the oil sector represented less than 5 percent of the total domestic production in 1974, its share of total domestic production rose to about 20 percent in 1981. Despite the slump that dominated the oil market beginning with the 80's, which led to a drop in oil profits over the short term, oil discoveries made in 1981-82 were able to offset the effect of this drop, even if only for the time being.

However, this dependence on the production of oil in large amounts is fraught with dangers. This heavy production, which totaled about 338 tons [as published] in 1982-83, was not accompanied by the discovery of new fields in order to increase the reserves. This has led to the rate of Egyptian oil depletion being one of the highest oil depletion rates in the world. Perhaps the oil situation in Egypt can be depicted by the dimensions of the continuing oil depletion; what do the figures say?

Statistics

Egypt's confirmed oil reserves amount to 450 million tons, i.e., about 3.2 billion barrels. Annual production in 1982 was about 35 million tons, of which part went to satisfy domestic consumption needs, which require about 15 million tons, and some went to cover oil exploration and production costs and for the foreign partner's share. The rest was exported to obtain foreign currency.

Domestic production from the oil sector and its products amounted to about 3,754 billion pounds, of which about 3 billion was from exports. The target is for production, by the end of the 5-year plan, to reach 50 million tons and for profit to amount to \$5.5 billion.

This projected profit was estimated on the basis of the assumption that oil prices would remain stable at the previous level. This meant before the drop in oil prices, i.e., that they would continue at \$32 a barrel. Therefore, in order for this monetary target to be achieved by the oil sector, production must be increased by 3.2 million tons for the year, i.e., up to 64,000 barrels per day.

Increased Production

This increase in production means that the rate of Egyptian oil depletion will jump to more than 11.5 percent by the end of the plan, instead of 7.9 percent, which is the current rate of depletion. This is a very high rate, if it is compared with a guided rate of depletion, which should be 3.3 percent. Moreover, the degree of danger in the rising rate of Egyptian oil depletion is shown when compared with the rate of depletion of the OPEC states, which is alleged to squander their oil reserves, but which is only 2.2 percent!

With this high rate of oil depletion, Egypt has now put itself among the group of nations that are rapidly depleting their reserves by more than double the world rate, since it ranks fourth among major states in depletion of reserves, after the United States, Yugoslavia and Canada. All these and other states that are rapidly depleting their reserves are nations whose domestic production is insufficient to operate their oil refineries.

Therefore, they resort in the first place to raising the depletion rate of reserves and then to importing enough to cover the shortfall in refinery capacity. However, the situation in Egypt is different, because the refineries do not consume all the oil fields' production. Despite that, its reserves are rapidly being depleted at more than double the world rate.

This direction by the Egyptian government has met with strong opposition from Egyptian oil and economic experts. They believe that increasing the rate of oil field production over the prevailing world rate is an unhealthy sign which threatens Egypt's oil security as a nation dependent on oil as a basic source of energy. Mineral and oil resources are exhaustible and not renewable. Their stocks can only be increased by finding new sources. Therefore, a fine balance must be found between the reserves of these resources and their rate of production.

Short-term Solutions

The experts have criticized the policy of short-term solutions and consider it as still being influenced by the choice of solutions to satisfy the present at the expense of the future. Dr Muhammad Amin has criticized this short-range policy. He said that when the country is under economic pressure and has a shortfall of foreign currency, the oil sector turns to depletion of its resources in order to meet the economic problem, hoping to make up for the depleted reserves in the future, and to confirm the slogan of high prosperity even if at the expense of the future.

The increased depletion of oil fields will speed up this process before other fields can be found to compensate, which will result in a rapid decline of oil production. The production target of reaching 50 million tons by the end of the plan cannot be reached within reasonable depletion limits, unless the reserves are increased to about one thousand million [tons], i.e., more than double the present reserves!

After the recent drop in oil prices, the Egyptian Ministry of Petroleum resorted to increasing oil production in order to compensate for this decline. In order for production to reach about 40 million tons in 1983-84, the rate of depletion must rise to about 9 percent.

Production Pressure

There are some opinions to the effect that there must be pressure for oil production since Egypt's production needs do not exceed more than 22.5 million tons a year, distributed as follows: 15 million tons for local consumption, 2 million for Egypt's commitment to Israel, in accordance with the Camp David accords, 2.5 million tons for export to obtain, along with the amount for Israel, a cash profit estimated at more than 100 million pounds annually. This would reduce the rate of depletion to 5.5 percent instead of 9 percent and the projected 11.5 percent by the end of the plan.

Despite the soundness of this solution, it would be difficult to achieve, or rather, it appears at least unlikely at the present time, since depleting oil now represents a fixed income reducing the burden on the budget. It has become firmly rooted in the minds of those responsible for policy and the economy that Egypt is a nation capable of exporting oil, and thus it would be difficult to demand that depletion be stopped and returned to a normal rate, because that would demand financial sacrifices for which compensation would be difficult.

7005

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ECONOMIC IMPACT OF FEWER WORKERS ABROAD

London AL-SHARQ AL-AWSAT in Arabic 18 May 83 p 3

[Article: "Return of Egyptians Working Abroad, A Danger to be Faced by the Egyptian Economy"]

[Text] Beginning with the middle 70's and into the early 80's, there was a fact noted by most Egyptian economists, that the Egyptian national income had become dependent in large part on the remittances and savings of Egyptians working outside of Egypt, to such a degree that some considered it one of the pillars of economic growth. Moreover, it was also considered the biggest source of foreign currency. With the beginning of 1983, and especially the months of February and March of this year, discussions and recalculations were centered around the possibly negative effects that the drop in oil prices might have on the Egyptian workers.

Undoubtedly, Egyptian officials should take another look at the income of Egyptian workers abroad. The decline of oil prices will have an obvious impact on the future of the oil nations, with respect to their importing of labor, at least especially on future expansions of new projects.

Even if the present economic factors of the oil states only effect new projects, there would definitely have to be a recalculation to some extent of expenditures. As an example, Qatar cancelled future projects, when the Qatar Ministry of Labor and Social Affairs issued decrees stopping all new appointments of incoming workers. Expenditures in Iraq have also been cut back by 25 percent, and a large number of Egyptian workers have returned.

Numbers of Egyptians Abroad

In brief it can be said that a look into the future, as regards the future of workers abroad, would not be optimistic. One of the studies, prepared by the Egyptian national councils concerned, estimated the number of Egyptians abroad as about 50,000 workers in 1974, 600,000 in 1976 and 875,000 in 1980. It is expected that this number would increase to 1,194,000 workers in 1985, i.e., an annual rate of increase of 6.5 percent.

These estimates were prepared in November 1982, but after the oil price drop, we do not believe that that rate of increase can be achieved.

Recently, the Egyptian Ministry of Labor instructed the Egyptian labor representation offices to count the number of Egyptian workers abroad. It is clear from the count that there are 158,000 Egyptian workers living in Kuwait, of whom 105,000 are in fact working, while 112,000 Egyptians work in Jordan (most of them work in construction, building and agriculture, and represent 78 percent of the total foreign workforce in Jordan). There are 45,000 Egyptians living in the UAE, of whom 28,000 are working. As for Saudi Arabia, 400,000 Egyptians work there. However, with regard to Iraq, the Egyptian Ministry of Labor has no information concerning the numbers of Egyptian workers there, due to the war, and the same is true for Libya due to political circumstances.

Egyptians' Savings

How much do Egyptians save of their income? How much of it do they spend in the countries where they work?

The most up-to-date economic study in Egypt--prepared by the Egyptian national councils concerned--computed the averages on the basis of a field study of workers of nations such as Bangladesh in the Middle East and their propensity to save. This showed that the tendency to save amounted to 52 percent of their income, while Pakistani workers tended to save 60 percent. Therefore, it was estimated that Egyptians working abroad tended to save about 56 percent, taking the average of those two percentages and through questioning some Egyptian workers abroad, who themselves confirmed that they took more than half from their income abroad for savings.

In accordance with this average, one can say that the size of expenditures outside the country by Egyptian workers has risen from EL342 million in 1974 to 2.491 billion in 1981, an average rate of increase of 32 percent annually. It is expected that this will reach EL4.279 billion in 1985, a rate of increase of 15 percent per year.

Therefore, the size of real savings of Egyptians working abroad has risen from EL448 million in 1974 to 3.169 billion pounds in 1981, an annual growth rate of 32 percent. This is expected to reach EL 5.446 billion in 1985, an annual growth rate of 15 percent. This trend means that the Egyptian economic authorities are working to create sound ways and policies to attract this resource in its entirety into legitimate Egyptian channels, instead of abandoning it, which would bring about negative effects on the national economy.

Where In Fact Does This Resource Go?

The total value of all remittances from Egyptians working abroad, which constitute amounts made over to all banks, the net increase in deposits, amounts by which imports are financed without remitting currency, and the value of commodities accompanying a passenger, was estimated at EL255 million in 1974, 457 million in 1975, and rose to EL12.856 billion in 1980, i.e., an average rate of increase of 44 percent annually. It then fell to EL2.504 billion in 1981, a rate of 12 percent.

These figures reveal that the policy of economic liberality and allowing the banks operating in Egypt to accept savings in foreign currency from individuals without questioning their source, and the establishment of an import system without transferring currency, has helped the growth of remittances from Egyptians working abroad. This represented 98 percent of the real savings of Egyptians working abroad in 1980, compared to 57 percent in 1974 and compared to 31 percent in 1979 in similar countries. As a result of the events in 1981, the most important of which being the assassination of President al-Sadat, this percentage declined to only 79 percent.

In general, the difference between real savings and total remittances represents the volume of capital which goes for direct investment abroad. These investments which entered Egypt increased from EL193 million in 1974 to 557 million in 1977. It then fell to EL25 million in 1980, but the increase again returned in 1981 to EL664 million. The total of these funds for the period from 1974 to 1981 is estimated at about EL2.778 billion, or the equivalent of \$3.969 billion (factored on the basis of 70 piasters to the dollar).

Economic analysts think that these funds either came to Egypt and then were smuggled abroad as capital or were directly invested through Egyptians working abroad. With regard to these funds, there is no concern about the differing ways of investing them, but the concern is that the Egyptian economy has been denied the use of these resources.

Real Profit

For the first time in Egypt, there was an attempt made to study the economic and social costs of the exodus of Egyptian workers. This study was done in accordance with observed data and studies that were conducted on experience similar to the Egyptian experience. The costs are considered as follows:

1. Depriving the Egyptian economy of the productivity of the migrating workers.
2. The costs of these workers' education and training.
3. The shortage of trained technicians in Egypt and their rising wages, which effect production costs.
4. The flow of most savings to land and real estate speculation, which has led to a rise in prices, and consequently, a rise in the rental costs of housing units.
5. Increase in purchasing power and consumption of workers' families abroad.
6. The conveying of a new pattern of consumption to the rest of the people.
7. A shortage of agricultural land, as a result of increased rural development on arable lands, since the savings of Egyptians working abroad represents one of the main factors in this development.

8. The use of a part of the savings of Egyptians working abroad, through the black market, to finance investments outside of Egypt.

9. An increase in the amount and liquidity of cash at enormous rates, as a result of the significant growth of individual savings accounts in foreign currency.

10. The threat to the Egyptian economy in the event of unforeseen dismissal of Egyptians working abroad, as a result of economic developments in the region.

Because of all these factors, some of which being unforeseen and whose effects are difficult to calculate, this study was directed at listing the basic elements and computing their costs to the Egyptian economy, as follows:

1. Lost production to the Egyptian economy, estimated at EL145 million in 1975, and increasing to 683 million in 1981.

2. Costs of education and training which Egypt spent on the workers who are now working abroad, estimated at EL27 million in 1975, rising to 134 million in 1981.

4. [sic] Shortfalls of agricultural lands, with the loss estimated at about EL20 million in 1975 and up to about 59 million pounds in 1981.

Therefore, it can be said that in 1975, the total cost of this Egyptian labor to the Egyptian economy was EL192 million, representing 25 percent of their total savings (EL778 million). This cost rose to EL1.520 billion in 1981, which represents 48 percent of their total savings for the same year.

The figures in this study indicate that we should pay much more attention to this matter, and at this time, we call attention to several considerations:

1. Egyptians are a part of the larger Arab Nation, and their expertise should be distributed to all the countries of the Arab region.

2. What should concern Egypt now is to keep the Egyptian labor force currently abroad as it is in terms of numbers and income.

The Egyptian plan must not be fundamentally dependent for its revenue on the Egyptians abroad; on the contrary, it would be better, as is being done now in preparing the 1983-84 plan, to depend on its own efforts.

Four months ago, the Egyptian Ministry of Labor began to reorganize the employment of Egyptian labor abroad, after the promulgation of law no. 119 of 1982, which includes the basic regulations for the system of employment abroad, in two ways:

1. Through the Egyptian Ministry of Labor receiving employment requests from employers abroad, either directly from the employers or through the

labor offices attached to the Egyptian embassies abroad. The Egyptian Ministry of Labor will nominate the requested labor force, in accordance with the qualifications that the employers specify, from the names on file in the Egyptian labor offices of those Egyptians who wish to work abroad. Undoubtedly, this will prevent both the employers and the workers from being the victims of middlemen.

2. This will also be done through licensing of worker embarkation offices. These offices are currently being established in Egypt; so far, 107 applications have been submitted to the Egyptian Ministry of Labor for licenses, and the majority of these have been approved, in accordance with specific conditions, including the protection of employers and workers.

On the other hand, the Ministry of State for Emigration Affairs proposed new methods to add to the facilities granted for investment in Egypt, in order to attract the savings of Egyptians abroad.

It would be best to say that national incentive and the affiliation of Egypt with certain facilities ought to be stressed more than net cash profit. Profit is not the only thing that should induce Egyptians working abroad to attract their investments.

7005

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INTERVIEW WITH RAJAB MISALLATI ON DEVELOPMENT PRIORITIES

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 49, Jun 83 pp 66-67

[Interview with Governor of the Libyan Central Bank, Rajab al-Misallati, by AL-IQTISAD WA AL-A'MAL: "We Have Overcome the Crisis of Declining Oil Revenues,"; date and place not specified]

[Text] The Governor of the Central Bank in the Libyan Jamahiriya, Rajab Misallati, in an interview with AL-IQTISAD WA AL-A'MAL, emphasized that the Jamahiriya has succeeded in absorbing the impact of declining oil revenues, and has restored the balance between revenues and expenditures.

Regarding development plan priorities, he said that the Jamahiriya had completed the infrastructure and had shifted its concentration to the agriculture and industrial sectors. He declared that experts had discovered huge quantities of fresh underground water in the southern parts of the country.

Here is the text of the interview:

[Question] How do you see the anticipated effects of declining oil revenues on development trends in the Jamahiriya?

[Answer] The Jamahiriya, like any oil exporting nation, has been effected by the decline in world demand for oil and by the price drop. Naturally, the Jamahiriya's cash flow has been effected with respect to the decline of exports and prices, especially since we are still dependent, to a large degree for our income, on oil. These factors have impelled the planners in the Jamahiriya to take another look at several financial measures that were in operation and to take steps to restore the balance between revenues and expenditures. Fortunately, the oil crisis came at a time when the Jamahiriya was enjoying its highest level of foreign cash reserves, and had no foreign debts, which helped us a great deal to effectively meet the new circumstances, since we were in a position to absorb the first impact by resorting to the reserve. And then, during the succeeding months, we worked to obtain as quickly as possible a balance between revenues and expenditures. Since August, we have achieved this balance, or rather, we have achieved a surplus in the past few months.

[Question] Are there objective limits on the use of the reserve?

[Answer] Certainly there is a specific line under which we must not allow the reserves to fall. In the Jamahiriyah, we have a special situation that increases the importance of maintaining a significant reserve. We are the target of foreign forces, who would be delighted if we lost our important line of defense, represented by our foreign reserves.

[Question] How can we adhere to this limit without sacrificing a basic part of the development projects?

[Answer] We have not halted any development projects that have been contracted for or are underway. As for the shrinkage that has occurred in development expenditures, projects that do not have a high priority in the development plan are being drawn out, while implementation of some projects has been delayed, in the hope that oil market conditions will improve in the near term. At that time, we will resume implementation of all planned projects. If recovery is delayed, we will definitely cycle some projects to the next 5-year plan. This will not upset us, because the third 5-year plan, so that even if some of the projects are postponed, the remaining projects will continue to be important.

[Question] What are the priorities that fuel the development plan in the Jamahiriyah, and is there a possibility that the priorities will be changed?

[Answer] We have made great strides in completing the infrastructure. We have overseen the completion of the networks of roads, communications, ports, dams to collect rainwater, bridges and other preparatory projects that had priority in the first plan. Now, priority has shifted to agriculture and industry, i.e., the production sector. The oil crisis has increased our concentration on this aspect, since we have found that substitutes for oil must be found, not only because it is an exhaustable resource, but also because it is an unstable commodity, subject to fluctuations.

We Have Discovered a Sea of Fresh Water

[Question] It is well known that the problem of agriculture in Libya is a shortage of some water resources. Have you reached a solution to this problem?

[Answer] We have made great efforts to find new sources of water, whether from underground wells or from storing rainwater. Recently, we have found huge quantities of underground water in the south. Experts say that this area is sitting on top of a lake of fresh water. Bear in mind that the problem of exploiting these resources, through the best means, is currently the subject of comprehensive technical studies.

[Question] What are the principal guidelines of the Libyan Central Bank's monetary policy at the present time, especially in the area of interest rates?

[Answer] The policy of interest rates and directing credit must go hand in hand with the government's economic policy. From this starting point, the interest rates on borrowing are very low in Libya. The maximum for credit interest is 7.5 and it may go to 5 percent in some cases, according to the importance of the project and its place on the priority ladder. As for the interest that the banks pay on deposits and savings, that also varies, and is set in order to reinforce the trend toward savings. This interest rate may go to 9 percent on 4-year term deposits, and comparable interest is paid on other term deposits and available accounts, in accordance with the length of term. Bear in mind that between 60 and 70 percent of the deposits in the banking system are still upon demand. Moreover, the government does not pay interest on its on demand deposits. This high percentage of demand deposits, and the government's non-payment of interest on demand deposits, helps the banks to pay relatively high interest to encourage term deposits.

[Question] How do you assess the Libyan citizen's view of the banks, bearing in mind that the backbone of the banking system is trust in the banks and confidence in the security of the deposited funds?

[Answer] There is confidence in the banking system, and bank deposits are constantly increasing. Bear in mind that the cash preference still predominates, and a large part of transactions are still done in cash. Religious reasons are first of all behind this phenomenon. Recently, deposits in Libyan banks totaled about \$8 billion. However, psychological factors might be the reason for the natural inclination toward caution with the average person. Therefore, we are thinking seriously about taking another look at the banking law, and include in it basic principles to reinforce the confidence of depositors, especially to insure deposits against the dangers of bankruptcy, expropriation or violation of those rights connected with them.

[Question] What are the most prominent aspects of Libyan commercial banks' lending activities, in light of the special characteristics of the Libyan economy?

[Answer] Libyan commercial banks, as any bank, has a basic function, which is to accumulate savings, offer financing to the various economic sectors, especially domestic and foreign trade, and to finance some factories and installations over short terms, as well as to play a basic role in the area of housing policy, through offering facilities and loans designated for the building of housing units. In the Central Bank, we rediscount these facilities, in order to encourage the banks to offer this type of medium and long-term loan.

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POTENTIAL OF HEAVY INDUSTRY DISCUSSED

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[Article: "A Study Prepared by a Group of Specialists in the Secretariat of Heavy Industries and Presented to the Local Producers' Training Conference Held from 2 May 1983 to 5 May 1983 in Banghazi: The Production Potential of the Heavy Industries Sector--Facts and Figures"]

[Text] Introduction: Definition of the Heavy Industries Sector

It has become a known fact that, according to theories of economic development, the process of industrialization is no longer limited to achieving purely economic goals such as increasing income and attaining full employment, but also goes beyond this and includes achieving social and political goals as well. These latter goals are the creation of social development which will keep pace with industrial activity, the achievement of social justice by means of having the industrial sector belong to society, and finally allowing a nation to maintain its sovereignty by enabling it to rely on itself--as much as possible--rather than on foreign nations when it comes to providing for the basic needs of that nation's society. This does not at all mean that one should totally ignore the economic element in the process of industrialization since the question of increasing production efficiency, achieving the best possible utilization of resources, and creating new and diverse sources of income must remain some of the essential criteria to be followed when establishing industrialization policies.

The Great September Revolution [1 September 1969] realized all of the above-mentioned considerations when it embarked upon deciding upon an industrialization strategy at the beginning of the seventies which had the objective of creating a structural transformation in the Libyan economy.

Before the revolution there was no clear evidence of an industrial sector in Libya other than some simple handicrafts and some light industries which were overseen and developed by the private sector which endeavored to achieve profits in as short a time as possible and which, at the same time--by virtue of its circumstances and goals--avoided making large-scale investments in the important fields of industry.

For example, the only activities engaged in then which today could be classified under the heading of heavy industries were the original cement plant in al-Khums, with a production capacity of 100,000 tons, the Tripoli plaster of paris plant, and the oil refinery in Marsa al-Burayqah, with a production capacity of 10,000 barrels per day. It is a fact that the first time that serious attention was given to the matter of industrial development was during the 1973-75 3-year economic and social development plan. However, the real stage of consolidation of the foundations of industry generally and of heavy industries in particular got under way during the 1976-80 5-year development plan. It was during this plan period that the National General Industrialization Corporation was given the job of supervising industrial development and following up on its implementation. At that time the National General Industrialization Corporation was administratively part of the Ministry of Industry and Mineral Wealth.

The Secretariat of Heavy Industries now oversees the following industries: (1) the chemical industries; (2) the oil-refining industry; (3) the petrochemicals industries; (4) the cement and buildings materials industry; (5) the basic metallurgical industries; and (6) the metallurgical and engineering industries.

The first development budget which was adopted by the Secretariat of Heavy Industries was the 1981-85 economic and social development budget. Appropriations to the sector of heavy industries for this plan period totalled 2.725 billion Libyan dinars, and the sector of heavy industries thus occupied second place among all of the various economic sectors and activities in society as far as development plan appropriations were concerned.

Among the most important goals of this development plan are the following:

1. Special emphasis on achieving the development of long-term human resources. The plan has the goal of developing and utilizing our national human resources by training personnel so that they can more effectively make their contribution to the processes of development and transformation, and this involves their being able to make the most capable utilization of advanced technology.

2. These development plan projects will complete 4,000 production operations, most of which are in the fields of advanced technology. When all of the projects involved in the development plan are completed, 24,000 such production operations will have been completed. When this happens, the number of production workers in the field of heavy industry will total 29,125 as compared with the present figure of 7,484 production workers.

3. The development plan has the objective of training 9,000 production workers for various industries during the period from 1981 to 1985, and by 1987 this figure will go up to 14,000. This will be achieved by means

of setting up more than five different special training centers. Of course, achieving these objectives primarily depends on fundamentally solving the problems which stand in the way of the implementation [of the plan].

Furthermore, efforts will be made to provide a stable work force--and this particularly applies to native Libyan workers--and to provide a suitable atmosphere for production.

A Historical View of Production Potential

In our modern world public projects occupy an important place in the economy of any contemporary nation. When such projects are set up the role which they play is important because of two primary considerations--the first consideration being utilitarian and practical. However, these two considerations have become so intertwined with each other that it is no longer easy for us to make distinctions between the various ideologies of nations in accordance with the role which public projects play in their economies. The reason for this is that some nations in Western Europe and Asia which have adopted the free economy system have come to rely on the role of public projects in the development and modernization of their economies just as much as some other nations which follow the system of a controlled economy have been doing. We find that the view of modern nations concerning the role of public projects has become a view which is more responsive to the requirements of the public interest--depending on to what degree this is dictated by the objective circumstances of each nation. It is for this reason that the developing nations have come to follow realistic economic policies which are more committed to the public national interest and have come to be ideologically less biased. Because of this, public projects have come to play the leading role in the process of economic development in most of the nations of the world. Public project projects constitute the decisive means which enables a developing nation to mobilize the necessary and sufficient elements of production to meet the requirements of modern production--and such modern production is production which is on a large scale and requires technical and administrative sophistication as well as business experience which is capable of undertaking positive interaction with the international market.

Public projects have played an important role in the nations of Western Europe. They have supported the economies of these nations in spite of the fact that these nations are basically capitalist nations. The growth of public projects in these nations after World War II was the result of national policies having the objective of preventing a deterioration of the industrial sector and guaranteeing the establishment of useful and necessary industrial projects to support these nations' technical and economic development. If the matter of setting up these projects had been left up to the initiative of the private sector, these projects either would not have achieved what it was hoped they would achieve or else they would not have been established at all. One person who dealt with this phenomenon was Prof (Steward Holland), a specialist in this field, who said: "Whereas public projects emerged in Western Europe during

the period right after World War II as a result of measures on nationalization based on the policy of redistributing wealth and income, the new generation's hostility toward [the private sector] in the sixties was either due to the failure of the private sector to guarantee the continued existence of existing industries or else was due to the inability [of the private sector] to undertake the necessary initiatives to establish the new industries which it was possible to establish." Here we have briefly referred to the traditional justifications for establishing public projects both in the developing and the advanced nations. If these traditional justifications for the role of public projects in the process of economic development apply to the nations of the Third World, then they also necessarily apply to the oil-exporting nations. However, the special economic situation of the oil-exporting nations requires that the role of their public projects be viewed in a new light. The reason for this is that the export of oil leads to a steady increase in their current income, and this income is of course obtained at the expense of the depletion of their petroleum wealth, and hence the future of their economic development is put in danger. It is for this reason that these projects play a major role in dealing with the challenges of existing financial surpluses and the necessity of converting them into capital reserves which are publicly owned and which will compensate future generations for the depletion of their publicly-owned petroleum wealth.

If we take a look at the history of the emergence of public projects, we find that the following principal factors have played an important role:

1. The historical and revolutionary factor. This factor is based on a religious premise which is based on the principle of integration and custodianship in society, that is, the principle that "all of you are shepherds, and each of you is responsible for his flock." It is based also on the principle that a nation's wealth belongs to its people, that the wealth embraces everyone, and that everyone should benefit from this wealth and that it not be monopolized by any individual.
2. The traditional developmental factor. This factor is based on following the example of the modern nations whose economic activities involve the interaction of all of their available means and implements and their desire to control their economies and eliminate the bottlenecks which stand in the way of the path of social and economic development. In such a case everyone works and is responsible for the path of his nation's development.
3. The social factor. This factor is tantamount to the desire to have part of the nation's income be redistributed in the form of public services and public facilities and utilities which are provided at reasonable prices. Under this heading come the sectors which provide electricity, water, transportation and communications services, education, and health services.
4. The economic factor. This factor is the one involving orientation toward diversifying sources of income and creating fields of occupational activity for a nation's growing native labor force.

5. The political factor. This factor involves the desire to guide and control economic activity which is of a strategic character and which involves both regional and international politics. This must be pursued in order to enable a nation to be free of exploitation by other nations from which it imports consumer goods so that there will be no exploitation of a nation whose people eat food which is imported. It should be mentioned that the influence of the abovementioned factors has differed throughout the course of history both in positive and negative ways. Although historical and social factors were the predominant ones, the economic factor has begun to emerge as a more important factor since there is now increasing awareness of the danger of a nation suffering from an imbalanced economy. This is something which has led to the planning and establishment of numerous public economic projects. After oil revenues began to stream into the oil-exporting countries and numerous economic projects were consequently established, the opposition of the oil-importing countries began to intensify because of their fear that the former countries would later come to rely on alternative sources of income instead of the export of crude oil and due to the latter countries' fear that they would come to utilize more of these commodities domestically and would export less of them. The fact is that, since oil is a depletable resource and since it constitutes national capital and since oil revenues are public income which cannot be regenerated, this requires that one take a new look at the policy of oil production, oil utilization, and the manner of investing oil revenues and utilizing these revenues--so that future generations will continue to have this wealth and so that, at the same time, present generations will not be deprived of their right to utilize this wealth. This should be done by reinvesting the oil revenues and by not utilizing these revenues to meet current expenditure requirements. The reason for this is that, if oil revenues are channeled into consumer expenditures, this will lead a given oil-exporting nation to bankruptcy.

In view of the above one can clearly realize the pioneering role which is being played by companies and plants which belong to the Secretariat of Heavy Industries. Graph 1 [not presented in this article] shows the development of the contribution to Libya's national income from the various economic sectors during the first development plan period and the beginning of the second development plan period. Graphs 2, 3, and 4 [not presented in this article] show the development of productivity by the various sectors overseen by the Secretariat of Heavy Industries.

Planning Steps for Production Potential

The oil-exporting nations of the world are confronted with a series of economic challenges which are virtually unknown to the other nations of the world which are not oil-exporting nations, and these challenges are embodied by the following two situations:

A. Dependence of the nation's national income on crude oil. This situation represents a clear danger. It is for this reason that oil-exporting nations consider it necessary to develop the other commodity production sectors such as the sectors of agriculture, fishing, and processing industries,

including the oil-refining industry and the petrochemicals industries. Furthermore, such a nation's balance of payments and revenues depends almost entirely on exporting oil. This is something which leads to an imbalance in the economy resulting from reliance on exporting a single commodity, the economic profit of which represents the greater part [of the revenues and balance of payments]. This is something which has been imposed by the prevailing relative strength of the world market. The danger here lies in the fact that oil is a depletable resource and that, in the long run, technological progress can lead to discoveries which will affect oil prices and the level of economic profit earned from exporting oil. Dealing with this imbalance involves undertaking planning for industries in order that the income earned from these industries be an alternative to income earned from exporting oil.

B. Influxes of money and channeling most of this money into direct consumption. This is another phenomenon which has negative long-term effects. The profit made from oil exports becomes the only source of money to cover the expenses incurred by other [business] activities whose expenses cannot be covered by their own revenues. This creates an imbalance in a nation's economy and all but eliminates the relationship between the level of productivity of such a nation's individuals and the level of their consumption. The escalation of rates of consumption increases costs and the standard of living and also changes social patterns. After being aware of these matters, it becomes necessary to look into the matter of developing the capability of human resources, making the best possible utilization of natural resources such as ground water, agricultural lands, and petroleum wealth itself, and utilizing oil revenues to make investments capable of changing the nation's economic structure and creating production personnel and means of production. This must take place in stages, with actual realities and conditions being taken into consideration. This is the practical way to do this since the influx of oil revenues is governed by complicated concomitant circumstances. A number of investment opportunities are available, and they should be utilized and their existence should be taken advantage of as quickly as possible. They consist of large-scale economic projects involving advanced technology which are necessary to meet domestic economic requirements.

These opportunities also involve the sector of industries manufacturing goods for export and the sector of projects for producing goods to replace imports. The following will shed some light on the usefulness of each of these two sectors and will provide a clear picture concerning them:

1. The Sector of Industries Manufacturing Goods for Export

The heavy manufacturing industries possible for the region are based mainly on two things--utilization of natural gas and the availability of financing capability. These industries are industries which utilize the most modern methods of technology. During the initial stages these industries produce commodities for export, but then they gradually become industries which supplement [other industries] when there is an incentive to establish these

numerous other industries, both in the region and in the Arab world as a whole, which utilize the products of the former industries. This is what can enable a nation to leave the phase of dependence on oil exports and enter the phase of diversification of sources of production and increasing the contribution of the nation's industries toward development. The results are not only results which will be financial and economic. The results will also involve technology transfer, learning new technical and administrative methods, and gaining the ability to create one's own technology and technical and administrative capabilities [without foreign assistance]. This is achieved by means of endeavoring to have native personnel be employed in these industries.

Such industries include the refining industry, the chemical fertilizers industry, and industries which produce basic petrochemicals such as ethylene, methanol, and PVC [polyvinyl chloride]. After creating these industries, one can think about getting involved in manufacturing the second generation of products which can be derived from [the principal products of] these industries.

The industry which manufactures cement and the other construction materials is of great importance in view of the large size of the projects which it involves, the enormity of the development plan which requires the building of installations, the necessity to develop the nation, the steady increase in the work force, both native and foreign, which requires additional suitable housing. Furthermore, plenty of the necessary raw materials are available for this important industry.

Metallurgical and engineering industries also account for a considerable portion of the development plan. Several projects involving these industries have been planned for. They include the iron and steel complex in Misratah. The smelting plant in Tripoli is considered to be the first nucleus of this project. One should also point out the existence of the company which deals with assembling tractors. There is also great interest in achieving agricultural development in order to meet the needs of the nation, and this has become something which is axiomatic. Agricultural development also requires setting up pipelines as means of transporting water. For this reason plans have been made to achieve this by setting up a pipe-producing company which will produce pipes locally. Furthermore, the planning authorities have not been unaware of the importance of producing means of transporting goods and commodities. The Truck Production Company has already begun programs which involve the early assembly of trucks for this purpose. All of these are steps which are being taken along the road toward enabling Libya to do all of its own production of tractors and trucks.

2. The Sector of Projects for Producing Goods to Replace Imports

As has already been mentioned, the nations of this region import nearly all of their requirements--manufactured goods, agricultural commodities, and services. This is why it has been necessary to be interested in starting manufacturing industry projects such as metallurgical industries,

foodstuff industries, building materials industries, and petrochemicals industries. One could also say that the future performance of any such project depends on the clarity of vision of those involved and the soundness of the decisions which they take in the formative stages. The decisions made in these early stages determine the direction and course of a given project and they influence subsequent decisions which are made that concern setting up and operating the project, and consequently the possibility of developing the project in the future. In fact, clear thinking with regard to such projects and sound decisions taken regarding these projects are things which influence the future of the economy of any country and influence the future of development in such a country. The reason for this is that these decisions greatly influence the allocation of available materials and the capability of creating both economic and technological links both inside and outside a given country's domestic economy which cannot be disregarded in the future. Also, the existence of such projects affects the composition of a nation's population, affects regional and pan-Arab integration, and has other important effects. Graph 5 [not presented in this article] shows the initial results arrived at by a scientist named (Forster) in 1971, and these initial results show what the relationship between natural resources, population, industrialization, pollution, and quality of life has been, and will be, for the period from the year 1900 until the year 2100. Computers were utilized to arrive at these complicated relationships (and the Arab nations right now should be using computers when planning their projects). The initial stage for a project is to come up with an idea for the project, and it is only after that that one can begin the phase of constructing the project. The tasks of this initial stage are based on three elements, which are: (1) crystallization of the idea of the project; (2) making the feasibility study of the project; and (3) determining the legal form of the project. The following is a more detailed presentation of these elements.

A. Crystallization of the Idea of the Project

The idea of the project represents the initial point of departure for the project. For this reason, the clarity of vision of those involved and the degree to which they follow methods of scientific analysis constitute the basis for the crystallization of the idea of the project and for having it emerge. This process can be further broken down into the following elements:

1. How the idea of the project emerges. The idea for a project should be the result of choosing from among several alternatives. Sound planning involves performing this task, and involves making the importance of a given project idea clear to everyone and showing that it should have priority--after studying available alternatives and choosing a sound option from among them on the basis of the idea's economic and other advantages (such as relatively high profit yield, availability of raw materials, the fact that the project is closely linked to the domestic economy of a given nation and to its urgent requirements, and the fact that such a project would be in conformity with sound growth, development, and cohesion of other projects and with their integration on the national, regional, and pan-Arab level).

2. Level of the initial feasibility studies. Qualified organizations are supposed to undertake the preparation of initial feasibility studies in order to see if the project fits in with the national interest. If it is necessary to draw upon the services of foreign consultants, then this feasibility study must be conducted on the basis of sufficient orientation toward the national interest.

3. Conducting a dialogue concerning the idea of the project. All technical and professional bodies and organizations should participate and express their opinions in order that a sound decision be taken in time and in order that immature individual interpretations and opinions not be decisive.

4. Determining the basic elements of the project. The site of the project, the size of the project, the products to be produced by the project, and the technology to be utilized in the project should be determined in a fashion to ensure that all of these elements fit in with the economy [of the nation], and one must also determine how the products are to be marketed in order that no negative consequences emerge.

B. The Economic Feasibility Study

There should be principles and assumptions upon which economic feasibility studies are based in order that the feasibility studies contain the necessary information, in order that they possess sound analysis, and in order that they be on a high professional level. This involves two things in particular:

1. The study should be made on the proper bases. There should be clear ideas concerning the alternatives that need to be studied in order that the project be carried out with the utilization of capable consultants who are paid accordingly. The reason this is necessary is that this affects the amount and quality of effort expended on the project and affects the final results of the project. One should also have the necessary basic information to conduct the study, including information concerning the circumstances of the nation [where the project is to be carried out]. In short, the feasibility study should deal with both technical and economic aspects.

2. There should be supervision and guidance by advisers. The organizational body overseeing the project should not be negligent when it comes to determining the mutual terms, determining the framework of the study, and having a competent and specialized team supervise and follow up on the study in order that foreign consultants not monopolize the process of determining the course which the study takes and control the results of the study so that the study is conducted in accordance with the desires and interests of the nation of which the foreign consultants are citizens.

C. Determining the legal form of the project. A project's performance depends, to a large degree, on the legal and administrative form which it adopts. The reason for this is that a project's framework determines the project's relationships [to other organizations], its foreign ties and connections, and the role which it plays, and these are things which affect the structure of the project's capital and operational expenses. The two

aspects of major interest in this regard are the general legal and administrative form of the project and the role in the project which is played by foreign cooperation:

1. The general legal and administrative form of the project. Principles must be established for determining the project's nature and form, and for determining its ideal administrative size which corresponds to its administrative capacity which is established in accordance with definite criteria and is regulated by certain guidelines so that the project's legal form is not something which becomes separate from the nature of its production activity and its administrative requirements and so that development, which is the desired result, is achieved.

2. The role in the project played by foreign cooperation. Principles and criteria must be established which serve as a basis for choosing the best foreign bids--with no consideration being given to local and international acts of flattery and courtesy being engaged in--linking the projects to a series of integrated agreements involving studying the schedules and engineering designs of the projects, overseeing their construction, and marketing [the products produced by the project] in such a way as to further the national interest.

The planning steps mentioned above are considered to be the most important ones relevant to production potential. The accompanying Tables 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, and 27 [not presented in this article] show statistics concerning the projects which have the objective of enabling the nation to replace imported products with domestically-produced products.

Implementation Steps to Raise Production Potential

As we know, when one has an objective, one must also establish a plan to reach this objective and then one must attempt to actually reach the objective. This generation has been proficient in shouldering this responsibility and in forging ahead with its task in spite of all of the difficulties and challenges which it is facing. The goal which has been set is that of diversifying sources of income, creating employment opportunities, and training native personnel to be capable of administering the activities necessary for meeting the requirements of domestic consumption and exporting surplus commodities--and incurring the lowest possible costs while doing so.

This phase begins with the construction [of the project], and it depends on the decisions, studies, and agreements which have already been made, and depends on what has been put at the disposal of the project. This initial phase is one which will have lasting effects on the future of the project. The construction phase of a project begins with preparing the design studies, preparing the notices to the bidders, opening up the project to bids, overseeing and administering the construction, preparing the systems of technical and administrative operation, preparing the regulations relevant to these systems, and meeting the material and personnel

requirements involved. After these things have been done, experimental operation of the project begins and the problems which emerge are solved. Then one determines the nature and the volume of the operational costs--which represent the most important of the average production costs. One should also be concerned with the factors which influence the average capital costs, and they are the following:

1. A feeling for cutting costs. One must be concerned about controlling costs, one must endeavor to decrease these costs, one must quickly and decisively make the necessary decisions for achieving this, and one must be concerned about keeping accounts of these costs. This approach insures that matters are viewed in terms of being economical, intensifies the feeling for cutting costs, and insures that the principle of thinking in an economical fashion becomes the approach followed as far as work and life are concerned.

2. Terms requiring efficiency in construction. These terms are ones which are necessary in order that construction costs not become too great, and they must be shown in the economic feasibility studies. This is the result when the personnel involved have long experience, when native personnel have received a high level of training, when they are serious about their work, when they have sufficient authority, when they are determined to put into practice all of the technical, professional, and commercial conditions stipulated such as those involving technical and design specifications and making sure that not too many installations and facilities are built--and usually [foreign] consultants exaggerate the number of such installations and facilities which need to be built, saying that they are in the interests of providing safety.

Furthermore, one must stick to the policy of awarding contracts to contractors who make offers at the lowest prices, one must avoid dealing with contractors who are not competent and efficient, and one must hold to the letter of the detailed price lists which contractors must furnish before they enter into bidding, at which time these prices are compared with the prices of similar projects. And finally, one must be strict concerning the matter of changes and modifications since these are things which are often exploited by contractors in order to end up performing jobs which they were not able to show as being necessary during the phase when their engineering designs were presented and bids were being invited. Such changes, in the end, lead to an increase in costs.

3. Attempts by foreigners to exploit the situation. One must be alert to attempts by people in the outside world to exploit our region. Among foreign firms and foreign consultants there prevails a selfish view based on their feeling that the countries of our region do not deserve to have the wealth which they have. They feel that this wealth should be obtained by them and recycled in the industrial countries which are capable of utilizing the wealth in the development of their economies. This is something which has led these firms to inflate the costs of projects which they are involved in in the countries of our region, and it has led them to exaggerate the prices of the goods and services which they find it

necessary to import to utilize in these projects. The Western nations have had three price levels for their exports. The first price level is for nations which are not oil-exporting countries, the second price level is for non-Arab oil-exporting nations, and the third price level--which is the highest--is the price level imposed upon exports that are sent to the Arab oil-producing nations.

The next implementation step concerns the operational stage, and it involves the following elements:

1. Local administration, which utilizes a modern system of administration. This involves the gradual utilization of local trained administrative personnel capable of employing modern scientific means of administration and who are aware of modern systems of administration such as the system of permanent planning and the approach of administration by means of setting objectives.
2. A native labor force. This involves the processes of hiring and training a native labor force. This is done by means of training native personnel for the administrative and technical requirements necessary for the operation of modern production enterprises, the idea being for such a policy to lead to a tangible increase in the number of native personnel utilized in the labor force and an increase in their productivity, and this will gradually furnish an opportunity to decrease the size of the foreign labor force.
3. Performance evaluation. 'Umar ibn al-Khattab once said to those around him: "What is your opinion? If I appoint someone above you and order him to be just, have I done the job I am supposed to do?" They replied: "Yes." 'Umar then said: "No, [I have not]. I must check on his work to see whether or not he has done what I ordered him to do." This was the opinion of the great Arab Muslim organizer and legal and theological thinker 'Umar ibn al-Khattab--a person who realized the importance of evaluation. He realized this because of his feeling for responsibility and his desire to see justice prevail and his desire to civilize his nation, and he knew that this could not be achieved except by means of checking on results and paving the way for correcting all deviations. On the basis of this premise we are able to say that ideal utilization of available resources, protecting resources and potential, and making use of these resources and this potential cannot be achieved without undertaking the process of performance evaluation--in order that the right thing be done, in order that citizens see what they are doing correctly, and in order that citizens realize their mistakes so that they can prepare to deal with them.

Performance evaluation has the objective of revealing three principal dimensions or factors, which are the following:

- A. The degree of effectiveness. This type of evaluation involves comparing the results achieved with the objectives achieved.
- B. The degree of efficiency. This type of performance evaluation is conducted by means of comparing the results achieved with the models and

criteria previously determined. It is also conducted by means of comparing the levels of actual expenses after taking into consideration the type of commodity produced and the technical and economic conditions in accordance with which the production process is carried out. The comparison takes on two approaches, which are the following:

- a. The approach of evaluating the level of current costs of a project's production by means of comparing these costs with the cost levels incurred in similar projects in the same nation, in the region, and throughout the world.
- b. The approach of making a historical comparison of the current cost levels in the project itself with those of similar projects in past years, and comparing the rates of change in the cost levels of a given project with the rates of change in the cost levels of other similar projects.
- c. The degree of potential for development. In our modern age we are seeing more and more scientific discoveries and technology is developing very rapidly. There is no place in the world for anyone whose project does not involve the project being able to absorb and assimilate the latest scientific and technical achievements and utilize them to fit the requirements of the project. Also, performance evaluation should involve being concerned with having administrative and technical resources capable of absorbing and assimilating both present and future developments in the field of science and modern technology.

This process of evaluation, with its three dimensions or elements (evaluation of effectiveness, evaluation of efficiency, and evaluation of potential for development), must be applied in public projects where commercial profit is not the principal objective of the project—that is, a project in which commercial profit is not the only indicator or proof of the effectiveness or the performance of the project.

This process serves to reveal the obstacles in the way of a project's operation and development--obstacles which arise as a result of the fact that such projects have many objectives, have diverse objectives, play a strategic role in a nation's economic development, and [characteristically] do not involve the profit motive. Generally the process of evaluating effectiveness and efficiency of projects belonging to the Secretariat of Heavy Industries is a process which is carried out periodically--that is, every month, every 4 months, and every year. The accompanying Figures 28, 29, 30, and 31 [not presented in this article] show how the process of performance evaluation is done.

As for evaluating potential for development, this is something which we attempt to engage in, although such evaluation is something which has the objective of inspecting the administrative and technical systems, approaches, and methods applied in a given project. This is something which is done regardless of the degree of a project's current effectiveness and efficiency. The objective of this process of evaluation is to take a thorough look at how up-to-date these systems are in a project's administration and training

of workers and personnel, its purchases and invitations for bids, and its administration of construction, maintenance, marketing, services connected with marketing, research, development, and other vital fields connected with the project. This scrutinization should be undertaken by a team of highly competent top-level specialists. Each member of such a team should be an authority in his field, should possess theoretical knowledge concerning the field, and should also have had practical experience. Because of the tremendous efforts and high costs involved in having such scrutinization be carried out, it is only possible to have this operation be done in a satisfactory way if it is either done at distant time intervals or is done when effectiveness and efficiency indicators indicate that an unexpected situation has arisen concerning the results of a given project.

In order for a person to realize the tremendous effort that such a process of evaluation involves, it is sufficeint to tell him that in Sweden there is an organization consisting of 200 specialists which performs this type of work. This organization undertakes this evaluation process for public projects on a regular basis every 5 years.

The Secretariat of Heavy Industries has begun utilizing a number of specialists in different areas. These areas include the development of the cement industry, the field of industrial safety, and the field of eliminating air pollution. They have done satisfactory work and have prepared the reports and recommendations expected of them. In general one can say that the process of evaluation should be undertaken on the basis of scientific principals and should enjoy the acceptance and respect of all parties concerned, and the parties concerned should be anxious to see this evaluation process be carried out--in order that a project not be guided along a false path and in order that distorted ideas which impede performance not be created.

A View of How to Deal, in the Future, With Problems and Difficulties Encountered When Attempting to Increase Production

As has already been said, the basic motivation for having the process of performance evaluation is for citizens to become aware of shortcomings and weaknesses in order that they try to overcome these shortcomings and weaknesses.

As we know, heavy industries require large quantities of water. The problem of water is the primary problem faced by industry in the climate which prevails in Libya. The problem of water, as well as other problems facing our industry, shall now be dealt with below:

1. Water

Water is one of the vital elements of economic and social development and progress in the Arab world. It is also a relatively scarce resource in the Arab world--a region which is considered to be largely arid. The reason for the increase in demand for water resources in many areas [in the Arab world] is the fact that ground water is becoming higher in salt content.

In spite of the fact that water resources are limited, they nevertheless continually renew themselves. Sources of ground water are renewed by means of the accumulation and off-flow of surface water. The first symposium dealing with water resources, which was held in Damascus in 1978, recommended the following:

A. The Arab Center for the Study of Arid Regions and Lands should establish an information bank. This should be an information bank which would maintain contacts with both national and international bodies and organizations, and information would be exchanged between the Arab nations through this bank which would assemble, classify, and break down data by means of utilizing advanced scientific means such as computers.

B. Technical information concerning the digging of water wells should be exchanged. Some nations have already made considerable progress in this field.

C. Information should be exchanged concerning the desalination of seawater and concerning the technical and economic advantages [of desalination]. This exchange of information should take place between nations which are already engaging in this technical process.

D. There should be rationing in the utilization of water, and water resources should be increased. It is possible to carry this out by establishing a progressive tax for water consumption. Increasing water resources can be brought about by desalination of seawater or of ground water with high salt content. Research is still going on concerning overcoming the technical problems involved in this process and concerning reducing the costs of this process. There are several ways of carrying out desalination--distillation, electrodialysis, and recycling water. (During the first stage, it is possible to use the water in industry and agriculture.) And finally dams should be constructed, even though they might lead to the flooding of valleys.

2. Shortage of Libyan Technical Personnel

This is a phenomenon which exists generally in the oil-exporting countries, and the reason for this is that these countries have only recently entered the phase of industrialization. Influxes of money as a result of exporting oil have made it tremendously easy to utilize a foreign labor force. However, steps are being taken to correct this situation and efforts are now being made to train [Libyan] technical personnel, and these steps and efforts include the following:

A. The emphasis on technical education at the secondary level and providing incentives to get people interested in technical education.

B. The establishment of training centers at production units.

C. Drawing upon foreign expertise for training and preparing Libyan technical personnel.

D. Sending study missions abroad so that the students in such study missions can receive modern technical training and education at production units which are similar to those that they are employed in.

E. Selecting and training top-level administrators who will have a feeling of commitment to the strategic role played by a given project in the economic development plan. Furthermore, their sense of realism must be developed concerning the necessity of gaining expertise and experience and increasing this expertise and experience through study and through constantly increasing their knowledge of their own as well as other fields.

F. [Putting a stop to] the increase in absenteeism from one's job due to illness and other reasons. A study dealing with this subject was published in the December 1980 issue of the magazine AL-'ULUM AL-TAKNULUJIYAH [Technological Sciences]. The study found that the factors influencing absenteeism were the following--age, sex, marital status, job, length of service, degree of responsibility involved in the job, how a worker gets along with his immediate superior, means of transportation to work, working hours, day of the week, season of the year, and the existence of healthy work environment conditions. The study reached the following conclusions concerning these factors:

Age. The amount of leave taken decreases with an individual's increase in age. Furthermore, the number of leave periods totalling from 1 to 3 days which an individual takes is in inverse proportion to his age, whereas the number of leave periods totalling 4 days or more taken by an individual is in direct proportion to his age.

Sex and marital status. According to Figure 32 [not presented in this article], women take more leave than men do. The study also shows that married women take more leave than unmarried women do. This leave increases as their number of children increases. Furthermore, Figure 33 [not presented in this article] shows that more men than women die, [while employed].

Job. Not putting the right person in the right job leads to an individual taking a great deal of sick leave. The type of leave taken differs in accordance with the job. Figure 43 [not presented in this article] shows this relationship.

Length of service. Elderly employees take more sick leave than do those who are younger (provided that they have accumulated paid sick leave).

Degree of responsibility involved in the job. There is an inverse proportion between the amount of sick leave taken and the degree of responsibility involved in an individual's job.

How a worker gets along with his immediate superior. More sick leave is taken by an individual when this relationship is a bad one.

Means of transportation to work. Individuals who utilize public means of transportation to get to work take more leave time than do individuals who have their own means of transportation to work.

Working hours. Less leave time is taken by those who work during the night shift or work in the afternoon, and more leave time is taken by those who work the day shift. Perhaps the reason for this is that those who work the day shift take more leave time in order to be able to take care of their personal business during the day.

Day of the week. More leave time is taken during the beginning of the week. This is the opposite of what the researchers expected.

Season of the year. More leave time is taken during winter and spring, and less leave time is taken during summer and fall. Perhaps the reason for this is that during the winter and spring people suffer more from illnesses affecting the respiratory system.

Existence of healthy work environment conditions. Less sick leave is taken when proper safety measures are taken and when more attention is given to the health of the workers. The sick leave card, a picture of which accompanies Table 35 [not presented in this article], has been proposed as something to be adopted and used in order to facilitate making a study of the reasons for sick leave being taken and to consequently enable the establishment of plans to prevent illnesses and to establish workers' safety legislation.

It would be a great thing if a committee of specialists from throughout the Arab world were formed in order to establish unified principles for conducting such studies, utilizing the research done by Western nations in the field of industrial medicine and occupational illnesses.

3. Foreign Labor Force

Projects at present are attempting to make up for the scarcity of the native labor force by utilizing a foreign labor force. But in doing so they are confronted with some problems, such as the following--numerous regulations red tape involved in the process of bringing in foreign workers, complication of the procedures to bring in such workers, competition by projects in other Arab nations, [inadequate] means of attracting the foreign work force, and problems involving the provision of housing which is competitive [with housing provided by other projects in other nations].

Figure 36 [not presented in this article] shows statistics dealing with the turnover and absenteeism of the work force, and a team of researchers regularly looks into the latest developments concerning these problems.

4. Many Laws and Regulations

There are laws and regulations which quite often lead to a stoppage of production. This is true, for example, of customs laws and regulations governing the obtainment of licenses to import the necessary operational

requirements and spare parts for a project. All of this leads to a halting of the process of importing these necessary things and this then leads to a stoppage of work by some production units.

Demanding that administrators follow the letter of financial regulations and procedures is something which inhibits their spirit of initiative and responsibility.

Current employee laws, employee incentives, the manner in which they are administered, and their terms of employment inhibit the freedom of action of projects and also lead to a decline in productivity and to difficulties in being able to attract a qualified work force. These things also make it difficult to attract, train, and keep native personnel.

The intervention by central bodies and authorities in bidding and purchasing procedures is something which obstructs the progress of projects and makes it difficult for them to procure their requirements.

5. Lack of Means of Transport

The lack of sufficient means of transport has led to two important problems which either put a halt to production or contribute toward curbing production. These problems are the following:

A. The lack of regular supply of fuel to projects, even though the projects' production units have certain inventories of fuel. This sometimes leads to stoppages of production.

B. Accumulation of inventory in the warehouses of the production units because of the lack of available low-cost means of transport. This leads either to a decline in production or to stopping production altogether.

These two problems can be eliminated by means of increasing the production output of the Truck Production Company and by means of speedily implementing the project to build railroads. Railroads represent a means of transport which is both very cheap and fast. Furthermore, a serious and comprehensive study should be made concerning developing the method of transporting fuel by means of pipelines or utilizing natural gas after the appropriate modifications have been carried out, if this is possible.

6. Difficulty of Marketing

The Secretariat of Information should be supplied with the specifications of products so that it can undertake the job of advertising them in foreign countries. Libya should participate in international fairs and exhibits in order to let the world know about its products. This is something which will create a spirit of competition and a desire to excel--and this is something which will result in us producing commodities which correspond to the most modern international specifications.

7. Financial and Administrative Apparatus

There should be accounting personnel who undertake the job of carefully overseeing production cost operations and who regularly furnish indicators in order to enable [the projects and organizations they are working for] to deal with the fierce competition which prevails between the prices of imported goods and the prices of domestically-produced goods--the purpose being to have the accountants control production costs. When there is no trained apparatus of financial and accounting personnel, this leads to economic mismanagement of the enterprise.

8. Electric Power Failure and Voltage Oscillations

This phenomenon has decreased noticeably, although it still sometimes leads to long-term stoppages in production. The present capacity of the electric power stations must be increased and modern technology must be utilized when distributing power loads.

9. Production Forces

A. Work Force

When we review the phase of industrial development that Libya has gone through, we find that the 1973-73 development plan basically concentrated on consumer industries and the 1976-80 5-year plan concentrated on the transition to processing industries, whereas the 1981-85 development plan is concentrating on the transition to basic industries such as the iron and steel industry, mining industries, and chemical and petrochemicals industries. Efforts are being made to pursue these industries on a large scale within the framework of a long-term strategy to set up industries involving our nation's national resources--industries which will provide diversification of our national sources of income and will create alternatives to crude oil as a means of providing revenues for our budget. This is especially important because the present critical situation is forcing us to give special priority to oil and gas industries instead of utilizing the oil and gas and exporting it as fuel. These industries will be in addition to the basic chemical and petrochemicals industries. This rapid development in the sector of heavy industries is impelling us to give special emphasis to developing human resources of long-term value, and this is a policy which has the objective of developing and properly utilizing these human resources. This can be done by training these personnel in such a way as to enable them to contribute more effectively to the processes of transformation and development, and this is something which will guarantee that advanced technology will be utilized as effectively as possible. This industrial development will consequently lead to technical changes which will determine the methods and requirements of the type of production engaged in. Thus the industrial process is always linked to continuous expansion in the utilization of highly efficient modern production machinery and equipment and the improved production efficiency of the production workers which is required for utilizing such machinery and equipment.

The following is a brief treatment of one of the most important of the major production elements, which is that of training an industrial labor force,

that will have the necessary technical, administrative, and accounting skills to operate these huge industrial complexes, the number of which is increasing each year. The human resource requirements of these industrial complexes were determined by means of a comprehensive industrial survey which made an inventory of the requirements of the heavy industries. This was done in order to arrive at detailed figures concerning the types of industrial jobs for which there is a great demand. The survey also resulted in an overall determination of the levels of education necessary for personnel to fulfill the requirements of this sector. On the basis of this survey, it is possible to establish a clear policy for defining and training the work force which it is necessary to have. This field survey made clear what the sector's labor force requirements must be during the 1981-85 development plan period, and they are shown as follows in Tables 1 and 2:

Table 1. Size of Work Force Needed in Various Industries

<u>Type of Industry</u>	<u>Number of Individuals Needed</u>
Chemical industries	3,034
Petrochemicals and oil-refining industries	9,035
Cement and building materials industry	3,990
Metallurgical industries	6,779
Metallurgical products industries	9,771
Total	32,609

Table 2. Personnel Needs in Industries According to Specialization

<u>Type of Industry</u>	<u>Individuals with Upper-level Qualifications</u>	<u>Medium- Level Technicians</u>	<u>Accountants</u>	<u>Training Center Instructors</u>	<u>Administrative Personnel</u>
Chemical and petrochemicals industries	1,652	5,649	554	1,422	2,437
Cement and building materials industries	454	2,238	340	1,049	843
Engineering and metallurgical industries	1,422	6,010	1,141	3,872	3,526
Total	3,528	13,897	2,035	6,343	6,806

Sum total = 32,609

Current circumstances for implementing the projects nationwide are such that it is difficult to finance the projects and consequently to implement these projects during the time-frame of the program during which they are supposed to begin operations. This is something which greatly decreases the total requirements during the 1981-85 development plan period and forces us to limit our actual and urgent requirements during 1983 primarily to providing the work force necessary for operation of existing projects. But in spite of this, the shortage of labor force personnel for this year totals 3,494 individuals, and Table 3 breaks down this shortage in personnel in the various industries as follows:

Table 3. Shortage in Personnel in Industries

<u>Type of Industry</u>	<u>Individuals with Upper-Level Qualifications</u>	<u>Medium-Level Technicians</u>	<u>Accountants</u>
Chemical and petrochemicals industries	202	1,199	33
Cement and building materials industries	161	1,320	77
Engineering and metallurgical industries	--	502	--
Total	<u>363</u>	<u>3,021</u>	<u>110</u>

Sum total = 3,494

In order to meet the needs of the [existing] industrial complexes, including those which will be entering the operational phase during the first quarter of this year, [two new industrial complexes have been constructed]. The two industrial complexes are the Ras Lanuf petroleum and gas processing complex and the al-Fatih cement plant. These two industrial complexes were given the highest priority in order that the modern plants which have been recently constructed be utilized for optimum production. This sector has been attempting to pursue a policy of economizing when it comes to the work force by means of utilizing modern technology which serves to reduce the size of the work force needed. This sector currently is also putting into practice the social objective approach which has the goal of achieving rapid development in the area of services by means of constructing residential cities near the industrial complexes. Examples of such residential cities are those near the Ras Lanuf petroleum and gas processing complex, the petrochemicals complex at Marsa al-Burayqah, the chemical industries complex at Abu Kammash, and iron and steel enterprises complex at Misratah, and the pipe manufacturing complex in the al-Qawarishah region. In addition to this, this secretariat is continuing to achieve rapid development on all levels in the field of educating and training native personnel. This is being done in

order to eliminate the great gap between the skill and experience level of the [native] work force and the level of skill and experience required [by industrial projects], and is being done by means of making the utmost utilization of the special industrial centers set up to increase the involvement of the trainees with their production sites and provide them with initial training. The following training centers have been set up for this purpose: (1) the special training center at the al-Zawiyah oil refinery; (2) the special training center to provide training for workers in the cement and building materials industry at Banghazi; (3) the special training center at the Tractor Manufacturing Company; and (4) the special training center at the Streetcar Manufacturing Company. In addition to this, students and trainees are sent abroad to study special fields (the study of which cannot be pursued in Libya). A total of 740 such students and trainees have been sent abroad for this purpose. In addition to this, right now 871 trainees are receiving training in special training centers and at production sites, and this is in addition to 740 students that received training during 1982.

These statistics demonstrate the fact that this secretariat is attempting to achieve some progress in this sector in order to reduce the number of non-Libyans in the work force and to control their employment by means of the Central Committee for Foreign Labor Force Employment Control in the Secretariat of the General People's Public Service Committee--an organization which was set up to implement decisions which were issued for the purpose of limiting foreign labor force employment, especially in the administrative apparatus. Right now the work force consists of 7,484 native production workers and 3,813 non-native production workers who represent 44 different nationalities. That is, the non-native production workers constitute 33.7 percent of the total work force, which amounts to 11,297 workers. We should mention the fact that 1,059 workers are now doing compulsory [military] service, that 748 of them are students who are pursuing their studies abroad, and that 871 of them are trainees at training centers. In other words, 2,714 of these workers are individuals who are at present not working at their production sites. Furthermore, there are those who are participating in the program to train workers in the use of weapons and security measures in order to guard industrial installations. In all, the number of individuals currently receiving military training is 4,828, and they have been stationed at 11 different industrial military barracks locations.

Tremendous expansion is being undertaken in the industrial sector, and these industries require that their personnel be proficient in particular specializations. Personnel with these particular specializations are not available in Libya. Such personnel can only be trained by means of long-range training and educational programs in addition to having them actually participate in the beginning stages of the operation of these industrial complexes. There is no doubt that the situation necessitates bringing in a considerable number of foreign labor force personnel acquainted with these specialized fields.

Furthermore, there is no longer sufficient Libyan unskilled labor personnel to do cleaning work inside the industrial plants and to assist skilled personnel, and this lack of unskilled labor must be compensated for by bringing in such unskilled labor from abroad.

B. Training

In accordance with the nationwide general training plan, this secretariat is preparing a plan for training the human resources which it needs. This is being done by coordinating the implementation of projects and the number of human resources required by these projects. The secretariat also is pursuing this policy in order to raise the qualifications of the employees in the sector of the secretariat as a whole, the objective being to have them acquire skills and capabilities which will lead to an increase in their production potential at industrial units and in the public services and administrative offices where they work. This is being done in order to eliminate the shortage, in terms of both quantity and quality, of personnel required for the implementation of the development plans and for providing the trained human resources which these units require. The objective is to quickly achieve Libyanization of all the technical and administrative job positions in these units. By doing this, the Secretariat of the General People's Public Service Committee will be working in accordance with this plan.

The goal for the 1982 training plan was to have 7,964 persons be trained. Of this number, 4,870 persons were to receive training inside the country, with 4,459 receiving technical training and 411 receiving administrative training. A total of 3,094 persons were to receive training abroad, with 2,770 of these persons receiving technical training and 324 of them receiving administrative training. The actual number of persons trained during 1982 was 840. Of this total, 168 persons were trained inside the country and 672 persons received training abroad.

The objective for 1983 is to have 2,903 persons receive training. Of this total, 1,068 are to receive training inside the country, with 606 of these persons receiving technical training and 462 of them receiving administrative training. A total of 1,835 persons are to receive training abroad, with 1,332 of them receiving technical training and 503 of them receiving administrative training. This sector is making an effort to economize the funds that are spent on trainees abroad and the costs of training abroad, and is attempting to deal with the problems arising from this. In view of this, the secretariat this year has begun to set up some local training courses which will have the goal of raising and developing the qualifications and potential of personnel working in the secretariat and its companies and plants. This will be an experiment at attempting to gradually decrease the number of persons sent abroad for training. A training course has already been held at the Faculty of Engineering at al-Fatih [Tripoli] University to provide training in the field of preparing technical reports in Arabic. The course was held for 6 days from 29 January 1983 to 3 February 1983. The course was attended by 23 employees from 11 companies and plants.

Moreover, five other courses are currently being set up in cooperation with the firm called (Avmemco)--a firm of administrative consultants--to provide training in the following areas: (1) performance evaluation and work simplification; (2) industrial costs accounting; (3) feasibility studies; (4) industrial production administration; and (5) industrial marketing administration. These courses will be held at various times. The first training course is being held right now in the lobby of the al-Shati' [Beach] Hotel in Tripoli from 5 March 1983 to 17 March 1983. Approximately 24 employees from the companies, plants, and projects of this sector are participating in this course.

The second training course will be held from 10 April 1983 to 20 April 1983, and the third training course will be held from 22 April 1983 to 4 May 1983. The dates for holding the fourth and fifth training courses will be set later on.

In addition to this, right now 748 persons employed by this sector are receiving training abroad. Of this total, 445 persons are students in study missions, and 33 persons are taking training courses. They have been sent to five different nations, and they are employed by 12 different companies, plants, and projects--see the accompanying Tables 37 and 38 [not presented in this article]. Furthermore, preparations right now are being made to send 348 additional persons abroad for training and study.

The sector of heavy industries has four training centers. They are special centers which provide training in all the specializations directly related to the companies operating in the sector of heavy industries. The accompanying Table 39 [not presented in this article] provides some data concerning the centers relating to the jobs and specializations for which they provide training, the number of trainees which they can accept, the number of teachers which they have, the number of trainees receiving training in them, and the type of programs followed in them.

Right now a total of 871 persons are being trained in the abovementioned training centers as well as at production sites. In addition to this, a total of 840 production workers were trained during 1982.

Furthermore, work is going on right now to begin setting up a special training center which will belong to the Ras Lanuf Petroleum and Gas Processing Company.

In addition to our program for training personnel abroad which is currently a part of the general training plan, and in addition to training inside the country which is going on at the training centers and production sites, we are also attempting to take advantage of the training provided by courses free of charge, more and more of which are being provided to the sector by advanced industrial nations and international organizations such as UNIDO (the United Nations Industrial Development Organization). The Training Division [of the Secretariat of Heavy Industries] is undertaking a study of these courses in order to determine which firms or plants might be able to benefit from these courses. After that, these courses will be made available to the personnel in the organizations and bodies concerned. From the above-mentioned we clearly realize the role played by individuals in efforts to develop our nation's economy.

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POTENTIAL OF AGRICULTURE DISCUSSED

Tripoli AL-MUNTIJUN in Arabic 28 May 83 pp 2, 9

[Article: "A Study Presented by the Secretariat of Agrarian Reform and Land Reclamation to the 5th Local Producers' Training Conference in Banghazi: The Production Potential of the Agricultural Sector"]

[Text] Introduction

The agricultural sector constitutes the basic foundation for economic and social development since it is the principal source of the production of foodstuffs and for furnishing food-processing industries with the agricultural products which are necessary for the manufacturing activities of these industries and necessary if this manufacturing is to continue. In addition to this, the sector of agriculture is the principal nucleus for the establishment of modern integrated settled population centers which can be furnished with all of the basic elements of modern life such as educational, cultural, social and health services which help to raise their social level and standard of living and which also help them to contribute to the nation's economic and social development in order to consolidate its political independence--since there can be no political independence unless it is supported by economic independence and social development.

It is for this reason that the greatness and loftiness of the Great September Revolution [1 September 1969], with its strength of will and firmness of intention, is embodied in its insistence on achieving the great revolution. This green revolution means going back to work on the land since it is the fruit of this land which is the great blessing which divine providence has put at the service of mankind and provided to mankind as a source of reassurance and a means of achieving a secure food supply.

The matter of going back to the land and working there is a matter which is acquiring great importance at the present time because of the deteriorating food supply situation in the world today. This food supply situation has become the occasion of an international conflict embodied by the pressure and carrot-and-stick policy used by some of the nations possessing surplus food against those nations which lack food. This is the origin of the statement which says: "There is no independence for a nation which eats imported food."

Effects of Oil Exploration and Production on the Agricultural Sector

In the early sixties, before the September Revolution, the dismal political situation was what led the development of oil exploration and production to affect and create an imbalance in the structure of the Libyan national economy and to materially affect the sector of agriculture--which was considered to be the principal activity of Libya's inhabitants.

At a time when the most modern technical methods were being utilized in oil exploration and production, agriculture in particular was stumbling around and still following traditional and ancient production methods. This resulted in the phenomenon of uneven technological development. The national economy became one which limped along unevenly as a result of the fact that agriculture and processing industries were ignored and because the labor force went into the petroleum sector and the various service sectors connected with it.

This situation became worse because of excessive dependence on foreign imports to meet the increasing consumer demand for various agricultural and foodstuff products. The merchants, in a most unfortunate way, contributed toward isolating the consumers from the reality of the backwardness which the domestic production sectors suffered from, toward having the Libyan people lose their ties to the agricultural and industrial sectors, and toward consolidating Libya's involvement with the economies of foreign nations and the chronic illnesses of the economies of these nations such as inflation and disturbances in their economies. There is data available which can enable us to deduce some important indicators such as the following:

1. The Abandonment of the Agricultural Sector by Its Labor Force

The results of the 1973 census indicate that the agricultural labor force decreased to 129,000 after it had totalled 145,000 in 1962, when it represented 39 percent of the economy's labor force. Although this situation is a situation which is considered a characteristic feature of initial development phases in developing societies, in the case of Libya the situation took a dangerous and drastic turn. A total of 78 percent of the labor force between the ages of 20 and 29 left agriculture, and the result was that individuals 50 years of age and older came to represent 40 percent of the agricultural sector's labor force.

2. Migration and Moving to the Cities

Since no importance was attributed to achieving a balance in local development, since the oases, desert areas, and villages were ignored, and since all attention was given to the major cities and capitals of the governorates in those days, the result was that there emerged the distinct phenomenon of migration, immigration, and amassing of population in the cities, especially in Tripoli and Benghazi. The 1973 census showed that these two cities contained about half of the nation's total population. One thing which contributed toward having the population be concentrated in these two cities was the fact that 75 percent of those returning from abroad settled in them. This emigration and migration resulted in the fact that agricultural lands were

neglected and were left fallow, and this resulted in these lands being damaged and becoming the victim of desert encroachment.

3. Disregard for the Importance of Working on the Development of the Agricultural Sector

When we realize that, during the period from 1962 to 1969, only 65.4 million dinars of the development budget were spent on the agricultural sector, and when we compare this figure with the investments made in agriculture during the period from 1970 to 1981, we clearly see the difference in the amount of attention being given to the sector of agriculture today. Investments in agriculture from 1970 to 1981 totalled 2.663 billion dinars, and they were spent on projects and programs which also included wadis and oases and included pioneering projects involving reclaiming areas which had been encroached upon by the desert.

4. Decline in the Status of Agricultural Activity in the Structure of National Production

The inevitable result of the combination of the various factors involved during former times was that agriculture gradually began to lose the status which it had. In 1958 agriculture accounted for 20 million dinars of the national income, but by 1962 this figure went down to 17.3 million dinars. By 1969, however, this figure increased slightly, having gone up to 22.5 million dinars. Since the September Revolution Libya's new leaders have made it their job to set matters aright, to unleash the productive capacities of the Libyan people so that the gaps of Libya's backwardness can be overcome, and to modify the direction of Libya's national economy which had constituted spoils which were being divided up between the alien foreign companies and certain categories [of Libyans] who were exploiting [their own people]. In order to accomplish this, the revolution set the following objectives:

1. The people must possess their own political, social, and economic capabilities (that is, authority, wealth, and the armed forces must be in the hands of the people).
2. To mobilize as much as is needed of the oil revenues--for as long as the limited life-span of the oil wealth lasts--for the purpose of achieving the desired civilizational transformation by means of developing the other economic production sectors, especially the sectors of agriculture and industry. (The large-scale agricultural development projects are going to totally change the situation and are going to enable the people to emerge from their state of backwardness and to proceed to enter the phase of progress.)
3. All possible efforts must be expended to achieve self-sufficiency in strategic agricultural commodities and items such as grain, meat, milk, and eggs, and this must be done as quickly as possible since "a nation which does not eat the food which its people grow is a nation which is exposed to danger."

Production Potential

The Concept of Production Potential

The ideal volume of the national production of a nation during a given time period depends on to what degree the nation makes the best economic utilization of its labor force as well as its elements of production, including natural resources and work requirements. In addition to this, increasing the national production in this nation from year to year is closely linked to the degree to which this nation's labor force keeps pace with scientific and technical progress in the various economic activities which it pursues. Thus it is possible to generally define "production potential" as being the skill and ability of an individual or group of individuals in a given trade or profession to perform a given activity or achieve a given volume of work in a fashion which brings productivity up to the highest possible level, utilizing scientific and technical knowledge as well as a sound operational approach and sound organization in each phase of a nation's social, economic, and scientific development.

What this means is that people themselves are the core of production potential, not only because they are the most treasured of a nation's resources, but also because they constitute the capital for all of a given nation's development and the foundation for all of its progress. This is true because people are the driving force behind efforts to achieve development in all of the sectors of economic activity through which a nation is able to satisfy the needs of its people, build their future, and raise their intellectual, cultural, social, political, economic, scientific and public health level to the level which they desire to have.

Dealing with the various aspects of the agricultural sector's production potential in a modern and scientific way means dealing with the various problems which a developing society is generally confronted with. Furthermore, raising the production potential of a nation's labor force is achieved by means of making complete utilization of this labor force. Such complete utilization of the labor force means, in addition to eliminating various types of unemployment, distributing this labor force in the best possible economic fashion among the various agricultural activities which are pursued. This means that every individual in this labor force should play an appropriate role within the framework of the sum total of a nation's production elements or factors so that each individual can achieve his maximum performance and live up to his maximum capabilities.

Also, complete utilization of a nation's labor force means that the above-mentioned factors, which are linked to a nation's intellectual, cultural, social, and public health situation, must be present in every activity, every organization, and every work unit. The productivity of every individual in this labor force must be raised to the highest possible level, within the limits involved in terms of natural resources and production elements and requirements.

Production Potential As Related to a Nation's Degree of Civilization and Development

A nation's civilization and progress are the result of the social, intellectual, scientific, and technical development of the individuals of that nation. This is something which is reflected in the degree to which these individuals are capable of exploiting, utilizing, and controlling the nation's available natural and environmental resources to achieve significant and continuous economic progress.

Such natural resources and other elements of production might not be sufficient in order to enable the individuals of a nation to achieve the developmental objectives which they seek to achieve. However, by means of utilizing their knowledge, technology, and intellectual development, such people may not remain at the level dictated by their available resources. They may go beyond this level and achieve an increase in their production both to make the best possible economic utilization of these resources and to develop the production potential of the individuals of the nation.

Examples in the history of mankind and the stages of mankind's development have always confirmed these realistic facts. Wherever there is security for a given area and a secure food supply, there are settled human communities. When this settled state prevails, man's thinking becomes oriented toward devising means of achieving better living conditions for the individuals of a given community and to raise these individuals' intellectual, scientific, political, and economic level.

Production Potential in Agriculture

The paragraphs above have dealt with clarifying the initial and extremely important role which the individual plays in the development of a nation, the development of its civilization, and the mobilization of all of a nation's available resources and capabilities in order to achieve progress and prosperity. Now it is indispensable to deal with some of the special features which characterize agricultural production as opposed to production by the other sectors of the economy. We must also deal with the principal factors which affect production potential itself and the other matters which are taken into consideration when defining the principles of planning and steps of implementation designed to raise both production potential and production.

The Special Features of Agricultural Production

Using as a premise the concept of production potential which we have already been discussing, it is possible for us to say that the agricultural progress of any nation generally depends on the degree of progress in that nation's agricultural activity. In accordance with this concept, the types of agriculture pursued have been customarily divided into three types--advanced, backward (traditional) and developing.

Advanced agriculture is characterized by dynamic agricultural activity which involves modern and advanced elements of production. Backward agriculture

constitutes activity which is nearly fixed in nature and which involves the utilization of traditional, old, or non-advanced elements of production. Developing agriculture is agriculture which stands between advanced agriculture and backward agriculture. It constitutes agricultural activity which has begun to utilize scientific and technical progress in order to develop the traditional elements of production.

In general, the special features of agricultural production on the whole characterize all three of the above-mentioned levels of agricultural production, although they differ in each one as to how prominent a role they play and as to how much they affect the agricultural yield.

The following is a brief description of the general elements or features of agricultural activity:

1. The land. This is the foundation of agricultural activity. The land should be suitable for agricultural activity and the production potential of the land depends on the degree of the land's fertility and the degree to which it is suitable for planting one or more given crops. Agricultural activity is generally characterized by the fact that a large area of land is necessary in order that it be pursued.
2. The crop season. Agricultural activity is characterized by the fact that the work, production, and yield involved are seasonal in nature. Each crop has a particular time period in which it must be planted and in which the crop ripens and is harvested or picked, and this consequently means that the amount and volume of work required differs according to each crop. Furthermore, the yield which one receives differs from one period to the next, and this means that there is no regular income which is distributed throughout the months of the year.
3. Self-sufficiency. Agricultural activity is the only one which can be a means of providing self-sufficiency for the person engaging in it as far as most basic items and goods are concerned, in view of the numerous and diverse areas of plant and animal production that the person engages in. The only time that this is not true is when the person specializes in producing one or more particular items.
4. The risk. It goes without saying that agricultural activity and the yield obtained from agriculture depend on natural and environmental factors, climatic circumstances, conditions, and the possibility of unpleasant surprises such as the crops being afflicted by diseases and pests and the non-availability of the necessary type of production requirements and factors of production at the right time. Since many of these factors are beyond the control of human beings, the degree of risk involved in agricultural activity is far greater than the degree of risk involved in the other economic sectors.
5. Fixed capital. A high percentage of the capital invested in the activity of agricultural production is characteristically fixed capital, especially in the case of crops involving perennial irrigation. The value of the buildings, agricultural installations, housing, wells, irrigation networks, and enclosures for animals represents between 40 and 70 percent of the total invested capital.

An agricultural producer must make these investments whether his production is at a high level or comes to a standstill.

6. Long-term investment. Since the yield in agriculture is generally less than it is in the other economic sectors, it takes more time for capital investment in agriculture to pay for itself, especially if one takes into consideration the high proportion of the invested capital which is fixed capital, the long period of time which is necessary for the production stage to begin (especially in the case of fruit-bearing trees), and the seasonal nature of agricultural production.

7. The strong effect of scientific and technical developments. The degree to which agriculture is affected by scientific and technical developments differs according to the degree to which agricultural activity is developed. It is more pronounced in cases involving backward agriculture and agriculture where traditional methods are followed. Nevertheless, the success gained from introducing and putting into practice such developments in societies with backward agriculture depends on the degree to which the farmers respond and are willing to give up their traditional methods and depends on the ability of the appropriate organizations involved to convince the farmers of the wisdom of following modern methods.

Principles of Planning for Increasing Production Potential and Production

The Basic Popular Congresses, by means of their resolutions and recommendations during the various sessions which they have held, have endeavored to emphasize the necessity of increasing production potential and adopting all of the methods which are guaranteed to bring this about. Furthermore, they have always stressed the necessity of pushing forward in the direction of transforming Libyan Arab society into a productive socialist society in accordance with the theses of the theory dealing with the Third World. Furthermore, the three chapters of the Green Book mention increasing the production efficiency of the various factors of production, utilizing all available resources, capacities, and efforts to create effective productive forces, and giving absolute priority to technical training and education. All of this is in addition to the concern which has been shown for, and the emphasis which has been placed on, achieving an agricultural revolution in order that Libya arrive at an advanced stage of self-sufficiency in terms of basic agricultural crops and commodities. Also, concern has been shown for scientific research, the development of the sciences, the development of technology, and following advanced scientific methods when implementing development project programs.

The strategy for reaching the above-mentioned goals is based on pursuing the following approaches:

A. Completing the projects and programs which are currently being implemented, with a heavy emphasis on exploiting existing water resources and increasing these water resources. Also, the soil must be protected from erosion, desert encroachment must be prevented, the planting of trees must be expanded, and more attention must be given to pasture areas.

B. Effort, utilizing all possible means, to increase the productivity of all of the elements of agricultural production and efforts to train productive agricultural workers, raise the income level of agricultural families, raise the level of their standard of living and their education, and increase their production potential. In addition to this, there must be a policy of establishing integrated agricultural and industrial complexes which produce dairy products, poultry products, grain products, etc.

C. Increasing the total area under cultivation by means of intensifying agrarian reform activity and concentrating on vertical expansion in addition to horizontal expansion as far as increasing agricultural development is concerned. In addition to this, emphasis must be placed on research studies in the field of investigating agricultural potential.

D. Intensification of agricultural training and education and involving scientific agricultural establishments and institutes with agriculture as it is actually applied and pursued in everyday life.

E. Providing support for agricultural guidance services, prescribing an effective marketing policy, and reviewing and modifying current policies relating to prices and loans.

F. Furnishing the necessary labor force for agriculture and instituting more campaigns to get volunteers to participate in work involving afforestation, harvesting, and other agricultural activities.

G. Spreading awareness and consciousness of the importance of the agricultural revolution and the role to be played by each citizen in assuring its success--and this is especially important for the farmers themselves--and establishing more agricultural exhibits.

Implementation Steps for Increasing Production Potential and Production

On the basis of the planning principles, the fundamentals of which were established by the Basic Popular Congresses, implementation steps were determined for achieving an increase in the production potential of individuals and for increasing and improving production. Several decisions were issued concerning the matter of increasing the production potential of individuals and steps were taken to implement these decisions. The decisions that were taken were the following:

1. Elimination of the jobs of supervisors [mubashir] and watchman [khafir] in both the public and private sectors and assignment of the individuals whose jobs were thus eliminated to the various economic sectors in order for them to work there and be productive after being retrained in accordance with their abilities and experience.

2. Orientation toward industrial and agricultural technical education, and having it fit in with the system of general education, in order that the nation's requirement for technical and professional personnel be met.

3. Giving priority to women when it comes to hiring for jobs for which women are well-suited, and the setting up of more nurseries and kindergartens.
4. Establishment of programs for retraining handicapped persons and utilization of handicapped persons in some types of jobs which they are capable of doing.
5. Establishment of a comprehensive plan for training persons working in the public administration apparatus. This plan should have the objective of developing human resources, increasing people's technical efficiency, and studying the structure of the administrative apparatus in Libya. This will lead to a concentration [of efforts] and proper utilization of human resources in the most efficient possible manner, modern methods and systems of administration will be put into practice, modern means of communication will be utilized in contacts between administrative personnel, and there will be expansion in the utilization of equipment and machinery which will serve to increase efficiency on the job.
6. A decrease of 15 percent of the total number of persons working in the field of commerce and transfer of these persons to production sectors in order to meet these sectors' work force requirements.
7. Efforts must be undertaken to restrict the elementary school teaching profession to women. This can be achieved by admitting more female students to the 2-year public teachers institutes and setting up special courses for retraining male elementary school teachers, who will no longer be needed for elementary school teaching, to begin teaching in secondary schools.

Implementation steps were established for increasing production and productivity within the framework of several general economic and social development plans. These steps began to be put into effect during the transitional phase of 1970-72, and were then further pursued during the 1973-75 3-year plan, the 1976-80 development plan, and finally the current 1981-85 economic and social development plan.

In this regard it should be noted that the 1973-75 3-year plan as well as the 1976-80 development plan were characterized by an emphasis on creating the infrastructure for production sectors which did not involve the petroleum sector. This period also saw the beginning of the achievement of the agricultural revolution and the extension of agriculture to desert and remote areas of the country. Furthermore, numerous facilities, utilities, and services of various sorts were made available for the first time in all areas of the country. Also, this period was characterized by the initial implementation and completion of numerous developmental agricultural projects and programs.

The current 1981-85 development plan has the objective of transforming Libyan society into a society of producers rather than a society of consumers. Other objectives of the development plan are to move ahead in the direction of achieving self-sufficiency in agricultural production and making efforts to

increase the number of native Libyan personnel in jobs involving administration and operations in the various fields of economic production.

The implementation steps planned by our nation to achieve an increase in production potential and to increase and improve agricultural production--both animal and plant production--constitute a worthy subject as such and normally require many pages to be properly dealt with. Space does not allow this, however, and therefore what follows is a brief summary and presentation of some of these steps:

Settlement Projects

Settlement projects are one of the ways of achieving horizontal expansion. They involve conducting studies of the natural resources and environmental conditions of some locations. It is on the basis of the results of these studies that complete projects are established which involve the reclamation and development of land which is then divided up into farms, made available for cultivation, and distributed to those who farm the land. Farmers in the settlement projects utilize a high degree of mechanization in their various farming operations, and they are provided with all of the production requirements as well as facilities, utilities, and services which guarantee the establishment of settled population centers which are linked to their land areas.

There are 75 such settlement projects, and they occupy a total area of more than 500,000 hectares, of which about 75,000 hectares are irrigated land and the rest is non-irrigated land. There are more than 18,000 farms in these settlement projects, and more than 14,000 of these farms have already been distributed. The total area of land reclaimed and cultivated in these farms amounts to nearly 300,000 hectares.

Production Projects

The production projects are the following:

1. Grain Production Projects

The grain production projects are also horizontal expansion projects and they are one of our proudest achievements. Most of them are located in the oases and in the heart of the desert. Some of them are jointly operated with a number of foreign firms on the basis of guaranteeing a certain level of production and with provisions that native Libyan personnel be trained in methods of administration and operations.

It should be mentioned that some of the lands involved in these projects are now being totally administered by native Libyan personnel. Furthermore, recently a positive step in this regard has been taken, and it is the establishment of a general grain production authority to take the place of the foreign administration as well as to be responsible for the implementation and operation of grain projects which will be established in the future. These projects occupy a total area of about 79,000 hectares. Of this total area,

about 34,000 hectares are using the perennial irrigation system and 45,000 hectares are using the system of non-irrigated cultivation.

2. Animal Production Projects

The animal production projects include four central projects. The first one involves the production of the two types of poultry (chickens bred for their meat and chickens bred to lay eggs), the second project involves producing dairy cattle, the third one is for raising sheep, and the fourth one is for breeding camels.

There is also a program designed to have each municipality become self-sufficient in the production of meat-producing and egg-laying chickens, milk, rabbits, and turkeys.

In addition to this three integrated animal-production centers are currently being created. Each center will breed 600 head of dairy cattle which will produce 2.8 million liters of milk per year and will provide about 100 tons of beef. Also, 5.5 million chickens bred for their meat will be produced every year, and they will provide more than 2,700 tons of meat. Each center will have units for breeding grandparent poultry stock for the production of mother hens, egg-hatching installations, enclosures for raising chicks, a poultry slaughterhouse, an installation for pasteurizing milk and producing yogurt, an installation for preparing fodder for poultry and cattle, a unit for drying green fodder, and a farm for the production of green fodder which is necessary for cattle--in addition to the administration and operations buildings and installations.

3. Greenhouse Projects

These projects involve the setting up of a number of greenhouses as a central project for the production of abundant quantities of different types of vegetables in the principal consumer locations, and also a number of greenhouse projects will be established, according to need, in every municipality. The purpose of doing this is to have each municipality become self-sufficient.

4. Pasture and Forest Projects

At present there are 17 such projects, and they occupy a total area of 1.5 million hectares. The purpose of the projects is to improve pasture areas, protect them from overgrazing, develop the pasture areas by planting grass and shrubs there to graze the animals, and to set up watering areas in order to water the animals. These projects also have the objective of afforestation of fallow lands, areas occupied by sand dunes, elevations, and sloping areas in order to protect the soil from erosion, in order to make the soil firmer, in order to prevent it from turning into desert, and in order to protect it from desert encroachment.

5. Fodder Projects

These are projects which specialize in providing fodder, and at present they occupy an area of more than 7,000 hectares which are under irrigation. This does not include the areas within the framework of the other projects which are planted with fodder crops.

Water Resources Investment Program

This is one of the programs of great importance in the area of increasing agricultural production in order to meet the need for such agricultural production since irrigated agriculture will be depended upon to achieve this--in view of the fact that non-irrigated agriculture is at the mercy of climatic and natural factors which clearly influence production and productivity.

One thing which this brief sketch should mention is the project involving the transport of water from Tazirbu and the western Sarir area to the northern region [of the country]. This project transports 2 million cubic meters of water per day (about 700 million cubic meters of water per year). Transport of the water by this project enables the cultivation of approximately 50,000 hectares of winter wheat and about 20,000 hectares of summer fodder crops. Furthermore, the water transport project furnishes some valley projects with irrigation water and provides drinking water for a number of cities and villages along the Libyan coastline from Surt in the west to Banghazi in the east.

We should also not forget to mention the programs involving the erection of dams for the storage of surface water which will be utilized for agricultural and other purposes. A total of 17 such dams have been completed, and their total storage capacity amounts to 305 million cubic meters of water. Studies are being made in connection with setting up six additional dams, and when they are completed they will provide an additional storage capacity estimated at about 88.5 million cubic meters of water.

In addition to these dams, 120 flood-control dams have been completed, and their job is to control the flow of water and thus protect the soil from erosion.

People's Volunteer Campaigns

The people's volunteer campaigns are, of course, one of the primary steps of collective action undertaken in the areas of economic production. Our leaders have eagerly emphasized these people's volunteer campaigns, and we should allow their statistics to speak for themselves:

A total of 4,600 hectares were planted with fruit-tree seedlings of various types during the 1982/83 season in the municipalities of the al-Jabal al-Akhdar area. A total of more than 2 million fruit-tree seedlings have been planted there.

Furthermore, during this same season these afforestation campaigns involved the planting of more than 31 million seedlings of forest trees and trees which will be grown for their lumber.

In the Field of Education and Training

There are seven secondary-school level agricultural institutes which are currently operating and which provide training in various specializations and agricultural activities, and at the present time four more such institutes are being established. By the academic year 1981/82 more than 3,900 students had graduated from these institutes. The 1981-85 development plan has the goal of graduating about 3,200 more students from these institutes. There are 11 agricultural training centers of various types. By 1982 a total of 2,950 persons had been trained in these centers, and by the end of the current development plan period the number of such trained persons is expected to double.

There is a total of 21 rural development centers, the courses of which are attended by the wives and daughters of men working in the agricultural projects. During 1982 there was a total of more than 600 women studying at these centers.

Supplementary Projects and Programs

These projects and programs are also so numerous that space does not allow mentioning all of them, and we will therefore content ourselves with mentioning the most important of them, which are the following:

1. The agricultural credit program. The aim of this program is to provide loans to farmers who depend on their own efforts in their work. The agricultural credit program is designed to enable them to purchase all of the production requirements which they need (machinery and equipment, materials for the construction of enclosures for animals and poultry, materials for bee-keeping, and materials for setting up greenhouses).
2. The agricultural aid program. This program is important in view of the wave of inflation which has swept over the world and which has led to an increase in the prices of many of the important requirements for agriculture (such as fertilizers, fodder, machinery, and equipment).

In this regard it should be noted that the 1981-85 development plan, which was approved by the Basic Popular Congresses, involves directly linking agricultural aid to production instead of subsidizing the requirements of the production process. This will serve as an incentive for the farmers to increase and improve the quality of their production.

3. The agricultural services program. This includes the establishment of centers and stations dealing with plant production and related activities (fruit-tree nurseries, pasture areas, forests, agricultural quarantine areas, and extermination of locusts) as well as animal production and related

activities (veterinary clinics, animal-breeding farms, model poultry farms, veterinary quarantine stations, and dairy production collection centers).

Goals and Achievements

As we know, every development plan has goals which determine the nature of the general economic and social development that will take place, determine the nature of the programs and projects included in the development plan, and determine the limits of the investments made.

As far as the goals of the current 1981-85 development plan are concerned, we find that they are as follows with respect to strategic foodstuffs:

1. Increasing the production of wheat from 140,510 tons in 1980 to 428,800 tons by 1985, and this will cover 75.3 percent of the nation's wheat requirements.
2. Increasing the production of barley from 71,510 tons in 1980 to 105,610 tons by 1985, and this will cover all of the nation's barley requirements.
3. Increasing the production of meat from 58,600 tons in 1980 to 130,400 tons by 1985, and this will cover 75.8 percent of the domestic demand for meat.
4. Increasing the domestic production of milk from 110 million liters in 1980 to 308 million liters by 1985, and this will cover about 95 percent of the nation's milk requirements.
5. Maintaining self-sufficiency in egg production. This can be achieved by increasing production from 281 million eggs [in 1980] to about 823 million eggs by 1985.

Concerning the achievements which have been accomplished, allow us to present a table showing the production of these commodities during 1982 and comparing this production with that of 1980:

Table 1. Production of Selected Commodities in 1980 and 1982

<u>Commodity</u>	<u>1980 Production</u>	<u>1982 Production</u>	<u>Percentage Increase</u>
Wheat (in thousands of tons)	140.5	183.5	+30
Barley (in thousands of tons)	71.5	98.7	+37
Meat (in thousands of tons)	58.6	63.3	+8
Milk (in millions of liters)	110.0	115.3	+5
Eggs (in millions)	281.00	320.04	+64

Conclusion

This has been a brief treatment of the subject of production potential and increasing and developing production in the sector of agriculture. In conclusion, it is necessary to point out that our masses are determined to achieve as high as possible a degree of self-sufficiency as soon as possible in order that our political independence be coupled with, and supported by, our economic independence in view of the fact that threatening nations with starvation has become a new strategic weapon which is being utilized to terrorize and subdue the developing nations. Also, because of our determination, seriousness, effort, and persistence, we are--God willing--capable of overcoming all obstacles and surmounting any difficulties which we might encounter in our rapid march toward achieving our noble goals. We are bearing in mind the fact that the prosperity and happiness of our nation's individuals is the goal of these efforts and is the basic foundation of our belief and labor. The reason for this is that the achievement of any progress and development must originate from within us and with us, and this is the only road toward progress and development. This is something which was stated and emphasized by the leader of our victorious revolution when he said the following: "When it comes to fulfilling the needs of Libyan people in the realms of light industry, agricultural products, and everyday consumer goods, achieving this will always and continuously depend on the efforts which the Libyans themselves expend in these areas. This means that any negative phenomenon in production activity will negatively affect the production of our basic foodstuff requirements and our consumption of our basic daily needs."

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PRIORITIES OF CURRENT FIVE-YEAR DEVELOPMENT PLAN DISCUSSED

London AL-DUSTUR in Arabic No 285, 9 May 83 p 34

[Article: "Will There Be Coup in World of Energy? After Phosphate, Morocco Looks for Shale Oil"]

[Text] The world's most significant phosphate reserves are in the Arab world. Three quarters of these reserves are in the Arab Maghreb. But Morocco is not foremost among the producers because it does not want to flood the world market with its supplies. Morocco is the number one exporter but, compared with its size, the number three producer. The most important production mines in Morocco are in Khouribga, Youssoufia and Benguerir.

However, 1981-85 development plan requirements total \$21 billion. This plan is based on achieving a gross national production growth rate of 6.5 percent annually and, consequently, a 3.4-percent expansion rate in the primary sector (which includes phosphate), a 7.7-percent rate in the secondary sector, a 6.5-percent rate in the tertiary sector and a 6.9-percent rate in the management sector. These figures mean that priority is given to expansion in the production of foodstuffs (especially fish resources) and the mobilization of local energy resources (especially shale oil and hydraulic power capacity). In all this, the plan relies on boosting individual incentives, developing the middle class and setting up small and medium-size industries that rely on intensive manpower instead of machinery, thus leading to the creation of 1 million new job opportunities that help reduce unemployment. The government has obtained from the IMF a \$1-billion loan to be advanced over 3 years. This is a small part of the plan's financial needs. The brunt of the burden falls on the shoulders of the [Moroccan] economy itself. This is the trend in growth.

The Moroccan Government signed this [loan] agreement in October 1980 (and modified it in March 1981). But the country soon fell prey to a severe drought that affected most farms and lasted all year long. Agricultural production dropped by a fifth, thus contributing to a drop of 1.3 percent in the gross national product (not counting inflation). This setback led to a drop in Morocco's exports of citrus fruit and vegetables and to a sharp increase in foodstuff imports (wheat imports rose by 63 percent, corn imports 113 percent and barley imports 21 times). In addition, the government was forced to exhaust the budget through the payment of large and extensive subsidies to alleviate the impact of the drought.

Adding to the impact of these two factors was the drop in the world demand for phosphate. The burden of foreign debts and of energy imports increased. Thus, the deficit in the current account of the balance of payments intensified and there was a rapid drop in the country's foreign currency reserves, which fell to \$76 million in November 1981 and \$18 million in March of this year. The Moroccan Government again resorted to the IMF and reopened negotiations with it. The two sides reached a new agreement in accordance with which the IMF advances to Morocco in 1 year drawing rights amounting to 281.25 million units and then over 2 more years drawing rights amounting to 123.4 million units to compensate Morocco for increased costs in grain imports and 113 million units to compensate for the drop in its exports to foreign markets. In return for this aid, the IMF set for the Moroccan Government conditions for reducing the deficit in the balance of payments to 8.2 percent of the gross national product, for limiting foreign borrowing, for adopting a system that is closer to (al-sadadiq) philosophy of foreign trade and for regulating the foreign currency market. The IMF also required that the Moroccan Government achieve in 1982 a growth rate of 4 percent (not counting inflation, which amounted to 15.5 percent as of March 1982) and reduce inflation to 12.5 percent annually.

This being the case, it became necessary for Morocco to rely anew on exporting its primary commodities, led by phosphate, and it became necessary for the Moroccan Government to resort to drawing up medium-range plans to the year 1985 based on increasing its phosphate production, which last year rose to 18.17 million tons, in addition to more than doubling the local processing of phosphate, thus making it possible to process nearly 30 percent of the crude phosphate produced. This growth in mining means enlarging the existing mines and opening new mines. This year, the government has reopened the Bucraa mine, after it was shut down for 7 years. This mine contains reserves of nearly 1.7 billion tons of the best phosphate rock and can produce 10 million tons annually. Production is expected to start with only 6 million tons. The cost of Morocco's plan to increase phosphate production have been estimated at \$4 billion, nearly one-fifth the financial needs of the development plan. This is an indication of the significance of this aspect of the economic activity on which the government has decided.

But the reliance on mining is not limited to phosphate alone. In addition to increased phosphate exports and increased production of phosphoric acid, with the value of the 1981 phosphate exports rising by 69 percent and of phosphoric acid exports by 88 percent, the Moroccan Government is eager to serve world markets by developing its production of the other minerals with which the country abounds, such as copper, zinc, tin, silver and iron. On top of all of this, Morocco is entering the world of energy.

Local energy sources meet no more than one-sixth Morocco's energy needs. According to estimates of the economists, these sources will grow by 8 percent annually. The government has allocated \$1.7 billion to speed up

the development of shale oil, which will create a revolution in the world of energy by the end of the current decade, continued prospecting for oil and natural gas and the extraction of uranium from phosphate.

The government plans to build six plants to generate electricity from hydraulic power during the period 1981-85. Seven years later, the thermal power plant in Mohammedia will be completed. But the extraction of shale oil in Tarfaya and Tiha Hadis is more important and more farreaching. Economic feasibility studies have shown that it is possible to produce shale oil at a cost \$7 lower per barrel than current liquid oil prices. Morocco has international reserves of shale rock that exceed similar reserves elsewhere. Some studies predict a daily production of 6,000 barrels of oil by the start of 1986.

But the exportation of raw materials is not what Moroccans seek. Aspirations still center on possibilities for local processing. The conversion industry now generates one-sixth the gross national product. This industry is channelled toward replacing the consumer goods imported by the country by producing such goods locally. But industrial production throughout the past year remained in a state of recession due to various factors, including the impact of the drought on reducing the purchasing power of the population, most of whom work in agriculture. The drop in agricultural resources led to a drop in the general demand for manufactured goods. Moreover, the drop in the country's foreign currency revenues from the reduced citrus exports led to a corresponding drop in the purchase of equipment and machinery from foreign markets. Local industry was thus hit both ways.

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SUDAN

REGIME'S ATTITUDE TOWARD SOUTH, RECENT TENSIONS CRITICIZED

London AL-DUSTUR in Arabic No 228, 30 May 83 pp 30-31

[Text] Observers of the course of events in the southern Sudan are wondering about the conflicting Sudanese official statements on what is happening in the southern region. After a total blackout of information on the deteriorating situation, a military communique issued last week explained that the armed forces quelled a mutiny that broke out in one of their units in the southern city of Bor. The communique stated that the unit exhibited some lack of control and discipline. It added that a regrettable clash had occurred in which the number of those killed on both sides was estimated at 70 by the news agencies. The Sudanese minister of information pointed out that the authorities found Israeli arms in the mutinous unit. This is consistent with the indications in the army communique that something is being engineered against Sudanese unity and security. Thus, the armed clash that the communique ascribed to a lack of discipline in the Sudanese Army unit is transformed into a plot involving Israel! Observers note that the Sudanese regime blamed what happened on a "foreign plot," a "card" repeatedly played by the regime in recent years. Whenever it is confronted with a difficult situation, it says foreign meddling is responsible.

From the time when President Numayri announced his policy of dividing the south into three regions with legislative and administrative autonomy, the south has been boiling like a caldron and rejecting every attempt at division. In doing so it relies on the terms of the Addis Abbaba agreement because Numayri's decision to divide the area is considered a clear breach of this agreement, which granted the south self-rule after it was signed in March 1982.

Political opposition in the south has intensified in recent years because of the deterioration in the region's economy due to a decline in performance, lack of planning, corruption, and rampant bribery at the highest levels of government in the southern Sudan. Moreover, some of the southern politicians have become engrossed in the game of cabinet musical chairs and are eager to realize personal or tribal aims. That is why Abel Aliar fell in 1977 and he was followed by Joseph Lagu who recently achieved his goal, the Qismallah Rassas, the Joseph Tambarah, current president of the High Executive Council for the southern Sudan.

The Sudanese citizen says in this connection that the furious competition between Aliar and Lagu transformed the division of the south and Lagu's

support of the division plan because the division does not violate the articles of the self-rule agreement and because the agreement achieved peace, and that's enough! Lagu's support of the division was accompanied by a campaign to stir up the large tribes in the south against what he claimed in the domination of the region's resources by the Dinka, Aliar's tribe. The issue created tension among the inhabitants of the region and strengthened tribal chauvinism. Due to the stormy atmosphere, events began to accelerate, as signaled by explosions everywhere. Last year President Numayri visited the south after a long absence, which well-informed persons ascribed to security considerations and to reports that emphasized the poor security situation and the possibility of threats to the "president's" safety. When he visited the south last December after unprecedentedly tight military arrangements, the first "bomb" exploded in front of Numayri in the city of Rumbek where the "president" was greeted by demonstrations led by southern students from Khartoum University and students and teachers from the Rumbek high school. The demonstrators voiced slogans calling for the fall of the Numayri government and criticizing the partition policies intended to be applied to their region.

The Rumbek events and subsequent antigovernment demonstrations resulted in the arrest of hundreds of high school and college students and former ministers and commissioners in the south and Khartoum on the charge of threatening state security. Among those arrested were Abel (?) Deng, secretary of the High Executive Council, Majir Gai (?), Paul Deng Majok, Ambrose Sik, Justin Yak Wod, Gama Hasan, Joseph Aduho (these were all former regional ministers), and Joshua Dai Wal, a former commissioner.

A second time bomb exploded early this year in another part of the south - Abyei. This happened when 20 armed southerners attacked the Aryat train station on 18 January and opened fire on the northerners who were in the station at that time. The result was 13 dead northerners. Once again the Sudanese authorities issued conflicting and contradictory statements about what happened. Whereas the Sudanese National Security Council said it was an isolated incident created only to assist in a robbery, a government official stated that he regards what occurred in the Aryat station as part of the continuous plotting against the Sudan. And Joseph Tambarah, president of the High Executive Council, called it a barbarous act committed by a handful of foreign outlaws. This statement was followed by a wave of arrests that included Dr Zakariya Paul Deng, former regional minister of health, Arop Madot, correspondent for the magazine SUDANOW in Juba, and Arop Bagat, head of the Arabic section of the Juba radio station.

On the other hand, statements by Sudanese officials differed on the facts of the situation in the south. During his visit to the south, Maj Gen 'Umar al-Tayyib, vice president of the republic, explained the propaganda for President Numayri's referendum on a third term. The vice presidents aid in a television interview that the inhabitants of the south support Numayri's election to a third term 100 percent. He added that the security situation in the south is stable except for a few scattered incidents. As for the southern politicians who wanted to express their views by organizing a club

in Khartoum University at the invitation of the southern students, Maj Gen 'Umar al-Tayyib said his government assesses citizens by whether they are for or against it. He then mentioned the arrest of many southern politicians who tried to organize a club in Khartoum at the invitation of the southern students. He said we asses citizens by whether they are for the regime or against it. It appears that the citizens of the Sudan became aware from the tone of the vice president's remarks of what happens to those who oppose the regime either in the south or in the north.

What happened in Bor in the southern Sudan in recent days is an important turning point likely to hasten events in the Sudan. It confirms that the government is pushing the country onto a slippery slope. The constant rejection of policies affecting the south has become a much more important indicator than demonstrations and issuance of statements alone. If the situation develops into an armed clash, what option will the Sudanese regime then have to avoid an explosive situation other than to respond with force. This might result in a new civil war and a threat to the unity of the Sudan.

5214

CSO: 4504/442

BRIEFS

GOVERNMENT RESCUES BUILDING FIRM--The Bahrain government has come to the rescue of a local building firm in financial difficulties, it was reported from Bahrain last week. The government is to take full control of the company, United Building Factories, and plans to restructure its operations. In a statement announcing the move, the company gave no details of its financial problems, but indicated that work in hand at its manufacturing plant would be completed in August, adding that operations this month and in July would be "at a rapidly reducing level." The company, which makes and erects portable building systems, said that construction contracts in hand would continue into next year, but that redundancies would be caused by the rundown of manufacturing operations. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 25, 20 Jun 83 p 7]

CSO: 4400/419

'EAST TOWARD PEACE' MOVEMENT, IDEOLOGY SURVEYED

Tel Aviv DAVAR in Hebrew 3 Jun 83 p 21

[Article by Sha'ul Tzedaka: "Moving East...But Toward Peace"]

[Text] One might remember that the "Eastern Movement" of the famed Hertzef Hanuka stole the stage from Shimon Peres during the elections convention held by the Alignment in Petah-Tiqva 2 years ago. Lately, it has become a symbol of the Middle Eastern Jews who brought the atmosphere of the soccer stadium into the open. There are those who see a connection between this kind of expression and the graffiti scrawled on the walls of buildings in Tel Aviv following the drama at Kfar Shalom. The graffiti read "Ashkenatzim," a combination of the term Ashkenaz and the word Nazi. Less known to the public is the fact that there were many Middle Eastern Jews in Israel who tossed and turned in their beds at nights because of the image ascribed to them. But their voice was not heard.

Since the birth of the state, the Eastern population has not been known for its political or social involvement. Even today, one can see the faded graffiti on the walls, calling for what has become part of the ethnic folklore of today's reality--"Middle Easterners, Wake Up!" At the time, it was the ethnic parties who were asking for support from the Middle Eastern voters, support which they failed to receive. Even the immigrants of the 1950s did not generally vote for those politicians who came from their countries of origin, a positive phenomenon in and of itself. Only the ecstasy which accompanied the trial of Aharon Abu-Hatzera, who, having been a minister with the Mafdal fought with all his might for the good of Abu-Hatzera alone, brought three North Africans to the Knesset. Many believe that it is not these men who will bring about the salvation of the population, in whose name they found themselves in the Israeli Knesset. And it is not surprising. What did stand out was the silence of Middle Eastern intellectuals.

But this week, something important happened in Israel. An Eastern movement was born. The name of the new-born group is "East for Peace," and it has a platform, an ideology, and after a long pregnancy, it had the courage to announce its existence to the press. In paragraph six of the East for Peace manifesto, I read: "We will protest every incident of neglect or prejudice toward Arabs, every activity and settlement which threatens the chances of peace, and every act of terrorism or extremism on the part of any party." This

paragraph would make many Ashkenazi MKs foam at the mouth, and might easily be attributed to the Palestinians' credo. But it was written, black on white, by Middle Eastern Jews, in the context of their lives in the State of Israel.

Who are, then, the people who belong to East for Peace? In the announcement to the press, the names of Professors Sason Somech and Shlomo Ben-'Ami of Tel Aviv University appeared, but Somech vehemently denied any affiliation with the new movement. "I have no part in it. They simply called me and asked for my support. They have made me and my people the leaders of the movement and it just isn't true." A journalistic gimmick? A duck in Middle Eastern sauce?

In any event, something is happening. The two professors gave their blessing to the new movement, but refused, at least for the time being, to be counted among its members. Sason Somech, head of the language department at the university, explained its birth: "I believe that the time has come for Middle Easterners to stand up and express their different views."

He does not accept the claim that people of Middle Eastern descent hate Arabs with a passion. Their feelings are split, just as those of the rest of the population. He feels sure that if the movement only succeeds to break the image of Middle Easterners, it would be worth the effort. Haifa sociologist Dr Sammy Smucha has nothing but praise for the idea. "To break the image--it would be a blessing." He feels confident that there is room for the movement, but he himself does not belong. Why? "Because I don't know how serious it is yet...."

Stereotypes

Who, in effect, is behind the movement? It appears that there are 25 people--teachers, students and local activists--who met over the last few months on several occasions, and this week solidified their final platforms. Dr Shlomo Elbaz of Jerusalem is part of the group, as well as Gabi Malka and Asher Adin of Tel Aviv University, Rafael Ben-Shoshan of Kibbutz Ga'ash, George Edri, the architect in charge of new housing projects, author Ami Boganim, singer Shlomo Bar, poet Peretz Banai and many others.

Poet Sheli Elkayyam, who coined the name "East for Peace," made me promise to write that the movement has no political connections. She explained that "We're talking about humanist ideas, from the heart and the soul. The published manifesto indicates bitterness, and disappointment with that which is going on in several sectors in the country. But," she told me, "we don't live in bitterness, as if we had a dream that was crushed before our very eyes. Maybe the Ashkenazis think we do. But I don't, because I never had a dream. I'm part of the social fabric of this country. Not part of a particular ethnic group." She is against the use of the term "Middle Easterners." "To be in Israel for nine generations and still be called an 'ethnic group' is an insult," she says.

Why then is it the initiative of Middle Easterners alone? Sheli corrects the impression. "There are also Ashkenazis in our movement. It is open to any citizen of Israel who identifies with the movement's platforms. One of our

meetings was held in the home of Efraim Wagner (editor of a quarterly publication). Any one who enjoys living in the Middle East is a Middle Easterner." Sheli gets her back up over what she calls "disrespect for Middle Eastern traditions and values." She says: "They're turning us into stereotypes, folklore, Mimuna." Maybe you're doing it to yourselves? I asked. "Anyone who gives himself the image--deserves it. I don't know what the Mimuna is, even though it's related to Middle Easterners. Rabbi Kahana, for me, is a western not an eastern phenomenon, practically straight from America."

If that's the case, why haven't people from that group joined the existing movements which might be considered close to their hearts? The East for Peace members answered this question by saying that thus far they haven't found their place in the existing structure. Our very existence in the Middle East needs to be re-emphasized. This issue is the crux of the principles expounded in the manifesto: "The State of Israel belongs in the Middle East. The tendency to lose sight of this fact is not in the best interests of our people." And as for those who fear a potential process of Levantinization through assimilation, the second paragraph states: "Israel, as a modern state, will continue to pursue scientific and technological achievement for her development and for the betterment of the entire region."

It is no secret that Israel's educated Middle Easterners treat the Peace Now movement with great suspicion. There are those who believe that that movement treats Middle Easterners in a highly condescending fashion, "although it does excellent work." The new movement seeks to build a bridge of understanding between Arabs and Jews and its attitude toward the Palestinian problem is even more dovish than that of Peace Now. In paragraph five is found the basis for the establishment of a Palestinian body, although not necessarily a state. "The borders of the State will be carefully drawn by the State of Israel and in consideration of the legitimate rights of every people in the region, especially the Jewish people and the Palestinian people."

The East for Peace movement is well on its way. So wake up Middle Easterners.

9811

CSO: 4423/147

INTELLIGENCE OBSERVERS BEHIND SYRIAN LINES

Tel-Aviv BAMAHA in Hebrew No 39, 8 Jun 83 pp 17-18

[Article by Ron Shwartzman: Job Observers Behind Syrian Lines]

[Text] They see and are not seen. They are well within Syrian lines. On the other side of the border. They go about in villages under Syrian domination. They follow soldiers and civilians. They already know this area better than their own homes. They are IDF's observers who, with field glasses and other equipment, monitor the Syrians.

The observers are intelligence people. Their colleagues are secret agents and those in listening posts. Their mission is to discover the enemy's movements.

The borderline is their natural domain. In Lebanon they are often located a few hundred meters away from the enemy. The observers are often in the midst of firing. Therefore, in addition to professional training they are also full-fledged soldiers.

The observers are soldiers who originally were assigned to the Intelligence Corps. Their training includes a class in which they learn how to operate observation equipment, guidance systems, communications equipment, topography, field skills, camouflage and the structure of the enemy's armies. "Most of the training is done on location. It is here that the soldier acquires expertise and learns about the enemy in depth," says Second Lieutenant M., the observers' commander. "There is a big difference between what is studied in school and what is learned on location," he states.

The unit's job is to notice changes in the enemy's territory and to monitor activities, even routine ones.

Patience and Nerves of Steel

In order to fulfill their mission, they have at their disposal various kinds of field glasses and electro-optic equipment which augment starlight. The electro-optic equipment is utilized for long distances. Its advantage lies not only in its "knowledge" in the field. This system was developed by the Intelligence Corps and is considered the best of its kind in the world.

In the observation post of Jebel Baruch in Lebanon, observers watch the Syrian territory with the aid of the electro-optic system. The system has two television screens that display the Syrian area as if one were standing in its midst. The observers' room looks like a production studio of a television show or perhaps the control room of a large bank.

The soldiers also watch through conventional field glasses with utmost attention. Prolonged observation through field glasses strains the eyes. The concentration necessary for watching the television screens is also difficult. "It is impossible to work here without patience and nerves of steel," says Sh. "There are days when nothing happens. In order to withstand such days one needs nerves of steel." Second Lieutenant M. adds: "It is also important to make connections between various observations; one has to have a sense of when to look and in what direction."

The observers are happy with their assignment. In military lingo they are "big heads." At the same time they do not forego any opportunity to complain about the difficulties of the job. "It is a rather interesting assignment, up to the point when you know the area you are in charge of observing," says A. "From the moment you know the territory, you get used to the job and it becomes monotonous. It is carried out by inertia."

Back to the Post

Sh. hurries to comment: "We are lucky to be doing this in Lebanon. It is not that we enjoy being here, but at least there is some action."

Factors that make things difficult for the observers are the lack of physical activity and the limited social life. "One has to get used to all the idiosyncrasies of the whole crew," says A., and adds without concealing a smile: "When the commander sentences us, he does not send us to jail but back to the post."

At the end of each shift the commander prepares a report. "But when there is an expert or skilled soldier we let him prepare the report," says Second Lieutenant M. In order to know how to write up a report the observer has to be very knowledgeable. "There are things one pays attention to only because of personal interest. The participation of the soldiers in the final report makes the job more interesting for them," says D.

"In our unit I have no problem expressing myself. Everyone is willing to listen and take my professional opinion into account," says D. "We have earned this credit, because we know the Syrian territory better than anyone else in the IDF. When someone calls me to tell me 'I have observed this or that' I can determine if it is of any significance." "Sometimes high-ranking officers come here and I can be their guide for the area," says A. The interest in the job and the independence they enjoy contribute to their liking the job. "Sometimes I remain in the post a long time after my shift is over, because I want to see how things that I have observed develop," says Sh.

The responsibility that these young men are charged with is enormous. But they rebel at, or perhaps are humbled by the word "responsibility," A. says. "It is a responsible job, but even a driver has a responsible job. People's lives are at stake." At the same time the observers do not want to hear that their job is less important than that of combat soldiers. "Some people think that intelligence implies sitting with one's feet on the desk in an air-conditioned office in Tel Aviv. We are field intelligence," stresses Sh. Even Second Lieutenant Y. protests, and says: "The most glorified soldier on the battlefield has defeated, let us say, 10 soldiers. Is it necessary to pull the trigger in order to be a combat soldier?"

Speak not of the Army

The enormous responsibility--i.e., the "big head"--the knowledge and the expertise prevent the observers from talking to friends about their military service. Their friends who go home tell of their experiences. They can talk only to their colleagues in the post. Their problem is increased, so they say, when there is a military-political discussion and they are prevented from correcting other people's mistakes based on their knowledge. "I tell them, you are wrong, but I cannot explain it to you..." says D. "They usually understand." At the same time, although they do not divulge the intelligence that they collect, their opinions are highly regarded, because their friends consider them to be a reliable source. They take the utmost care to maintain secrecy. Every few sentences one of them hastened to tell me "Don't write this, don't write that."

They are angry with the press. According to them, what is happening on the field is almost always the opposite of what is reported. "To some extent the press is responsible for creating tension. They base their reports on broadcasts of Christian radio stations. These stations tend to heat up the situation," says Second Lieutenant M.

The question which irritates them most is whether they really know the territory in front of them. "We know it better than you know your own home," replies D., and says: "I wish I had the opportunity to walk around the areas I observe. At a certain spot there is a green sign the writing on which is not clear. I would very much like to be there and resolve this question."

Through the lens they get to know the citizens as well as the Syrian soldiers. "Sometimes I have the uneasy feeling that I am invading their privacy," says D., the crew's sergeant. "We know them so well that sometimes when we see a car which does not make the right turn we all shout 'he is going the wrong way, he is going the wrong way'...Sure enough, after a few minutes the car returns and makes the right turn."

Their opinion of the Syrians has not changed as a result of their job. "I have always known that they are human, too, but only after observing them does one understand what this means," says A. D. explains: "The Syrian soldiers, just like the Israelis, do not want to be there. It is not their country. They live in muddy tents."

Tension Dissipates with Time

The observers, who are usually on mountain tops, have had a rough winter. Now they call it "fun." They even complain about the summer: "Summer has brought back the fear," says D. "From the time that summer arrived the shooting has resumed and it is less pleasant to sleep here at night."

Second Lieutenant M.'s job is to be the liaison between the crews in the field and the parent unit. He is both father and mother to the soldiers. As part of his job he travels for long hours on Lebanese roads, which today are rather dangerous. Sometimes he travels 400 km a day within Lebanon. Moshe is used to the danger. "In the past, each trip gave me stomach trouble and tension. With time, tension has disappeared. What I am still not used to is the scenery. There are spots in Lebanon I always admire anew." From the post itself there is a magnificent view of irrigated fields in colors of brown and green. Among the fields there are Arab villages. On the hilltops above the post there are still some blankets of snow, the last vestiges of winter in the first days of summer. The post is surrounded by sentry positions and barbed wire. Within it there are several vehicles and huts. Recently a dining table was placed on the lane which divides the post. Another evidence of the arrival of summer.

The crew has its recreation facilities right on the post. The post itself is too small for sports activities. Yet, most soldiers do exercise in order not to lose strength. During their leisure time they watch the video, clean the post and their rooms and play backgammon.

Their workday includes many hours of observation. Division of responsibilities is done among the members with utmost respect to each other. If one has difficulties working one day, the others pitch in.

At sunset the breeze turns cold, sometimes winter jackets are required. Second Lieutenant M. calls in the whole crew in order to brief them and hear what is bothering them. The small post is quiet. The cold wind gets stronger and scatters the clouds above.

8646

CSO: 4423/148

GOVERNMENT TEACHERS IN WEST BANK DEMAND IMPROVED SALARIES

Jerusalem AL-SHA'B in Arabic 19 May 83 p 3

[Article: "Government Teachers; General Committee on the West Bank Demand Improved Teachers' Salaries--Through a Petition Presented to the West Bank's Education Officer--in Proportion to a Family's Monthly Requirements, Particularly in Light of Successive Price Increases and the Currency Devaluation."]

[Text] The petition stated: "We present this petition for the fourth time since December 1981, as teachers' salaries are dropping while the prices of basic commodities increase at a mad pace. The raises teachers get are not proportionate with the currency devaluation. The best example of this is the last raise teachers obtained at the end of last April and which amounted to 13.8 percent for the previous 3 months. On the one hand, it does not make up for the increase in prices and the currency devaluation which totalled 23 percent during the same period. On the other hand, this raise disappeared after only 10 days of its disbursement."

The committee presented two charts to compare teachers' salaries with a family's monthly requirements:

1--The chart shows the increase to teacher's salaries from April 1982 to the end of April 1983:

Level	Years of Service	Family Status	Base Salary as of April 82 in shekels	Base Salary as of April 83 in shekels
5	28	10	7,000	14,950
6	15	6	6,450	14,130
7	18	8	6,150	13,100
8	11	6	5,830	12,800
9	2	4	5,250	10,800

April 82 Salary in dinars

April 83 Salary in dinars

117	127
108	119
103	111
97	108
87	92

The committee added that it appeared from the previous index that teachers' pay increases reached 113 percent, while basic commodity prices for the same period increased--according to statistical sources--by 160 percent, and the purchasing value of the currency dropped by 75 percent.

Accordingly, teachers' salaries must be increased by 235 percent of what they were in April 1982.

It follows that the required percentage should make the average teachers' salary 20,600 shekels, whereas the current average is 13,150 shekels, so that the actual loss in salaries is nearly 7,450 shekels.

The petition stated that a teacher's family, made up of six individuals requires 21,950 shekels to lead a normal life. The following is a table of basic commodity prices for a West Bank family's monthly needs:

Category	Price in Shekels	Notes
Rent	2,500	Some people often pay more
Cooking gas	2,200	Price of five barrels
Heating oil	500	1½ cylinders
Water	200	---
Electricity	800	---
Flour	1,500	---
Rice	300	Price of 15 kilograms
Sugar	250	Price of 20 kilograms
Tea & coggee	200	---
Dairy products	500	---
Total	8,950	

Category	Price in shekels
Vegetables & fruits	1,500
Various oils	400
Meats	2,700
Eggs	500
Cleaning products	350
Clothing	2,000
Education	2,000
Medical treatment	1,000
Transportation	1,500
Miscellaneous	1,000
Total	13,000

The committee explained that by comparing teachers' salaries with a family's monthly expenses one can conclude how extensively they suffer, which, one way or the other, affects them psychologically and which reflects negatively on the educational system.

12325

CSO: 4404/428

ACTIONS AGAINST WEST BANK LABOR UNIONS DISCUSSED

Nicosia FALASTIN AL-THAWRAH in Arabic No 457, 7 May 83 p 11

[Article: "Federation of Occupied Bank Unions: Unite With Us To Stop Arrests, Suppression; Palestinian Working Class Is Truly Waging National and Class Struggle"]

[Text] In any country of the world, unions constitute the organizational medium and the struggle framework through which the working class acts to achieve its economic, social and political demands and goals.

The Palestinian working class has known various forms of unionist organization since the early years of the British mandate over Palestine. But the 1948 catastrophe and the displacement of the Palestinian people led to the destruction of the organizational structures through which various groups of people carried out their life and work. The destruction included the unionist organization of the Arab workers of Palestine--an organization that performed a vanguard role in both social and political spheres.

In the wake of the 1948 catastrophe, scattered attempts were made to reorganize the unionist structure of Palestinian workers in various pursuits.

There is now in the West Bank and Gaza Strip a broad unionist movement that organizes the Palestinian working class in its valiant social struggle and political national struggle against the Zionist occupation. Therefore, it is natural that this unionist movement would be subjected to acts of harassment by the Zionist occupation and to attempts to spread division and fragmentation among its ranks. The occupation authorities have persisted in their attacks against the Palestinian unions, their members and their leaders in an attempt to obstruct their work and prevent them from performing their role. The General Federation of West Bank Labor Unions issued the following statement on 8 March 1983 in the wake of a meeting held recently by the federation's council in the West Bank:

The General Federation of West Bank Labor Unions held its 53rd meeting of the fourth session on Friday, 25 February 1983, at the premises of the Ramallah and al-Birah Construction and Public Establishment Workers Union. This union was reopened after a 2-month suspension on a military order that included the arrest of Basim al-Barguthi, the union secretary general,

as part of the chain of acts of oppression aimed against the struggling labor unions in the West Bank. The council has issued this statement to the masses of the Palestinian working class and its allies inside and outside the occupied homeland:

First, the General Federation Council reaffirms its adherence to the resolutions issued by the 16th session and the preceding sessions of the Palestinian National Council--resolutions reflecting an eagerness to bolster Palestinian national unity, the independence of decisions and the singularity of representation and reaffirming our people's firm rights, which are embodied in repatriation, the right to self-determination and the establishment of an independent state.

Second, the General Federation Council denounces all of the authority's measures against the municipal councils and against the General Federation representatives in these councils. The council also condemns the gratuitous step taken by Ilyas Furayj, who has dismissed George Hazbun, General Federation representative, from the Bayt Lahm Municipal Council.

Third, the General Federation Council underlines its commitment to the unity of the Palestinian labor movement in the West Bank on the bases of democratic struggle founded on general national consensus. In this regard, the General Federation Council rejects all the organizational frameworks that some people are trying to impose on the unionist movement and hold these people fully accountable for the historic responsibility emanating from their failure to abide by the rules of general national consensus.

Fourth, the General Federation Council denounces all of the authority's oppressive measures against the unionist movement and its program of struggle. These measures are embodied in:

A. Storming and closing the premises of the following unions:

The General Federation of Labor Unions in the city of Nabulus, the Construction and Public Establishment Workers Union in Ramallah and offices controlled by this union, the Public Establishment Workers Union in Abu Dis, the Jerusalem Electricity Company Workers and Employees Union, the Tulkarm Public Establishment Workers Union and its office in Qalqilyah, the Bayt Lahm Public Establishment Workers Union, al-Khalil labor unions, the General Commerce Workers Union, the Apparel Workers Union and the Jericho Establishment Workers Union.

B. Arrests: The authorities have arrested the following unionist colleagues:

Nabil Abu Sariyah, Executive Committee member and the secretary of the Jerusalem Printing Press Workers Union.

'Adil Wazwaz, Federation Council member and the secretary of the Jerusalem Food Industry Workers Union.

Basim al-Barguthi, Federation Council member and secretary of the Ramallah Construction and Public Establishment Workers Union.

Anwar 'Arafah, member of the Executive Council of the Jerusalem Electricity Company Workers and Employees Union.

Ghattas Bawshah, Federation Council member and member of the Executive Council of the Ramallah Apparel Workers Union.

Musa Mahmud, member of the Executive Council of the Jerusalem Food Industry Workers Union.

Qasim al-Qawasimi, ex-member of the Executive Council of the Jerusalem Hotel Workers Union.

Khalid Abu Hilal, ex-member of the Executive Council of the Jerusalem Hotel Workers Union.

'Ali Abu Hilal, Federation Council member and secretary of the Abu Dis Public Establishment Workers Union.

Fayasi Wazwaz, Federation Council member and member of the Jerusalem Printing Press Workers Union.

'Abd-al-Nabi Ahmad Ghandur, Federation Council member and member of the Nabulus Construction Workers Union.

Ahmad 'Abdallah Jalayitah, member of the Executive Council of the Ariha Establishment Workers Union.

Muhammad Abu Zayd, Federation Council member and member of the Executive Council of the Bayt Lahm Medical Professions Union.

'Imad al-Labadi, (fulltime) member of the Tulkarm Construction and Public Establishment Workers Union.

C. House Arrests: Leaders and active members of the unionist labor movement have been and are still being exposed to numerous orders for house arrest issued against them.

Fifth, the General Federation Council appeals to all labor unions, labor organizations and Arab and international organizations to exert efforts for greater solidarity with the struggle of the masses of our workers and people to put a stop to these oppressive measures. The council also urges these organizations to exert efforts to form solidarity committees to defend the struggling [Palestinian] labor movement.

The General Federation of Labor Unions

General Secretary
'Adil Ghanim

8494

CSO: 4404/397

UNREST, VIOLENCE AT GAZA UNIVERSITY ANALYZED

Nicosia AL-HURRIYAH in Arabic No 20, 12 Jun 83 p 13

[Article by Salim Darduna: "What is Happening at Gaza University? The Muslim Brothers Gang is Practicing Violence and Terrorism Against the University's Students and Those Who Work There. More Than 60 Wounded in the Ranks of the Students. The University Administration Announces its Partiality for the Gang"]

[Text] For some time now, reactionary forces hiding behind religion have been trying to tighten their grip on and their control over the Islamic University in Gaza, benefiting in that attempt from the support of the arrogant partisans of reaction and the right, whether they are in the university administration and on the board of trustees or in established official positions. They are also trying to benefit from the forbearance of the occupation authorities vis-a-vis their practices. Indeed, many times they have received direct support from the occupation. While the occupation authorities practice the ugliest forms of repression and terrorism against the nationalists and the sons of the people, this gang called the "Muslim Brothers" is conquering the clubs and the institutions belonging to them as well as training for various types of combat and sabotage like karate, judo, etc. It is also becoming one of its main functions to attack the nationalist forces and slander them in the mosques and on various occasions. They exploit religion in this way without saying one word about the national rights of the Palestinian people or against the occupation authorities.

What is going on at Gaza University reminds us of the dirty and suspicious role played by this reactionary group in the past when it burned the Red Crescent institution and tried to liquidate the nationalist elements working there. The intention behind tying this incident and others to what is happening now at Gaza University is to expose and strip bare the suspicious role played by this group. We aim as well to point out to the nationalist elements, forces and institutions their responsibility of opposing this group. This event comes now not alone, but as part of a general reactionary plan in the occupied territories being executed by reactionary forces and the agents of the occupation, as well as the agents of the Jordanian regime, with the goal of creating reactionary alternatives to the PLO as the sole legitimate representative of the Palestinian people and obliterating the firm national rights of that people as represented in the right to return, to decide its

destiny and set up an independent nationalist state. It is their goal as well to propagandize for the defeatist solutions which the occupation authorities try to impose via their local reactionary instruments. This is what explains the spreading of reactionary activity which has occurred at the University of Gaza and has spread to include Bir Zayt University al-Najah National University and some other institutes.

A Suspicious Role

The positions and actions of some of the authorities at the university, especially in its administration and board of trustees, encourage and give direct support to this group so that it can play its suspicious role in obstructing the university's academic life and pulling it away from the nationalist role which other nationalist universities in the occupied homeland play in a worthy way. Often, these responsible elements in the administration give the green light for reactionary activity and for total and supportive partiality for this group. In the middle of last month, elections were held for the university workers committee. Two lists competed for the seats on its administrative board: the first was the list of the nationalist block, while the second was that which represented the reactionary gang called the "Muslim Brothers". In a democratic fashion, the majority of university workers sided with the nationalist block list, while the list of reactionary group called the "Muslim Brothers" lost. This caused the helpers and supporters of this group, with support from the university's administration, to create disturbances and problems. They called for a strike and practiced some forms of violence and attack against the nationalist elements, as if it were an open, rehearsed stage play. The university's board of trustees intervened openly and issued an order freezing the work and activities of the democratically elected workers' committee. It also appointed a legal committee to draw up a basic system for the workers' committee, claiming that this decision had come after the arbitration committee had failed in its attempt to solve the problem between the parties to the conflict at the university. After that, the university's administration appointed one of its members as a legal counselor whose job it would be to call all the university workers to a general meeting in order to discuss what was called the new system program for the workers' board, knowing full well that university regulations do not permit a member of the university's administration to call such a meeting. Such a meeting can only be called by the president of the university, the elected workers' committee or a third of the members of the general workers' board of the university. The goal of the university's administration in calling such a meeting was to take over the role of and, indeed, to negate the democratically elected workers' committee and to impose what was called the basic system plan for the workers' board. This helped push the elected committee to issue a statement in which it demanded that the university administration and the board of trustees bear their historic responsibility and stop all inflammatory actions and place a limit on these illegitimate and irresponsible practices of the university administration, in order to preserve the university's proper course of action. The statement also placed direct responsibility on the university administration and the board of trustees for having entered the struggle as a direct participant with

the goal of confronting the elected committee, as well as for siding with the other side and being unprepared to meet with any members of the elected committee.

Following the escalation of provocations and violent acts and the clear and exposed partiality of the university administration, the elected committee called for a general strike which would continue until the university satisfied the workers' demands and recognized the legitimacy of the committee, and until the university administration gave in and began a fundamental process of reforming the corruption, patronage and poor administrative and academic situation at the university, so that it would be able to play its natural role together with the nationalist universities in the occupied homeland and become a nationalist Palestinian university for all the sons of the people.

Following the issuing of this statement calling for a strike, the great majority of the masses of the students and workers at the university responded positively, which pushed the university administration and the board of trustees to suggest to the hate-filled reactionary group called the "Muslim Brothers" that they pick quarrels with the students and engage in acts of violence with sharp instruments, which caused the destruction of the university cafeteria and the wounding of more than 60 students. This caused the university administration to threaten a number of activist students who were members of the nationalist block with expulsion.

These acts impel us to beg all the nationalist forces and institutions in the occupied regions to save this nationalist and academic fortress. We demand that the Higher Education Council and all educational and instructional institutions in the occupied homeland announce their solidarity with and support for the demands of the nationalist masses of the students that the university administration's crude interference in the curricula and the internal life of the university be stopped. This interference is transforming the university into a fractional institution which serves the interests of a reactionary, bourgeois section of the sons of the feudalistic families in the Gaza strip. We demand as well support for the democratic rights of the student body and the workers at the university to practice their unionist and nationalist role without interference or tutelage from any corner.

12224

CSO: 4404/461

BANKING FORECAST FOR 1983 PRESENTED

Tel Aviv MA'ARIV in Hebrew 31 May 83 (Business supplement) pp 14-15

[Article by Leon Reqnati, deputy director of Discount Bank: "What Is Expected in Banking in 1983"]

[Text] The banking system reflects overall economic activity so that the question "What is expected in banking in 1983?" is the same as asking what will happen in the overall economy.

It would seem that at the end of May, with about 40 percent of the year behind us, we can indicate some expected trends. In fact, it is difficult to determine the relative weight of some of the trends being set and the direction of their net effect on the system's profitability and balance sheets. This, even if we are prepared to suppose that there will be no far-ranging changes in economic conditions, whether for political or other reasons, and no policy change in the areas of salary, employment and exchange rate, and that the rate of inflation will remain at its present level.

The Demand for Credit

The demand for credit is on the upswing, and there are forces at work which will strengthen this trend, especially with regard to non-indexed shekel credit. Regular credit extended to the public has already risen by 55 percent since the beginning of the year, but it is necessary to keep in mind that its share of the overall banking system credit does not exceed 10 percent so that a relatively small change in the remaining 90 percent can have a radical effect on that credit, on which almost all of the attention is focused. The high rate of inflation increases the need for financing for the renewal of inventories and the meeting of regular payments. The reduced credit ceilings in foreign currency result in the transition to shekel credit.

The inability of the corporations to garner capital on the exchange will also affect their utilization of lines of credit from the banking system.

The relative low cost of this credit contributes to an increase in the demand and of its usefulness to the borrower. A continuation of this situation would cause serious damage to the profitability of the system. In fact, today, it is worthwhile for customers to overextend their credit and, at the same time, to

use certificates of deposit. This is still only a fringe phenomenon, but it is symptomatic of a reality in which credit has been extended in recent months at negative real cost.

The surplus of demand for credit and the use of authorized and unauthorized overdrafts has caused high liquidity deficits for the banks and sharp competition for resources. In order to withstand these pressures, the banks are taking steps in four areas:

1. The imposition of internal ceiling and restrictions as a kind of self-restraint on the increase of credit.
2. An increase in interest on credit deals.
3. Competition for resources.
4. The mobilization of capital.

This first step is relatively mild, and the branch bank system is familiar with this device from the years in which there was an external administrative restriction. At the moment the banks are forced to implement similar restrictions by means of an internal decision without the intervention of the Bank of Israel.

In fact, it is a matter of freezing credit frameworks which are actually drawn down each month to the desired level. Each quarter a problem is created when, at the same time, the customers are obligated for approximately 24-30 percent interest and have difficulty paying it in a short time.

The second step is more complicated because raising the basic interest is connected with treasury policy and is not flexible enough to change in accordance with market conditions (in March 1982 the interest was lowered by 4 percent and in June 1983, after 15 months, it will be raised by 4 percent; sliding interest will be raised by 10 percent.) In such circumstances we can assume that there will be a strengthening of the tendency to establish the interest rate on the basis of the worthiness of the transaction and on the basis of the client's general activity with the bank. Banks which began to do this in 1982 succeeded in achieving a higher interest margin.

The policy of the Bank of Israel will be to continue to maintain a real level of credit while continuing to reduce directed credit. The quantity of shekel resources available to the system will not suffice. It is desirable that the Bank of Israel increase its credit window and/or increase the credit ceilings in foreign currency and/or reduce the liquidity debt. Each of these approaches will help in reducing liquidity fines and raising the income margin of the banks in credit transactions.

Mobilizing Resources

There is a school of economists which is of the opinion that, under inflationary conditions, the tax laws are likely to contribute to a reduction

of credit demand pressures, in that they do not make it more worthwhile to borrow with interest recognized as an expense and to invest one's own capital in financial properties, an activity which was formerly intended as a hedge against inflationary taxation.

Even though there is an economic basis for this claim, and there are those who say that the exodus from the exchange is testimony to the sale of financial properties, it does not seem that this phenomenon will be very powerful or influential on the demand for credit. The increasing competition in the system for resources, especially shekel resources, is expected to reduce the interest margin in the system in 1983.

Since the removal of the administrative restrictions on the volume of credit, a bank can, in fact, grant credit according to the resources that it is able to muster. If it is in a liquidity deficit as a result of the credit crunch, it pays a deterrent fine, and it is more worthwhile that it not do so but, instead, mobilize short term deposits, even at high interest rates.

In these circumstances the interest margin is decreasing, and if the liquidity deficits continue at the level of the months of April and May, then the profitability of the banking system in 1983 will be seriously affected.

When administration of short term deposits was decided upon, the assumption was that more than 50 percent of the accumulation in these accounts would come from alternative channels, especially from local resident deposits.

It is difficult to separate the totals and decide which portion of the resources now found in short and long term accounts, the total of which has now passed the 42 billion shekel mark, would have remained in regular accounts had they not been administered. From the beginning of the year they have grown by 50 percent, which is 14 billion shekels, while regular accounts have grown by 7 billion shekels, which is 40 percent. Instead of a transfer from PTM, which was forecast to be an important source if not the principal source of the new shekel resources and compensation for the profitability of the system, we see a growth in PTM of 14 billion shekels from the beginning of the year and very large purchases of dollars in cash. The regular accounts share of shekel resources is diminishing, which is having serious consequences for the banks' profitability. Its share at the beginning of 1982 was 60 percent, while its share now has dwindled to just 33 percent.

The transfer from regular accounts to short and long term accounts will greatly increase the cost of mobilizing resources of the system. One of the ways to prevent additional erosion from regular accounts to short term accounts is to significantly raise the minimum sums for short and long term accounts.

In order to understand the degree of damage to profitability that has occurred from the rapid growth of interest-bearing shekel accounts, it is sufficient to make the rough estimate that one billion shekels in regular accounts is equal to 10 billion shekels in long term accounts.

In acquiring resources, the banking system faces an additional difficulty, a difficulty which could be termed monetary taxation that falls only on the banking system, which includes high liquidity of deposits and of credit and a low rate of interest paid by the Bank of Israel on surpluses which it holds. At the first step of 20 percent, the rate is fixed at 0 percent interest. This monetary taxation neutralizes a part of the banks' advantages relative to financial intermediaries. If we add to this the creditor interest which is relatively low because of its dependence on the rate of bank interest, we find it increasingly worthwhile to create meeting points in the grey market for infusions of funds from outside the banks. Clearing houses within economic groups, kibbutz economic organizations, monetary concerns and brokerages transfer to the banks only net sums after setoff, a phenomenon which hurts both the margin and the resources available to the system.

This phenomenon of the development of a grey market not under the supervision of the Bank of Israel is not desirable from the point of view of monetary policy. It would be reasonable to consider steps to reduce the gap that works to the disadvantage of the banking system by lowering the liquidity debt and paying higher interest on surpluses deposited with the Bank of Israel.

Another way to lessen the discrimination between the banking sector and the economic sector is through activities in the open market by means of short term loans operated by the Bank of Israel for depression or stimulation. This tool would make it possible to lower the liquidity debt because of the ability to use it for depression. Three-month short term securities marketed in large units and sold only centrally to the banks can aid in stabilizing the monetary base, which is nowadays subject to sharp oscillations because of changes in the level of government stimulation and the level of depression by the foreign currency market. The effective use of this tool would require flexibility in the interest rate in the economy. The interest rate on a short term loan would be the basis for determining bank and creditor interest, and, thus, would enable the central bank to influence the price of money and to operate monetary policy over a wider area of the economy. At this stage it seems that the use of this tool will be postponed until next year.

Capital Mobilization

Much has been said in recent years about appropriate capital and the need for banks to have their own capital. In fact, the mobilization of capital in the years 1980-1982 was a very important source of heavy capital for the system: 17 percent in 1980, 43 percent in 1981 and 324 percent in 1982.

The banks need and want to mobilize capital in 1983 on the condition that the stock market situation will permit it. The non-mobilization of capital on time will prevent a reduction in liquidity deficits and add to the sharp competition for short and long term deposits and the pressure on the Bank of Israel to increase the monetary window or to decrease the rates of liquidity debt.

The mobilization of capital is a vital source of heavy capital for the banks to implement their investments. In my opinion, it will not be possible this year to mobilize all the heavy capital required by issuing capital. It is necessary

to stimulate the banking system with additional significant sums by renewing the issuance of IOU's for free use that will be aimed at financing investments.

Fees

As a result of the increase in activity abroad, the banks are required to invest in the capital of their subsidiary corporations in parallel with the growth of their properties. Capital is also required for investment in computerization and automation. But, as a consequence of the inflationary tax laws, there has been a lessening of the need to purchase structures for branches as a defense against capital drain, and when there is a shortage of capital for other purposes, the banks will increase the percentage of rental property. It seems that in 1981 the mobilization of capital will serve as a new source of heavy capital at a rate that will not exceed 20 percent. There is a parallel expectation to implement the proposal to allow the banks to revalue their property. Revaluation of property is a response to the image problem that the system has when the percentage of its own capital in relation to property stands at 1-2 percent. If the real value of property is maintained by revaluation, and, at the same time, owned capital is increased, the gap or decline in the level of owned capital results only from a real growth rate of the balance sheet and from the portion of the capital that we invest in property, so that the need to increase capital for image reasons is much less.

Operating Expenses

An important source of bank income is the area of fees. The system must diversify its income from this source in order to increase it and to adjust the fee structure to the real price of costs. Fees constituted about 50 percent of the interest margin in 1982. It seems that now, in 1983, the share of securities fees has declined because of the decrease in capital market activities, both activity fees and subscription fees.

The clear tendency in banking in general and in Israel in particular is a reduction in financial margins as a result of the improvement of the market. Therefore it is difficult to expect an improvement in profitability on the income side. But, in conditions of rising inflation, we are witness to a growth in operating expenses. The improvement in bank profitability is dependent more continuously on the ability of the system to brake the growth in operating expenses.

On the expenditure side the banks are making an effort to reduce the growth in manpower despite the growth in the scope of activities, including various charge activities which replace various government levy systems. This is not little, due to the aid of automation and mechanization which the banks implemented under various fixed instructions and authorities. Almost all the banks continue in 1983 not to increase their manpower quotient, a central objective in reducing expenses throughout the system, including subsidiary corporations, regular, part-time and temporary workers. The banks did well in this in 1982, despite rumblings in the currency market and the general tendency toward an increase in the need for and use of bank services as a result of

activities by the public in defense of the value of its money through immediate adjustment of its financial properties portfolio.

A surprising phenomenon which began in 1982 and is continuing in 1983 is the powerful growth in the quantity of checks. After a downward tendency until the end of 1981 from 430 thousand checks a day, we reached 560,000 checks a day in December 1982, while the speed of the accounts cycle is up to 300 times a month as compared to 150 at the beginning of 1982. This phenomenon increases operating costs and causes violent oscillations in daily surpluses in the accounts.

On the system's labor relations front, a difficult year is expected after publication of the banks' general statements were taken as justifying and enabling larger salary increases. The administrations will have to work hard to explain the drop in operating margins over the long term.

In 1983 the banks will strive to complete the installation of new terminals in the system, and the large investments in computerization, terminals and self-service stations are expected to decrease the growth in manpower-consuming activities, especially in the areas of assistance, information and cash withdrawals. About 30 percent of cash withdrawals are already done on kaspomat machines, and I estimate that within 2 years the rate will rise to 50 percent. Also in line with the idea of decreasing the need for manpower increases are the self-service terminals, fixed instructions of various kinds and ways of debiting and crediting an account that reduce waiting in lines and transfer the burden to computer programs. This is one of the accomplishments of the banking system without which it would employ 20-30 percent more workers.

The rate of credit card growth was extremely accelerated, and there are now 600,000 cards. About 25 percent of bank customers hold such cards. It is expected that the tendency toward the increase in their distribution will continue and that their use will increase as they are converted fully to multi-purpose cards. The implementation of transactions by means of vouchers instead of checks is more economical for the system and is a transitional stage toward the implementation of an electronic paperless debiting system which would be convenient for the three groups involved in the system: stores, customers and banks. Because of the cost of such systems it is expected that the experiments to implement them would be covered by the entire banking system and would only be tried where the frequency of use would justify the expense, especially in gasoline stations.

Also expected this year are initial experiments to connect large customer terminals to the banks' computers in order to provide information on activity and surpluses, even though only a few such connections are expected by 1985/86.

The Capital Market

In parallel with the trend in many other countries, it is expected that in Israel, as well, better use will be made of the large investments in computerization and technology through the cooperation of the banking system by enabling joint use of tools and equipment wherever such cooperation does not

give an advantage to a competitor or detract from the competitive ability of one of the banks.

Under the banking legislation, a period of 3 years has been established for coordination of the organizational structure to separate bank business from investment business. A reorganization is expected of the banking groups involved in this separation with the establishment of maintenance firms and new firms which would be able to serve as a lever for the mobilization of capital, for the expansion of the group's business and also enjoy the tax advantages of such capital mobilization--the ability to deduct 50 percent or 100 percent instead of the commercial bank limit of 20 percent, in accordance with the tax legislation under inflationary conditions.

The reform in the capital market in the area of investment funds and mortgages will be implemented shortly and will tend to bring about an improvement of the market and an increase in competition for resources and associated uses, which will tend to hurt the bank margin on mortgages.

The crisis in the stock market will hurt profitability this year as compared to 1982 in the lack of capital profits from the sale of securities and in the lessening of activity and subscription fees. In order to strengthen the stock market, it is necessary to expand the framework available to institutional investors, first and foremost the investment funds, to invest in stocks and to amend the tax legislation so that an upswing in the stock market will not be taxable unless a profit is realized.

The year 1983 will also be the first in which the banking system will come to terms with the redemption of savings programs in large amounts. For the first time in 1981 programs were administered for 2 years, and the redemptions now show that the accumulation under this program is different in nature from the regular accumulation in terms of the profile of the savers. Such a short-term program is very damaging to the profitability of the system. Some of the inducements given 2 years ago were made on the assumption of a continuing higher rate. Likewise the redemptions have brought about a situation where the system has a surplus of coverage in IOU's, and the banks were forced to sell their holdings in marketable IOU's to cover the savings, at a loss which wiped out all the profitability of the savings program for a number of years.

Activity Abroad

After the accelerated opening in recent years of branches, extensions and banks in the major financial centers of the world, a slowdown is expected in this direction because of the enormous administrative load on the system and the expenses involved in setting up the network and developing it and also because of the need for additional capital investment in subsidiary corporations abroad. Such capital increase requires the authorization of the Bank of Israel, which has announced that these kinds of investments abroad will be restricted both quantitatively and qualitatively. This new situation, in addition to the lack of capital for such investments, means a growing reliance and dependence upon the profits made by the subsidiary corporations abroad as a source of capital which will make additional growth possible, while at the same

time preserving the capital/property ratio required abroad. It follows the more profitable subsidiary corporations can be expected to flourish at a more rapid pace in the coming years, and vice versa.

The net obligations of the banks abroad grew within 2 years to 5 billion dollars from 2.8 billion dollars at the end of 1980, which is a rate of 80 percent and is the result of the banks' success in mobilizing deposits and lines of credits in their foreign branches and in Israel.

The country's reserve situation has been improved as a result of the transfer of export financing from the Bank of Israel to the banks and as a result of the mobilization of means by the system in the form of credit for intermediate periods of up to 5 years. After these devices were used to maintain the reserves, it is likely that the increase in the balance of payments deficit will bring about a situation in which the banks will have to mobilize additional funds abroad.

Given the background of the balance situation and the increase in the foreign debt, such a mobilization will likely be harder to obtain and will reduce the capability for future mobilization by the banking system abroad, and, in parallel, will raise the cost of financing from this source.

The banks will do well in 1983 to put less emphasis on quantitative growth of the balance and to concentrate more on improving profitability by improved screening of borrowers and securities. However there are signs of an effort at improving the banks' operating margin, both by increase of the interest rate and adjustment of fee structure, and by saving on manpower and operating expenses, which will be accompanied by additional automation and by inter-bank cooperation in the operation of technological systems.

The banks will also make an effort to mobilize additional capital as an important source for supplemental shekels for deficit reduction and for needed investments. These sums are likely to be in short supply if the proposal for revaluation of property should be implemented and the issuance of IOU's for free use be renewed.

9794

CSO: 4423/146

PROPOSED TAX ON BANK ACCOUNTS WITHDRAWN

Tel Aviv MA'ARIV in Hebrew 6 Jun 83 p 5

[Text] The proposal for taxing bank accounts was withdrawn yesterday, only 5 days after being brought up with quite a bit of fanfare. It is easy to sympathize with Finance Minister Yoram Aridor, who complained about his colleagues in the ministerial committee for economic affairs. A few days ago they unanimously supported the new tax but enthusiastically joined the opponents' camp when protests became vociferous.

Undoubtedly, the matter casts a deep shadow over how decisions are arrived at in the government and on those ministers (TAMI representatives, for example, to whom Mr Aridor referred when he said "some in the coalition") who only know how to demand budgets for their pet projects but are unwilling to come to grips with the budget problems and the priorities of financial sources in enlarging budgets. In defense of the finance minister it should be said that this time he is not prepared to follow the seemingly "simple" route and increase income tax rates (as TAMI demands) and value-added taxes. There is no doubt that raising these taxes will further jeopardize and distort the workings of productive industries. In many cases the hikes will remain on paper, since they will increase tax evasion and only make collection more difficult.

Not only the ministers changed their minds when opposition to the tax became stronger. The bankers with whom Mr Aridor consulted prior to bringing the proposal up in committee and who supported it also kept quiet in recent days and did not come out in support of the finance minister. The lesson he can learn undoubtedly is that the methods of "twisting arms" which he employs in his relations with bankers help in creating a choir of "yes" men, but do not necessarily ensure actual support of his economic plan.

While the failure of the tax on bank accounts is a failure for the ministers and advisers who turned out to be no better than a broken reed for the Finance minister, it is also a failure of the Finance Minister himself and his aides. The economic administration of the state must not appear to be the kind that "tries" to levy one tax and, when it fails, simply tries to levy another.

The unfortunate episode of the tax on bank accounts can turn out to be beneficial after all if Aridor now insists and calls on his colleagues to come to

grips with reality and cut their ministries' budgets so as to make up for the taxes that have not been levied. This saving in government expenditures, which may amount to IS6-10 billion will not only free up funds necessary for maintaining the IDF in Lebanon, but will also drive home the realization that the most important shekel in the budget is the one which was not spent.

8646

CSO: 4423/148

MINISTERS' PRIVATE BUSINESS MAY BE RESTRICTED

Tel Aviv DAVAR in Hebrew 30 May 83 pp 1-2

[Article by Tuvya Mendelson: "The Government is Discussing Minister Levi's Proposal to Restrict MKs Private Business"]

[Text] Prime Minister Menahem Begin yesterday joined his deputy, David Levi, when he said at a government session that since the ministers have taken it upon themselves to restrict their private business undertakings, the same should be required of Knesset members.

Minister David Levi requested that restrictions be placed on MKs insofar as private business undertakings related to activities of the government and government institutions.

Minister Levi's criticism of the private business activities of Knesset members came against the background of reports claiming that MKs, who were lawyers by profession, were involved in representing entrepreneurs and contractors selling land on the West Bank.

Sources within the Likud interpreted the Deputy Prime Minister's statements as an indirect attack on MKs Roni Yalo and Ehud Ulmart.

David Levi directed harsh criticism against those Knesset members, both in the coalition and the opposition, who are involved in private business related to economic subjects discussed in the Knesset. Following his statements, a debate broke out in the government which lasted for more than 1 hour. Apparently, most of the ministers are of the opinion that private business involvement should be restricted if the business effects a Knesset member's public duty, or if it relates to subjects dealt with by the government and the Knesset.

Exploiting the Position of MK

The government's legal counsel, Yitzhak Zamir, said in this regard that the use or exploitation of the position of Knesset member could adversely affect the progress of certain issues.

Ministers 'Aridor, Burg, Sharir, Tzipori, Ozen and Nisim joined in support of restricting MKs' activities, but it should be noted that the majority in the government supports the Knesset decision and not the law.

Minister of Justice Nisim has already brought several suggested restrictions before a Knesset subcommittee. Among other things, there is the possibility of requiring every MK to submit an annual financial statement, which would not be made public. Another restriction might be prohibiting MKs from receiving private clients within the Knesset building itself. Also, the suggestion was raised in the subcommittee that a task committee be established to discuss and deal with specific problems arising from MKs' private business activities.

Minister of Tourism Avraham Sharir suggested including a clause prohibiting MKs from earning more than 10 percent of their Knesset salaries through outside business activities which relate to their professional positions as MKs. A similar law exists in the United States.

As mentioned above, the Prime Minister also expressed his support of restricting the private activities of MKs.

Following the discussions in the government yesterday, on the conflict of interest between the private activities and public duty of MKs, the faction "Change" suggested that MKs who are lawyers by profession should not represent public or governmental bodies.

DAVAR's Knesset correspondent reported that MK Dov Zachin (Mapam-Alignment) demanded an urgent meeting yesterday of the Knesset committee to discuss the involvement of MK/lawyers in businesses related to government offices and firms.

MK Zachin also asked for a decision on his proposal to limit an MK's income to his Knesset salary, or, alternatively, to limit his outside income to half his Knesset salary.

9811
CSO: 4423/147

NEVATIM AIRFIELD TO BE OPERATIONAL BY OCTOBER

Tel Aviv DAVAR in Hebrew 31 May 83 p 10

[Article by Amir Rosenblat: "Nevatim Airfield Will be Operational in October"]

[Text] The military airfield Nevatim at Tel Milhata in the eastern Negev will be operational by the beginning of this October, this based on predictions and planning estimates from the Ministry of Defense.

Housing for pilots' families and career army personnel, who will be living on the base, is well on its way, and a large percentage are already completed. According to projections, the first families of pilots (whose children have already been registered for the next year in pre-schools and elementary schools in Arad) will move in during the month of August.

Work on other sectors of the airfield has been accelerated. Dozens of tents dot the area around the runways, as well as other temporary dwellings belonging to Bedouin families who have not vacated the area.

The regional operations manager, Dudik Shoshani, reported yesterday that thus far around 470 families have been evacuated from the airfield, families who reached an agreement with the administration on an alternate area to which they will be moved and on the amount of compensation they will receive. Shoshani said that around 260 families remain in the area of the airfield, and they will have to leave by the end of July.

The regional operations manager pointed out that most of the families have left willingly, to the villages of Kasaifa and 'Arur, which are now growing rapidly. In his estimation, within 4 months, 60 new housing units will have been built in Kasaifa, and the new houses in 'Arur, among them structures designed to be used as a health clinic and pre-school, will be hooked up with the electrical network at the end of June. The water system has already been completed and street lighting will be functional by the end of the summer.

Dudik Shoshani also indicated yesterday that a large percentage of the families who have already been relocated to Kasaifa and 'Arur and who received agricultural land as compensation for the land they gave up in Tel Milhata, will not grow vegetables but have chosen to plant orchards, mainly olive trees for oil and food consumption.

Sources involved in the construction of the airfield said yesterday that air force planes landing on and taking off from the only operational runway on the field present a real danger to those residents still in the area, because the distance between the strip and the nearby tents is only 500 meters.

Recently, a new 24-kilometer long road was begun to connect the airfield to Dimona, which will be completed around April of 1984.

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CS0: 4423/147

BRIEFS

NEW IMPROVED COMMAND CAR—A new command car, model 1984, whose specifications are much improved over previous models, has been developed at Ta'assiyot Rehev, Nazareth. The most significant improvements are the enlarged bed capacity, from 3.4 to 5.2 sq. m. and the moving of the passenger benches from the sides to the center. The passengers thus face the outside, giving them better protection. This also enables more efficient utilization of the vehicle for routine security tasks, again, since the crew is seated facing the outside. The benches can also be moved and attached to the sides. In addition, there are less arches over the bed, making it easier for the crew to jump off in an attack situation. The front window of the command car is divided so that the person operating the machine-gun and who sits next to the driver can do so without exposing the driver to wind and rain while driving. Two additional machine-guns have been mounted on either side of the vehicle, thus giving the vehicle considerable firepower. An antiskid device has also been installed in the new command car, which prevents a wheel from locking during a skid and adjusts its speed to that of the other wheels. This prevents the vehicle from turning over in a skid situation and increases its mobility in water and mud. The vehicle's mobility was further enhanced by the installation of a waterproof starter, manufactured in Israel, which enables it to move through water up to 76 cm in depth. The pedal system in the 1984 model was changed by eliminating the difference in height of the pedals that existed in previous models. A new relay system has also been installed, which is easier to handle. Seats have been improved; an electronic ignition has been introduced, and removable batteries (NATO batteries) have been installed. The latter are easier to service than existing ones. The export price of the new command car is \$21,000, considerably less than the \$30,000 price for its German competitor—the Mercedes Unimog. Many orders have already been placed with Ta'assiyot Rehev, Nazareth, which recently won an award for exports. The command car will become operational in the IDF by the end of the calendar year. [Text] [Tel Aviv BAMAHAHE in Hebrew No 38 1 Jun 83 p 77 8646

KOOR PURCHASES TADIRAN SHARES—Koor is in an advanced stage of negotiations for the acquisition of a controlling share in the Tadiran electronics firm. Koor now holds about one half of Tadiran's shares, while the other half is owned by the large American company General Telephone. Recently General Telephone decided to sell some of its Tadiran shares. Subsequently Koor initiated negotiations with the American firm. Some other Israel firms are

also interested in the acquisition. Tadiran is considered to be the largest electronics firm in Israel. It is large even by international standards. It employs 17,000 workers and exports \$150 million annually. Tadiran also owns 26 percent of IEL, another electronic firm, which it owns jointly with the German company Siemens. Tadiran has plants in Holon, Petah-Tiqwa, Beyt-She'an, 'Afula and Tel-Aviv, as well as in Europe and the Far East. Recently Tadiran won a large tender with the American Army for the supply of communications equipment after a tough struggle with an American firm. If Koor indeed acquires Tadiran, it will in effect control the entire electronics industry in Israel, since Koor already owns Telrad and Telkoor, which together account for \$130 million in exports annually. [Text] [Tel Aviv YEDI'OT AHARONOT in Hebrew 6 Jun 83 p 8] 8646

CRITICISM OF MABAT POLICIES--Employees of the Broadcast Authority are not permitted to engage in private employment without obtaining permission therefor from their superiors. This decision was reached yesterday unanimously at the meeting of the Administrative Committee of the Broadcast Authority. Yosef Lapid said that in an investigation which he conducted he found that procedures are not being carefully followed. Ahuva Miron criticized the judgment of the editorial board of MABAT, saying that she is surprised about how topics about the Peace Now March enjoy wide coverage, while topics such as the opening of the IRGUN Museum in Jaffa, the memorial service for the victims of the ship Altalena, and the unveiling of the monument to the victims of Gush Etzyon enjoy no coverage at all. According to her, the matter started with the appointment of Mikha'el Karpin as editor of MABAT and the transfer of Rafiq Halaby to the editorship of the news. The General Manager of the Authority agreed that in a number of instances there was an error in judgment. He noted that there was a directive that covered the celebration of 10 years of the broadcasts of the Voice of Peace, but that there was no directive covering the memorial ceremony for the victims of the Altalena. [Text] [Tel Aviv HATZOFE in Hebrew 31 May 83 p 1] 8090

DECISION TO REJECT EXPROPRIATION--The military appeals committee has issued a decree forbidding the expropriation of 55 dunams of land from the village of Karf Thalath, explaining that they were private property, whose owners had every right to do with them what they wished. The decree followed a complaint by the land's owners in response to the military authorities' decision to expropriate the property. [Text] [Jerusalem AL-QUDS in Arabic 28 May 83 p 4] 12325

HELICOPTER EXERCISES--IDF training costs a lot of money. The war in Lebanon, they say, cut out a lot of training. It is therefore desirable that training be exploited to the fullest. The state controller has reviewed the training of a helicopter squadron, and the findings are not encouraging. It turns out that not a single captain in the squadron carried out all the missions. About 50 percent carried out 77-92 percent of the missions, about 28 percent carried out 60-70 percent of the missions, and the remainder carried out only about half of them. Most of the captains who did not carry out a large portion of the missions were reservists. [Text] [Tel Aviv YEDI'OT AHARONOT in Hebrew 31 May 83 p 10] 9794

APPOINTMENTS, MOOD AT IAI--There has been a recent turnover at the top in Israel Aircraft Industries. A few days after the replacement of the director, Dr Me'ir Dvir, by Shalom Ari'av, the directorate yesterday appointed three new deputy directors, to replace those who resigned or were forced to resign, and a plant director. The new appointments were a source of annoyance to several senior officials in the industry and to several people in the labor council who charge that some of the appointments were political. That charge was vigorously denied by industry management. The directorate appointed Yosef Qanti as deputy director for manpower and administration to replace Avigdor Kaplan. According to sources in the industry, Kaplan was removed from his position because he signed an agreement with the engineers, the implementation of which was delayed by the treasury. Since 1981 Yosef Qanti has served as manpower director of the electronics branch. Moshe Ur-Tas was appointed deputy director of the electronics branch. Until now he has served as deputy director for research and development. In the past, Ur-Tas filled senior positions in the aircraft industry. Before he was deputy director for research and development, he served as director of Elta for 5 years. Ur-Tas won the Israel defense prize in 1982. The directorate also appointed Nahum Dayagi as deputy director for research and development of IAI. Dayagi has served in the past in senior positions in the Air Force and as electronics officer. From 1971-1973 he was deputy chief of research and development for the defense system with the rank of colonel and for the last 5 years was chief of administration for communications and electronic warfare at Elta. The fourth appointment was that of Uri La'dan as plant director IAI Ramta in Be'er Sheva. La'dan is a graduate of the Technion in electrical engineering and has a master's degree in business administration. He has served IAI in senior positions in engineering, quality control and marketing. He was also lent to Israeli television and served as director of engineering and a member of the broadcasting authority management. [Text] [Tel Aviv HA'ARETZ in Hebrew 30 May 83 p 2] 9794

CS0: 4423/146

JOINT VENTURES WITH WEST GERMAN CHEMICAL FIRM

Paris AN-NAHAR ARAB REPORT & MEMO in English No 25, 20 Jun 83 p 10

[Text]

Areas of cooperation between Kuwait and Hoechst, the West German chemicals giant, began to emerge last week with an announcement that three working parties are to be established to discuss possible joint ventures. Kuwait is the West German's firm largest single shareholder, with a stake of just under 25 per cent.

Hoechst Chairman Rolf Sammet told the company's annual meeting that progress had been most marked in the area of fertilisers, but added that joint ventures in petrochemicals, plastics and biotechnology were also envisaged. He specified that talks had so far centred on nitrogen fertilisers, a field in which neither Hoechst nor Kuwait at present has important cooperation agreements with third parties. Kuwait has an agreement with Tunisia covering phosphorus-based fertilisers, a connection which might lead to Hoechst importing Tunisian phosphoric acid, Prof Sammet stated. In addition, Kuwait is expected to be the main supplier for a new terminal Hoechst plans to build in Vlissingen in The Netherlands, to handle 40,000 tonnes a year of liquid ammonia.

Hoechst, which like other West European chemicals companies has been hit by the slump in demand for petrochemicals and plastics, is clearly eager to exploit the Kuwaiti connection. Prof Sammet summed up Hoechst's view of the developing relationship in the following terms: "The climate of our talks with Kuwait has been very constructive and full of trust. The talks give Hoechst an advantage in conducting the restructuring that is needed in the European chemical industry."

For the Kuwaitis, the partnership with Hoechst falls within the framework of efforts by the state-owned Kuwait Petroleum Corporation (KPC) to evolve into a major integrated international oil company. Horizontal expansion has been achieved so far with the purchase in 1981 of the US drilling and oil services company Santa Fé

International and the purchase earlier this year of part of the European refining and retail operations of Gulf Oil of the US (*An-Nahar Arab Report & MEMO*, February 7 and March 14). Last month KPC was reported to have renewed its interest in buying Gulf Oil's British refining and marketing operations.

For the moment, KPC appears to be content with its stake of just under 25 per cent in Hoechst. Though the acquisition of a full quarter of Hoechst's equity would give the Kuwaitis an effective veto over any decision by the company's directors, a stake that size would acquire the approval of the West German authorities. Nevertheless, KPC's role in Hoechst decision-making was expected to get a boost with the election to the West German company's supervisory board of directors of Abdul Baqi al-Nouri, the Managing Director of the state-owned Kuwait Petrochemicals Industry Company (*An-Nahar Arab Report & MEMO*, May 9).

CSO: 4400/421

KUWAIT

BRIEFS

WHOLESALE PRICE INDEX UP--Kuwait's wholesale price index was 2.1 percent higher in the last quarter of 1982 than in the previous quarter and 4.7 percent higher than at the end of 1981, the official news agency KUNA reported. It quoted a Central Bank report as attributing the increases mainly to a rise in food prices which went up 7.8 percent over the whole of last year. The index for household goods and appliances fell 0.2 percent in the final quarter of last year, but rose 1.2 percent over the whole of 1982, KUNA added. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 25, 20 Jun 83 p 4]

CSO: 4400/419

MOSCOW NARODNY BANK WINDS DOWN OPERATIONS IN BEIRUT

Paris AN-NAHAR ARAB REPORT & MEMO in English No 25, 20 Jun 83 p 9

[Text]

Before the Lebanese war exploded in 1975, a review of bank balance sheets in the early 1970s would have revealed the prominent role played by the Moscow Narodny Bank in terms of deposits and facilities granted. It was always among the 10 largest banks in Lebanon on account of the above-mentioned activities. Moscow Narodny attracted speculation centred on the nature of its deposits and facilities granted and on the volume of gold activity it conducted in Beirut and markets throughout the Middle East. The Soviet-owned bank is registered in London and has branches in Beirut and Singapore. It played an important role in financing trade with the Soviet Union and other members of the socialist bloc, providing a useful conduit for certain Gulf states which have no direct relations with Comecon countries.

However, Moscow Narodny's banking activities have been shrinking, particularly since 1982, and its management recently decided to release all Lebanese employees. The implication drawn by an outside observer is that Moscow Narodny is no longer interested in the Beirut market.

This impression was strengthened by the sale of Moscow Narodny's luxury office building, which was completed during the war years. The building is perhaps the third most important office block in Beirut which has remained relatively intact. It stands on a corner no more than 70 metres from Hamra Street and is close to the Sabbagh Centre, one of the two other prestige office blocks still in intensive use.

Reports indicate that the Moscow Narodny building, which has 6,000-7,000 square metres of usable office space, has been sold for LL 70 million (\$16.4 million) to purchasers who include two Lebanese: banker Georges Nassar and businessman Rida Aleywan, who has close Saudi Arabian contacts. Of the LL 70 million purchase price, LL 40 million (\$9.37 million) will be provided by a loan extended by the Byblos bank. The two-year loan is the largest ever made by a Lebanese bank acting on its

own and reflects the surplus liquidity currently afflicting Lebanon's banking system. The terms of the loan were not disclosed.

Two months ago discussions with a Lebanese-Saudi group interested in purchasing the building faltered before a deal could be concluded. The block has now been sold in an "as-is" condition and will require repairs costing LL 3-5 million. During the Israeli invasion and occupation of Beirut last September, the building sustained some direct hits, as a result of which repairs to glass and aluminium and some structural improvements are needed.

The architect of the deal was Dr Saeb Jaroudi, formerly Chairman of the Arab Fund for Economic and Social Development (AFESD) and now operating as an independent consultant.

The question of whether the Moscow Narodny Bank intends to withdraw completely from Beirut remains open. So far, it has insisted on retaining some street level areas in the building for its own use.

CSO: 4400/420

SAUDI ARABIA

SAUDI TRADE, TECHNICAL COOPERATION WITH WEST GERMANY

Paris AL-MUSTAQBAL in Arabic No 33, 15 Jun 83 pp 49-51

[Article: Saudi Arabia Requests Technology and Joint Projects from West Germany]

[Text] The Saudi balance of trade with West Germany is clearly rising while that with the United States will show a decline, reaching its lowest level this year.

Observers attached special importance last week to the visit to Saudi Arabia of Otto Graf Lambsdorff, West German Minister for Economics, who led the Germans on the Joint Saudi-German Commission on which Shaykh Muhammad Aba al-Khayl, Minister of Finance, was his Saudi counterpart.

These meetings are important because they follow a series of oil developments that have upset some of the balances. The surplus in the Saudi trade balance with West Germany, about 5.5 billion riyals in 1981, turned into a deficit in 1982 of 176 billion rials in Germany's favor.

Moreover, Saudi development projects have become less active because of the crisis caused by the decline in oil exports. It is believed that the large German companies which obtained contracts valued at \$13 billion in the next few years will be able to obtain this year only a few contracts and with great difficulty.

However, these negative developments have not diminished the value of the Saudi market in the eyes of the German companies. The mass of data available indicates that the Germans can do much to meet Saudi requirements under the present conditions. The most important of these requirements are:

(1) West Germany can perform a larger role in building Saudi communications and infrastructure. Minister Aba al-Khayl attached great importance to this, which he considers the best means of introducing and absorbing technology in the near future. The German minister promised to send many West German experts to Saudi Arabia to carry out training programs. There was also agreement on increasing technical instruction and training in Saudi Arabia, strengthening relations between educational and professional institutions in the two countries, and participating in the holding of

training sessions to learn about the latest advances in training technology.

The talks also dealt with strengthening the training of Saudi specialists in agriculture, exchange of scientists and experts, and formation of a working group to study irrigation projects and agricultural mechanization, do research on seed production and creation of farm machine testing stations, and exchange experience and data on bacteria, viruses, and worms.

(2) Undertaking of joint industrial ventures either between the Saudi government and large German companies or between Saudi and German businessmen. The Saudi side has definite ideas on fields in which Saudi-German collaboration can go far. The most important, perhaps, is the secondary petrochemical industry which can be supplied with products manufactured by the Saudi Arabian Basic Industries Corporation [SABIC]. It is noted in this connection that the formation of a large processing company is expected to be announced in the next few days. The Saudi government will participate in it as a limited partner and offer its shares to the Saudi public. The aim of this company is to establish heavy industries (for example, automobile manufacturing) and consumer petrochemical industries.

(3) Saudi Arabia showed great interest in strengthening cooperation between the two countries in the health field, especially hospital management, health education programs, preventive medicine, and drug control. It is noted that Saudi contracts with international "health" companies to organize and construct hospitals amount to billions of dollars.

(4) Saudi Arabia showed interest in diversifying its exports to West Germany, which were limited until recently almost exclusively to oil. Saudi Arabia is expected to produce in the next few years an excess of industrial products that will have to be exported, especially petrochemicals.

The two parties previously agreed to found joint companies in which the Germans will participate through the German Development Company and the Saudis by means of the General Investment Fund. The German company undertook to provide information and do studies on the matter, but they were not carried out.

The volume of trade between the two countries increased by leaps and bounds during the last 8 years. From 8.7 billion Saudi riyals in 1977 it rose to 11 billion in 1978, 15 billion in 1979, 20 billion in 1980, and 28.2 billion in 1981. The volume of Saudi-German trade is estimated to have totaled about 15 billion riyals in the first half of 1982.

Saudi exports to West Germany in 1977 were valued at about 4.4 billion riyals while imports of about 4.3 billion riyals produced a slight surplus in Saudi Arabia's favor. In 1978, exports amounted to 3.7 billion riyals while imports from Germany were about 7.4 billion riyals, that is, a deficit of 3.6 billion riyals in Germany's favor. In 1979, the value of Saudi exports to Germany doubled to 6 billion riyals due to the rise in the

price of oil, but its imports also increased to 9 billion riyals, resulting in a deficit of 3 billion riyals in Germany's favor. In 1980, in the face of the steady rise in the price of oil Saudi exports amounted to 11 billion riyals and its imports to 9.1 billion riyals, resulting in a surplus of 1.9 billion riyals. In 1981, Saudi exports to Germany amounted to 16.9 billion riyals and its imports to 11.3 billion riyals, resulting in a surplus of 5.6 billion riyals. In 1982, the Saudi surplus turned into a deficit with exports in the first half worth 7.7 billion riyals and imports worth 7.8 billion riyals, that is, a deficit of 176 million riyals, because of the well-known oil crisis. The volume of trade between the two countries in 1982 is expected to be in excess of 30 billion riyals.

Saudi officials believe there is still room for wider trade relations between the two countries, especially if there is an exchange of visits at different levels and if fairs to exhibit German products are set up in different parts of the country.

Saudi officials expressed the hope that the legal representation agreement on investment guarantees that was signed during the third meeting of the Saudi-German committee in February 1979 will encourage German businessmen to participate in joint projects.

While trade with Germany is steadily increasing, that between Saudi Arabia and the United States is declining. Nevertheless, the United States is still the principal trade partner of Saudi Arabia since the volume is enormous. It amounted to about 36.1 billion riyals in 1978, about 52.9 billion in 1979, about 75.8 billion in 1980, and about 78.9 billion in 1981. However, the volume began to decrease last year, amounting to only 50.2 billion riyals. In 1983, it may reach the lowest level recorded in many years owing to the drop in American oil imports from Saudi Arabia.

5214

CSO: 4404/462

ROLE OF BANKS IN GROWING HOUSING CRISIS

Damascus SYRIA TIMES in English 8 Jun 83 p 3

[Text]

DAMASCUS, (ST) — The housing problem has been one of the major obstacles in the country, particularly in the city of Damascus. This problem is aggravated by soaring prices of housing units which have become unreasonable, and home ownership is limited to a certain class of people.

According to statistics, there are more than 35,000 unoccupied housing units in Damascus alone.

Although there are many private and public sector groups that deal with the housing problem, no cooperation exists among these groups.

The country's real estate banks are among the main sectors which finance housing projects. But the role of these banks has decreased due to the growing housing crisis such as securing land, the shooting-up of building material prices and the high cost of labour.

The banks' easy loans given to citizens applying for housing mortgages are insufficient to solve the problem, particularly in Damascus. These loans have gone down from the ceiling rate of 70 percent of the value of a flat to the rate of LS

80,000 (which is only a third of an average flat's price). Apart from the city of Damascus, the banks' loans are fairly better in other governorates.

Since its foundation in 1966 and up to the end of 1982, real estate banks had total deposits of LS 3.5 billion. Loans given to applicants in 1982 amounted to LS 876 million, whereas these loans totalled LS 650 million in 1981.

The loans were distributed among the country's governorates and shares are tabled as follows:

- Damascus and countryside, LS 328 million; Aleppo LS 94 m.; Homs, LS 105 m.; Hama, LS 65 m.; Idleb, LS 17 m.; Tartous, LS 99 m.; Lattakia, LS 40 m.; Dara'a, LS 17 m.; Sweida, LS 58 m.; Hassaka LS 34 m.; Raqqa, LS 14 m.; and Deir ez-Zor, LS 24 m.

Last year's loans granted by real estate banks were as follows:

- LS 316.3 million to applicants.
- LS 385.7 million to housing cooperatives.
- LS 165.5 million to municipalities.
- LS 8 million to tourist establishments.

These figures reflect the active role played by the country's housing cooperatives, notwithstanding the fact that these cooperatives are impeded by the problems of insufficient finance and finding suitable land. Although the state-owned General Housing Establishment receives a good share of the banks' loans, it is now having to deal with the speeding up of the completion of housing projects and revising rules of deposits and house savings terms.

In fact, the banks revised these rules last year with the aim to provide opportunities for more applicants who have no flats. The banks raised the ceiling rate of the loans from LS 60,000 to LS 80,000 to keep pace with the growing cost of building materials. If an

applicant deposits money at a bank, he can receive a loan of up to LS 100,000 according to duration and amount of the deposit.

As for loans given to applicants to buy either completed flats or flats under construction, the applicant's money should be deposited at the bank, at least six months before the loan is granted. No loan is given unless such deposit was made. If an applicant deposits a maximum amount of LS 100,000 for six months, he will be given an additional LS 100,000. In all cases, loans are given on two conditions: first, amount of the loan should not exceed 80 per cent of a flat's value. Second, the loan should be according to what the applicant is able to pay back (approximately 40 percent of the applicant's monthly salary).

CSO: 4400/418

SURVEY OF COUNTRY'S AGRICULTURE PLANNED

Sanaa AL-THAWRAH in Arabic 26 May 83 p 3

[Article by 'Abd-al-Halim Sayf: "An Agricultural Survey To Ensure the Success of Agricultural Development Plans and Programs"]

[Text] The director general of statistics in the Central Planning Agency said that the survey of representative samplings will serve the Yemeni farmer and will help him to increase and improve his production.

Planning is truly one of the most important things societies depend on for progress, advancement and development. It is said that there can be no development without planning and no planning without statistics. This is because a development plan can only be successful if it is based on accurate information derived from statistics-gathering operation, of which the agricultural survey is a basic part.

The preparation and evaluation of agricultural development projects must above all depend on a clear and accurate knowledge of numerous statistical changes and features. Without sound planning and intelligent programming we could not accomplish economic or social projects or achieve the development we are striving for and putting all of our efforts and abilities into. From this standpoint the Central Planning Agency in cooperation with the Ministry of Agriculture and the Agricultural Loan Bank has been carrying out an agricultural survey through sampling in all the governorates.

The importance of this survey is not limited to planning for improved agricultural production only, but it will also determine the role of agriculture in the two areas of development--economic and social. For more information about this survey and its significance let's read the following discussion together.

We met with Yahya Husayn al-Qayzal, the director general of statistics, at his office in the Central Planning Agency building. At the start of the interview we asked him about the agricultural survey of selected samples and its goals. He said the following:

"First, I would like to thank the editorial staff of AL-THAWRAH for granting the opportunity for this interview, and for their continual support for every

activity designed to serve the cause of development, and for all their sincere efforts in the service of development, for the progress and prosperity of our country under the leadership of Col 'Ali 'Abdallah Salih, the president of the republic, commander-in-chief of the armed forces, secretary general of the General People's Congress, and leader on the road to progress.

"With regard to the nature and objectives of this survey, it must be understood that the success of any development plan depends primarily on the availability of accurate statistical information from primary sources. The agricultural survey is therefore one of the most important statistical surveys. It is currently being implemented by the State Bureau of Statistics in the Central Planning Agency in coordination with the Ministry of Agriculture and the Agricultural Loan Bank. The survey is based on interviews with a sampling of farm families, that is, farm owners. The size of the sample is more than 4,000 farm owners.

"This survey is part of a plan for various economic and social statistical surveys in multiple stages by the National Bureau of Statistics in the Central Planning Agency. It has the continuous support of the minister of development who is the head of the agency."

The Survey Is the Key to Development

On the subject of the survey's goals Yahya al-Qayzal said, "It can be said in this connection and in general that the goal is to provide a large number of basic indices, among them estimates of size and composition, and the particulars of agricultural activity in our country. This is needed in order to design detailed development plans aimed at boosting the level of this important economic activity, which is a fundamental key to progressive development in our country, and which will help to ensure the availability of food from local agricultural sources.

"It is well-known that our country, as an agricultural country of long standing, possesses the components for agricultural development. But these development plans basically require extensive statistical information in order to diagnose the problems of agriculture in our country, and then devise the solutions and investment plans that are required; and we mean scientific plans based on careful study."

The Goal: Obtaining Statistical Indices

We asked about the most significant information that will be provided by this survey. He answered, "This agricultural survey of representative samples will enable us to obtain statistical indicators relating to the agricultural sector. I can summarize the most important ones as follows:

"The size, composition and ownership of the domestic agricultural areas in the sample surveyed.

"Information about the social, educational, vocational and service situation.

"The types of crops and cultivated and harvested acreage, the costs and requirements of production, and information about livestock resources and production.

"Information about labor and wages being used in the various stages of production, and according to type of crop.

"Sources of financing agricultural activity and the fixed assets used in production.

"Production and what happens to it, that is, the way it is distributed for family consumption, for sale, fodder, seeds and the like, besides much additional information about the technology of production and the method of farming according to the sources of water, and other basic information."

In response to our question about the importance of the agricultural representative sample survey for production in the second 5-year plan and future plans for the agricultural sector, Yahya al-Qayzal answered, "Statistical information is certainly a necessary and basic prerequisite for the goals of the second 5-year development plan. As you know, this plan has set quantitative goals for the development of agricultural production and various crops. It has also allocated large investments for developing this sector. In order to ascertain the extent to which these goals have successfully been achieved or not detailed information must be supplied. This will be provided by the agricultural survey. This information can help in the following ways:

"Monitoring the annual and investment plans included in the second 5-year plan.

"Devising annual plans for the agricultural sector for the remaining years of the plan in light of the information that will be provided by the agricultural survey with regard to the extent of success, and in light of the obstacles to development."

This is how the survey will be carried out.

We paused here with a question regarding the manner of preparation this operation will require and the agencies participating. The director general of statistics said, "It is true that a great deal of preparation and preliminary information will be required to make preparations for the field surveys. The concerned office in the National Statistics Bureau in the Central Planning Agency in coordination with the concerned office in the Ministry of Agriculture has undertaken to determine the basic goals of the survey, and to design a statistical form that will be technically suitable for this goal. In addition, the representative sample of the agricultural survey was generalized inasmuch as Yemeni families were categorized on the basis of the 1981 census carried out by the General Union of National Cooperative Development Organizations. All of the farm families were classified. Then a sampling of those farm families was selected, distributed randomly and by class, without any personal intervention in the selection process, to include all segments of the republic and all of the country's basic crops.

"This is the primary phase of the technical preparations for the survey. This stage will be followed by the preparation of technical instructions and explanatory guidance for those whose task is to obtain information in the field. A book was prepared, entitled "The Guidebook For the Field." These items define the duties and the responsibilities of those working in the field--supervisors, auditors and investigators. This will regulate the field work and will help to avoid repetition or errors and ensure the accuracy of the work.

"The preparation stage of the survey also included the holding of an intensive training session which lasted about 15 days, which included clerical training and field training. This is an important and necessary stage which must precede the beginning of the actual field work."

We request that the farmers cooperate for their own good.

We conclude our discussion with a word to our farmer friends.

I turn with thanks to our friends the farmers, and I look forward to their full cooperation with the researchers who will visit them during the field work stage of the agricultural sample survey because the goal, first and last, is to serve the Yemeni farmer, to solve his agricultural problems and to help him increase the quantity and quality of his production and, as a result, to improve his standard of living.

We request cooperation with the researchers and ask that they provide them with all the information that is requested, accurately and without fear or exaggeration, because the objective is not for tax purposes or anything like that, but to provide accurate information which will help the planners to design a development policy for developing the agricultural sector, and improving production and performance.

9123

CSO: 4404/411

BRIEFS

COOPERATION WITH BULGARIA--'Ali Muqabbil Ghuthaym, the director general of the General Federation of National Cooperative Development Organizations, and member of the permanent council, held a discussion with Mr (Ivan Budinoff), Bulgaria's nonresident ambassador, on relations between the General Cooperative Federation in our country and the Bulgarian Farmers' Union. They discussed means of improving relations and cooperation with the union in various areas, particularly in agriculture and dam building. The meeting was attended by Sadiq Amin Abu Ras, the assistant secretary general and member of the permanent council, and the person in charge of the affairs of the Bulgarian embassy in Sanaa. [Text] [Sanaa AL-THAWRAH in Arabic 16 May 83 p 1] 9123

TALKS WITH JAPAN--Engineer Ahmad Muhammad al-Unsi, the minister of communications and transport, left Sanaa for Tokyo 2 days ago on a visit to Japan. He will hold talks with Japanese officials on technical cooperation between the two countries in the area of communications. He will also acquaint himself with advanced communications systems and computer technology. [Text] [Sanaa AL-THAWRAH in Arabic 16 May 83 p 2] 9123

CULTURAL COOPERATION WITH OMAN--Sanaa--An information and cultural agreement between our country and the Sultanate of Oman was signed yesterday morning at the Ministry of Information and Culture. It was signed for Yemen by Hasan al-Lawzi, the minister of information and culture, and for Oman by Mr 'Abd-al-'Aziz al-Ruwas, Oman's minister of information. The pact called for greater information and cultural cooperation in the areas of radio, television, printing, publishing and tourism. The signing ceremony was attended by several officials in the Ministry of Information and Culture and its subsidiary organizations and his excellency the ambassador of Oman in Sanaa. [Some missing text?] the existing information protocol between the two countries. He indicated that an agreement had been reached on a practical program for information activity. He stated that he believed that this step is a qualitative change in information relations which hopefully will be achieved well. In conclusion he expressed his thanks for the welcome and friendly reception which he and the delegation that accompanied him received. He was seen off by the following: 'Ali 'Abd-al-Rahman al-Bahr, the minister of state and head of the national oil and mineral resources company; Mutahhar Taqi, the deputy minister of information and culture for the culture sector; several officials in the ministry; members of the Omani embassy in Sanaa;

and a representative for protocol from the foreign ministry. [Text] [Sanaa AL-THAWRAH in Arabic 25 May 83 p 2] 9123

EDUCATION PROJECT--Sanaa--The People's Constituent Assembly held its regular session yesterday (Tuesday) at 9:00 am, chaired by Judge 'Abd-al-Karim 'Abdallah al-'Arshi, vice president and chairman of the People's Constituent Assembly, and member of the permanent council. The assembly discussed an agreement for a development loan for the fifth education project concluded between the government of the YAR and the International Development Organization to build institutes for male and female teachers according to a plan developed by the Ministry of Education. This project also has as an additional goal increasing the capacity of the institutes to accept male and female teachers. It also includes elementary training centers. According to this agreement four institutes will be built, one each in al-Zaydiyah, al-Turbah Hajariyah, Dhamar and Hajjah, and three elementary training centers will be built, one each in al-Turbah, Yarim and al-Mahawit. They will also be equipped and furnished. The assembly discussed the project in detail and at great length, then reached agreement on it and confirmed it unanimously, because of its importance in educational progress that must be made. [Text] [Sanaa AL-THAWRAH in Arabic 31 May 83 p 1] 9123

CSO: 4404/411

JAPANESE AMBASSADOR PRAISES EXPANDING TRADE

LD071233 Tehran IRNA in English 0950 GMT 7 Jul 83

[Text] Tehran, July 7 (IRNA)--The ambassador of Japan to the Islamic Republic of Iran, Shotaro Takahashi, said in an interview published Thursday that bilateral economic relations between Iran and Japan were expanding dramatically after a considerable decline following the Islamic revolution in February 1979.

He said the two countries had concluded a long-term oil contract for the purchase of more than 200,000 barrels of oil per day.

In an interview with the English daily newspaper KAYHAN INTERNATIONAL Takahashi said Japanese imports from Iran in 1980 stood at 4 billion dollars, in 1981, 2 billion dollars, and in 1982, 2.5 billion dollars. However, he added, in the first five months of this year imports have reached 1.7 billion dollars, which, he said, was an increase of 60 percent compared to the corresponding period in 1982.

He said Japan exported 940 million dollars to Iran in 1982, but only in the first five months of 1983, exports had reached one billion dollars, up 300 percent compared to the corresponding months of 1982.

About the recent visit of an Iranian delegation to Japan, headed by deputy Foreign Minister Hoseyn Kazempur-Ardabili, the ambassador said the visit was very significant, since it was the first high-level visit of an Iranian delegation to Japan since the Islamic revolution. He also said that Irano-Japanese relations were "very good" at the present and hoped that it would become even better in the future.

Takahashi said the visit of Japanese Foreign Minister Shintaro Abe in early August would aim at augmenting friendly relations between the two countries.

On other economic issues between Iran and Japan, the ambassador said the joint petrochemical plant in Bandar Khomeyni port in southern Iran was important for Iran as well as for Japan. He said talks between a 21-man delegation from Japanese companies and Iranian officials on the future of the plant in Tehran in June were very effective and general agreement was reached in most issues.

"If the war with Iraq comes to an end soon, then the resumption of work (on the plant) shall go ahead more smoothly. I hope that a ceasefire can be reached for the sake of Iran and the stability of the region," he said.

Takahashi said that there were several hundred Japanese workers in Iran working on about 12 projects, including a power line from the Neka power plant in the north to Tehran and to Tabriz, and constructing a harbor and a small-shipyard at the Bandar 'Abbas port in the south.

"I will tell them (the Japanese people) that Iran is very different from what they think. If they come here they will witness another world. The government has stabilized and the economy as well, therefore, economically Iran is very, very strong as compared with Iraq," he said. "I am very happy to see the Iranian domestic politics has become very much stabilized and that you have recovered almost all your territory through your own strength in the war.... There are many Japanese business people visiting Iran and they always say that compared to their last visit Iran had very much stabilized and the people were happier."

He also answered a number of questions on Japan's foreign policy, defense policy and the issue of its four islands occupied by the Soviet Union. He said the four Japanese islands were never occupied by foreign forces until Japan surrendered in 1945 to the allied forces and Soviet forces moved into the islands. He added that Japan will try to regain the islands, "but I think we may have to be patient for many generations."

CSO: 4600/748

IRNA CITES ARTICLE ON PLO LEADERSHIP DEFICIENCY

LD050028 Tehran IRNA in English 1934 GMT 4 Jul 83

[Text] Tehran, July 4 (IRNA)--The daily Persian SOBHE AZADEGAN carried an article written by Mohammad Kazem Bojnurdi, Majlis deputy from Tehran on the current situation facing the Palestine Liberation Organisation (PLO), Excerpts:

"During the peak of the Zionist, American and reactionary Arabs' war against the people of Lebanon and Palestine, I travelled to Syria and upon the invitation of a few high-ranking Palestinian officials I had a meeting with them. The discussions centered on an analysis of the Zionist invasion of Lebanon and its relation to our great Islamic revolution. One of the members of the Central Committee of the PLO showed me a document which in fact was an agreement between the United States and Saudi Arabia which reflected the detailed stages of a conspiracy against the people of Lebanon and the Palestinian resistance.

"The document showed clearly that the occupation of Lebanon was carried out not only with the foreknowledge of the reactionary Arab rulers, but also they had an active albeit secret role in trying to create a security belt around Israel and expelling all Palestinian fighters and Syrian forces from Lebanon and suppressing all revolutionary forces in Lebanon especially the Shi'ite Muslims and others.

"The advice of all revolutionary forces in the world, particularly the Islamic Republic of Iran has been that the Palestinians should not evacuate their forces from any section of Lebanon. However, the compromise of 'Arafat's faction and the pressures of political adviser, Hani al-Hassan, which of course have been influenced by Saudi Arabia's insistence, forced all the Palestinian strugglers to leave Beirut despite their true desire. Therefore the first stage of the American-Zionist and reactionary Arab conspiracy materialised and at the same time a new tragedy for the Palestinian people began.

"About the Palestinian resistance movement four basic issues could be pointed out: 1. an ideological crisis; 2. the collusion on the Palestinian issue between the East and West powers; 3. the presence of a strong reactionary force in the region, and 4. the lack of spiritual and political leadership.

"If the ideology of the struggle takes its roots from the pure divine source, it would give rise to such a spirituality in every revolutionary as to prepare him for any kind of sacrifice. Moreover such an ideology would generate an immense power for the revolutionary front.

"The ideological thrust of the Palestine Liberation Organisation stems from Arab nationalism. The basic aim of the Arab nationalists which are only presented in slogans, is to reach independence and to regain their Arab identity and ultimately to achieve Arab unity. Some nationalist Arabs also garnish their ideology with a touch of socialism and through such inappropriate means they add a so-called coloring of social justice to their aims.

"If indeed the aims are to reach independence, regain national identity and Arab unity, then there could be no other ideological weapon more effective than Islam. The reason for this claim is that if Islam is simply a belief and world view for non-Arab Muslims, for Arabs Islam is common history, common culture and common belief. Therefore if West-leaning Arab intellectuals had not imported nationalism from the West then they would not have created a barrier against the progress, exaltation, independence and liberation from the domination of imperialism and Zionism.

"The other problem facing the Palestinian resistance is the collusion of the arrogant powers of the East and West over the Palestinian revolution and their protection of Israel's existence. While this issue is beyond the control of the Palestinians, but this reality also exists at wherever the East and West reach an open or secret settlement over the fate of a revolution or nation, the struggle [for] one nation will become very difficult, complex and prolonged.

"One thing that has added to the complexity of the Palestinian issue is the presence of a strong reactionary force led by Saudi Arabia as the accomplice of the United States and Israel. In order to protect their crumbling and anti-popular regime, Arab reaction has helplessly succumbed to imperialist and Zionist domination. Also because they have entered the scene under the guise of Arabism and nationalism, they have gathered considerable influence in a portion of the PLO, something that has worsened the problems of the PLO hundred folds.

"At the time when Prime Minister Musavi held the post of foreign minister (summer of 1981), I had been invited to Libya by Libyan Prime Minister Mr Jallud. Mr Musavi asked me to propose to the Libyan officials the issue of Islamic unity and to provide all the expenses of the Palestinian resistance with the help of the Islamic Republic and Libya. When I discussed this matter with Mr Jallud, he agreed but later it became clear that Mr 'Arafat had said that he would not be certain that the Islamic Republic and Libya would always remain committed to paying the expenses of the Palestinians. In fact (? 'Arafat) had more trust in Saudi Arabia and other reactionary Arab regimes than in the Islamic Republic and Libya.

"All of these matters are symptomatic of a serious deficiency of leadership within the Palestinian ranks and until the PLO does not solve these issues, the fate of Palestinian resistance movement would remain doubtful [word indistinct] all the sacrifices and heroism of the Palestinian Fedayeen."

INDIA'S FEAR OF PAKISTAN SEEN AS PSYCHOLOGICAL SNARE

Karachi JANG in Urdu 30 May 83 p 3

[Article by Lt Gen (rtd) A. I. Akram: "A Journey of Awareness"]

[Excerpt] From the very beginning, there has been tension among India and its South Asian neighbors. The smaller powers of South Asia are annoyed with those tactics of India that they perceive as plans to establish Indian leadership over the subcontinent. Their watchful eyes, therefore, keep guard over the intentions and actions of India. They have sided with India only to the extent of absolute necessity. In fact, they have often openly opposed India. For example, whenever neighboring countries oppose India for its attack on East Pakistan and for declaring South Asia as an atomic-free region, India loudly announces its piety and acquires an attitude as if to say, "How dare you!" India's devious personality is starkly revealed when it deals with Pakistan.

The Indian people are afraid of Pakistan. It is not essential that this fear is present among the Indian armed forces, too, which are twice as powerful as the Pakistani forces. Perhaps even the Indian Government is not fearful. Nevertheless, the ordinary citizens, who are ignorant of military facts, tend to have exaggerated perceptions of the dangers of the enemy's romantic bravery in an armed conflict and confrontation. There is certainly fear and alarm, agitation and anxiety (whatever name it is given) among the people of India. During my recent tour of India, I had the opportunity to talk with wise research scholars, thinkers and authors in various institutions of Dehli. The conversation was clear and straightforward. Both sides exchanged viewpoints openly and the discussions were invariably interesting and conducted in a pleasant atmosphere. The object of my visit to India was to acquaint the Indians with my views and to determine their viewpoints about Pakistan and Indian-Pakistani relations. On more than one occasion, I put before the audience this question, "Are the Indians afraid of an attack from Pakistan?" More than half a dozen people in the audience answered this question affirmatively and said, "Yes, this fear exists." One interesting answer was that the ordinary Indian did not accept Pakistan as only a quarter of India, and with regard to its military strength, he considered it equal to India. Another answer was that a recent public poll showed that there was general consensus that Pakistan would acquire F16 planes, then manufacture a bomb and after that attack India.

This is a psychological trap. It is based on that agony of doubt that Pakistan is not as small and weak as India would like to perceive it. This is the trap that prods India toward a display of power and bravado. In 1971, when India attacked the weak Pakistani army present in East Pakistan, the Indians played melodious tunes of victory and proudly announced that they had taken revenge for a thousand years of history (i.e., Muslim domination). They beat drums to the courage of the Indian soldier and achieved happiness by crowing that East Pakistan had claimed that 1 Pakistani soldier was equal to 10 Indians. Even now, at times, the Indian writers get so agitated at any reference to this equation that it seems that perhaps they believe in it or it is not as wrong as they would like it to seem. If losing one's temper over such a thing is not foolish, what else can it be?

Such dangers (which gain strength from the deviousness of the Indian mind) compel India to adopt an aggressive attitude. Sometimes, fear alone drives one toward aggression, just as inferiority exhibits itself in aggressive action. India, therefore, contemplates big things and speaks in large terms. For example, after China, India is the world's largest nation. India is the world's largest democratic country. It has become the world's 10th biggest industrial country, and (they do not say this openly, but they do want the world to know it) its army is the world's fourth largest. Everything about it is big.

Such claims and perceptions are promoted by India's war-like atomic lobby. This lobby is led by the best thinkers (who include military and nonmilitary personnel) for military acts of wisdom. These people are pressuring the Indian Government to make India, in the true meaning of the word, an atomic power like China. This lobby comprises staunch Indians who harbor lofty thoughts of making India a superpower. They want India to become the sixth atomic power of the world, so that the Indian glory and splendor of the Moria era can be achieved once again. Somehow, Pakistan has become the focus of Indian thinking, which is in effect a frightening superstition.

India, therefore, should make every effort to prove that Pakistan is small and weak. To eliminate India's doubts and fears, when we present a proposal that we should mutually agree on a system through which each other's atomic installations could be inspected so that no one party could deceive the other, India replies that Pakistan is too small and backward a country to deal with it on an equal footing. When it talks with America or the Western nations, however, India does not admit that it is incapable of dealing with them on an equal basis because it is very poor and backward. On the contrary, India insists that it is talking as a supporter of the Third World.

When we say that in order to end the tension and stop the arms race, we should have a dialogue on the defensive needs of both parties so that non-essential military additions in the defense expenditures can be lessened, India becomes proud, as if to say, "Oh, no, you are very small. We are a big power. How can we compete with each other?" Although the fear that Pakistan is not all that weak regarding power does exist among the Indian minds, nevertheless India's conscience demands that it try to degrade us to the lowest level.

The estimate of India's assumed superiority stems from the fact that recently some Indian thinkers presented a proposal that the subcontinent should entrust responsibility for the safety of the South Asian countries to India. India, in this way, brings itself forward as a guardian and a great leader who will be responsible for defending the frontiers of all surrounding states. One person also talked about appointing India as the guarantor of Pakistan's integrity. In Pakistan, the reaction to such a proposal can only be expressed in the form of mere laughter and hatred mixed with ridicule. We do not need India for our defense. In view of past relations, it cannot be even contemplated that we would hand over our defense to India. This is an absurd proposal that is totally inappropriate to the reality of the realization of our dangers. But the fact that such a proposal has been made shows what views exist and how grandiose are the intentions of some people in the war-like lobby of India.

9779

CSO: 4656/201

ZIA SUPPORT MOVEMENT MOCKED, CRITICIZED

Lahore VIEWPOINT in English 23 Jun 83 p 8

[Text]

THE persons behind the Zia Himayat Tehrik (Movement in support of Zia) deserve to be commended not only for their courage but also for their contribution to the political education of the wayward masses of this country.

Nobody was surprised when small news items about Zia Himayat Tehrik started appearing in newspaper columns, which obviously have a lot of space for gossip and odd bits. The only surprising thing was the long time taken by the Universal Law of Opportunism to start operating. Another minor point that intrigued the observers was that, by revealing itself, and that, too, as a numerically small group, the movement not only implied that the Martial Law needed public sanction in any form, but also projected a somewhat uncomplimentary measure of the support available to its 'mamdooh'.

Straightforward

These unimportant, peripheral questions should not detract from the achievements of the ZHT. The first point to its credit is the straightforwardness with which it has defined its objective. It has not sought to wrap its political interest in any claptrap such as the defunct political parties devise to appear as champions of people's rights. The name of the game matters, Shakespeare's trite and

thoroughly abused line notwithstanding. Indeed, quite a few political parties could establish a better rapport with the common people if they followed the ZHT's example in naming themselves truthfully. For example, the Pagara League would sound much more credible if it styled itself as something like the Pagara Comedy Theatre and the Jamaat-i-Islami as Mian Tufail-Hamdi Benefit Consortium.

At the same time, ZHT has shown that even in the present circumstances, it is possible to carry on political activity without seeking the cover of a social welfare agency or putting up boards like 'Majlis Khidmat-i-Islami'. Not only that. The ZHT has announced its plans to acquire arms in order to meet terrorism with terrorism. Obviously there is no dearth of means to power for the right-minded.

Unfortunately, even a body of good Samaritans like ZHT is not immune to environmental pollution. Within a short time of its inception it found it necessary to cast its head aside. Without much ado the body acquired a new head. This was an object lesson for the many parties whose heads are much too heavy to permit the feet to move at all.

A few days ago, ZHT not only declared that the principle of nominating the Shooras was sound, it demanded that this unexceptionable principle should be extended to local bodies in the best interest of the people. Apart from other merits

of this proposal, like the chance of reducing local tensions which the pernicious system of election generates, the possibility of an increase in savings should be noted, among others, by Dr. Mahbub-ul-Haq, who is believed to be looking for some money to justify the Sixth Plan targets. Above all, ZHT, has shown that political groups need not feel shy of voicing their views, however unpopular or idiotic they may appear to be. There is, thus, room for the defunct parties to improve upon their record.

One should like to hope that the guiding lights of ZHT will not cow down before academics steeped in alien political disciplines or pedagogues declaiming on the strength of history books, and will escape the fate that befell the organisation called Ayub Himayat Party some years ago. There should be something to hold the mirror to incurable victims of epidemics like democracy.

CSO: 4600/744

UNFULFILLED PROMISES OF RURAL DEVELOPMENT PLANS CRITICIZED

Karachi AMN in Urdu 14 May 83 p 2

[Editorial: "When Will the Plans for Rural Development Be Carried Out?"]

[Excerpts] It seems that a plan is being drawn up that, when implemented, will make villages as progressive as cities. Rural inhabitants will be able to enjoy peace and security; after a restful sleep, they will not awaken to find their land occupied by the employees of a landlord. The fields will be green and prosperous; people will not be afraid any more and populated areas will retain their populations; the wives and daughters of villagers will not be abducted; water and cattle will not be stolen. Thus, the rural poor will not find their lives, property, honor and livelihood in danger and be forced to head for the cities, increasing the serious problems in urban areas. The news of a rural development program has been heard before; it seems that after a long time, it has finally been realized that something could be done to stop the influx of rural inhabitants into the cities and prevent the villagers from losing their land and being forced to seek shelter, livelihood and a life of dignity in the cities.

Since the village aid scheme was first drawn up, goodness knows how many rural development programs have fallen victim to bureaucratic red tape. Every single government that has come into office so far has made exaggerated claims but accomplished nothing. The plans all remained on paper and the talk came to nothing. Everyone knows what fate befell the related rural development program. All these programs were drawn up to achieve political objectives and each government blamed the previous one but did nothing in turn expect make exaggerated claims. The plan for rural development announced by Raja Zafarul Haq makes one wonder whether the whole program is not a figment of his imagination. If it is not, and the government is in fact sincerely drawing up such a plan, there is no need to raise such a hue and cry about it ahead of time. If something is accomplished, it will not remain hidden; as the saying goes, the obvious does not need elaboration. But adequate funds are needed to implement rural development schemes. These are costly ventures and our treasury is not well-stocked. We already owe billions of dollars; the aid and loans of foreign countries are given on certain conditions: Show us that you can do this, they say, and you will get aid, otherwise be content with what you have and continue to live the way you have been living. Before implementing any program, its economic costs should be realistically studied otherwise the only

outcome will be regret and redicule. Neither will the large rural population be helped nor will the problems of urban inhabitants be solved in any way. Our country is basically an agricultural one and the progress of its national economy depends on the majority of its population. What is needed is to end the talk and show some practical results; otherwise, our burden of foreign debt will continue to increase.

9863

CSO: 4656/187

WORSENING ECONOMIC TROUBLES SAID LEADING TO DOWNFALL OF MILITARY REGIME

East Burnham ARABIA THE ISLAMIC WORLD REVIEW in English No 22, Jun 83 pp 8-13

[Article by Javed Ansari]

[Text]

"Don't kid yourself," the general said, "these constitutional discussions may be useful, may be necessary, but they will not — they cannot — lead to a transfer of power." The air conditioners whirled, bearers moved discreetly with laden trays, the brightly-lit chandeliers dazzled the eyes. The President of Pakistan was giving a banquet to welcome the delegates of the second International Islamic Economists Conference, held in Islamabad.

Your correspondent was sandwiched between a middle ranking general and a top mandarin from the foreign ministry. The conversation ebbed and flowed. "Look around," the general said, "the people here have been in power since 1947; the military coups, the elections, the civil war of 1971, have made no difference."

He was right in a sense. Pakistan has been ruled by the elite civil servants and the top military brass since Jinnah's days. Jinnah himself paid more attention to the views of people like Chaudhury Muhammad Ali — a government accountant — and Ghulam Muhammad — a ministry of finance official — than to the opinion of his Muslim League colleagues. Jinnah's successor, Liaquat Ali Khan, deliberately used the civil service and the military to defeat the mass movement for an Islamic constitution in the late 1940s.

The civil servants and the military have had many political allies. Traditionally, these have included the large landlords of the Sind and the Punjab, the robber baron capitalists of Karachi and some tribal chiefs from Baluchistan and the North West Frontier provinces. There have also been traditional political "outsiders" — the surplus farmers of East Pakistan, trade union

and student leaders, and the ulema. Both "insiders" and "outsiders" claimed to represent the voiceless, atomised millions who tilled the soil and stoked the forges of the factories of Pakistan.

When Bhutto was installed as president of Pakistan at the behest of a coterie of army generals in 1971, the political alignments of the civil service and the military changed. The landlords retained their positions, but the "captains of industry" lost favour. An alliance was also sought with the union leadership, and the lumpen proletariat of many Punjabi cities also became an ally. Bhutto's strategy of using the leaders of this section of the population to increase the power of his political machine seriously misfired. The leadership of the lumpen proletariat did not have the moral discipline or the political experience to maintain the hegemony of the People's Party. Their natural instinct was to coerce and to terrorise. The Bhutto era was characterised by a rising level of political atrocities and mass urban terror.

The 1977 movement which ousted Bhutto represented the only coherent challenge to the civil service and military ruling alliance of Pakistan since independence. From March to June 1977 the civil and military elite fought alongside Mr Bhutto's party to oust the Islamic revolutionaries in the cities of Punjab and Sind. By July, the civil and military leadership had been convinced that the revolutionaries could not be defeated. It ditched Mr Bhutto and announced its overnight conversion to the imminent necessity of "Islamisation."

Since 1977 the civil service and military rulers of Pakistan have sought to build new

political alliances. The capitalist "robber barons" are firmly back in favour. The landlords are split – many are inclined to hedge their bets. The war in Afghanistan has neutralised the pro-Soviet tribal chiefs. Accommodation is also sought with the parties that led the revolutionary movement in 1977.

Some of these parties joined General Zia's government in 1978. They were, however, totally ineffective. Plans put forward by these parties for stabilising commodity prices, reducing the burden of foreign debt, and fighting competition were shelved. Moreover, participation in government did not lead to an increase in the political authority of the rank and file members of the Islamic parties.

THE Islamic parties are thus in a very difficult position in Pakistan. Their slogan and political platforms have been hijacked by the civil and military rulers and the enthusiasm of 1977 has disappeared. The ordinary worker of the Islamic parties is confused and uncertain. He knows from his daily experiences that Zia's Islamisation is a sham but he does not know what constitutes genuine Islamisation.

The student Islamic movement – the Islami Jamiat-e-Talaba – has been mercilessly attacked by the police in Karachi, but the vice president of the Jamaat-e-Islami, Professor Khurshid Ahmad, is a trusted confidante of General Zia. The Islamic parties have become increasingly respectable – they attract intellectuals, government officials, businessmen, even foreign diplomats – but the street vendor, the coolie, the owner of the local pan-shop, the trade union militant, accuse the Islamic parties of betrayal and regret the sacrifices made in the 1977 revolutionary movement.

The urban political base of the Islamic parties is gradually being eroded. Work in the countryside has made little progress. Here the People's Party remains well entrenched. It has also regained ground in the urban slums. The People's Party remains the single most powerful political group in the country and is likely to be the main beneficiary of constitutional developments and democratic reform.

The People's Party has the largest contingent of supporters within the President's hand-picked Federal Consultative Council. Since 1980 there have been negotiations between various factions of the People's Party and the civil and military rulers of Pakistan. Every shake up in the regime – the recent attempts at the rehabilitation of General Iqbal and the repositioning of Rahimullah, for example – is invariably linked to the forging of a new accommodation between the People's Party and the civil and military rulers of Pakistan.

These continued exchanges have, of course, not induced the People's Party to foreclose its other political options. It has fostered the growth of the Movement for the Restoration of Democracy (MRD) on the one hand, and the careful nurturing of a special relationship with the Soviet Union on the other. So far, neither of these initiatives has proved particularly successful. The MRD has not recovered from the setback suffered by the hijacking of a PIA aircraft to Kabul in March 1981. Currently it is riddled with contradictions and its leaders vie with each other in exchanging vituperative accusations.

The second initiative has also, to a certain extent, been pre-empted. The People's Party has supported the Soviet occupation of Afghanistan since 1979, but its political leverage with the USSR has been reduced by the Zia government's increased willingness to adopt a flexible stance in the UN-sponsored negotiations in Geneva.

Despite these reversals, it would be unwise to write off the People's Party. It is still General Zia's most likely political successor. It has a solid rural base and the capability to win the allegiance of the landlords. It has also benefited from the disillusionment with the Islamisation initiatives of the civil-military rulers of Pakistan. The People's Party is capable of providing the political base for the continued rule of the civil service and military elite that has governed Pakistan since 1947.

GENERAL Zia's regime is gradually running out of steam. On the eve of the launching of the sixth five-year-plan the economy is in a shambles. Since early 1981 the Pakistani rupee has suffered a 25 per cent devaluation against the US dollar. Yet exports have not increased. Currently imports are running at roughly twice the level of exports and there is a huge current account deficit.

In March, the Planning Division published its evaluation of the fifth five-year-plan. During 1978-83, growth rates were well below expectations. There were major shortfalls in both private and public investment. Domestic savings remained low. Most – almost all, if a senior government banker is to be believed – private investment is financed by bank borrowing. Deficit financing has soared.

The economy is riddled with a new brand of corruption – "Islamic corruption." The walls of government departments are festooned with slogans from the Quran. Below these sit bearded officials clad in national dress. You need to bribe 73 different officials to clear an import parcel through customs. To register

a property in a city court of administration office, 48 functionaries have to be bullied.

It is impossible to obtain employment in government or in the private sector without "sifarish," a special recommendation. The "sifarish" of religious leaders, army generals and ministers is particularly prized. "Promote him," writes an alim recommending a junior commissioned officer of the Pakistan army, "he has spent 40 days on tablighi gashti" (religious tour). Sifarish determines entry into the country's leading colleges. The son of a leading Pakistani diplomat stationed in Europe has his grade "revaluated" on the sifarish of a provincial governor. An aggregate of 57 per cent was duly converted to 75 per cent. The student obtained admission to the country's leading medical college on the basis of this "conversion."

Seth Abid, Agha Hassan Abdi, Mustafa Gopal and Sadrudin Ganchi are the main pillars supporting General Zia's Islamisation. Zia is in search of other props. Millions were spent on entertaining the Agha Khan – leader of the Ismaili sect – in the hope that he will extend his sifarish in Washington, Geneva and Zurich, inducing aid donors to adopt a lenient attitude towards Pakistan. Pakistan now serves as a launching pad for the Agha Khan's international initiatives.

The props, of course, are not enough. There is a need for a political base. There is no attempt to create a new political base through economic or social re-structuring. The sixth plan has been built on the old familiar formula of stringing together projects that seem attractive to aid donors: investment allocation being justified by ritual incantations about the size of the incremental capital output ratio and marginal and average rates of saving. "We'll send you away to Murree for a week," Muhabab-ul-Huq, the deputy chairman of the Planning Division is reported to have told Javed Azfar, his chief economist, "that should be sufficient time for drafting the sixth plan."

The government's search for political allies has passed through several stages. The establishment of the Federal Consultative Council has not proved to be the landmark that it was built up to be. The Council for Islamic Ideology has been muzzled by the bureaucracy. The political parties have been unable to do a deal with the government because the execution of the government's political strategy has meant a rising level of repression against students, lawyers and trade unionists. The Jamiat Talaba, Pakistan's largest student organisation, has suffered continued police victimisation and harassment since 1979. Many of its leaders have endured long sentences

without trial. In April, a government-appointed commission recommended legal measures to restrict union activity and severely impair trade union ability to defend the rights of the workers. These measures will in all probability be adopted in June.

The constitutional changes being proposed envisage elections on a non-party basis in the first instance. Some of the government's advisers argue that these should be prefaced by a referendum. Others advocate the adoption of measures to guarantee a governmental role for the armed forces. Whatever the final outcome of the many deliberations on the constitutional question, the prime concern of the government seems quite clear. It is to do a deal with the establishment politicians which consolidates the hold of the civil-military hierarchy.

Many politicians – from Ghulam Mustafa Jatoi in the People's Party to Professor Khurshid Ahmad in the Jamaat – are willing to consider this offer. Professor Khurshid, for example, strongly believes in educating the bureaucrats and the military men. His Institute of Policy Studies (IPS) publishes constructive criticisms of governmental policy. He has established a close working relationship with Muhabab-ul-Huq, who has publicly applauded IPS's proposals and programmes.

It will not be easy for such politicians to convince the mass of party workers that a constitutional deal of this type is sufficient for the restoration of democracy or the establishment of an Islamic political order. Thirty-seven years of independence has convinced them that as long as the institutional structure of civil administration remains unaltered, there can be no real change in the moral, political or economic life of the country.

This institutional structure was created by the British colonists and has survived intact. The police, the fiscal administration, the courts and the educational establishment are the means for the continued domination of civil-military rulers. These rulers methodically use these mechanisms for atomising the people, increasing their social isolation and economic helplessness. Political activists of both the Jamaat-e-Islami and the People's Party know from experience that no real change is possible without a subordination of the civil administration to the national political parties: a subordination which must lead to a reconstitution of the administrative infrastructure of Pakistan.

In 1977 the first crucial steps towards such a reconstitution were taken when Islamic revolutionaries imposed social accountability on the civil administration. New focuses of executive authority emerged at the mohalla level. The mosque and the mohalla party office played an

important part in the organisation of the resistance to Bhutto and the army during the period March to July 1977.

A reassertion of the authority of institutions under the control of local people and a reconstitution of the state administrative infrastructure cannot be achieved without a mass movement. The Zia government has succeeded in determining the issues on which mass mobilisation is engineered. The Shia-Sunni riots in Karachi during March and April this year are a case in point. The government has permitted both Iraqi and Iranian propagandists to fan the flames of sectarian hatred. It has benefited from sectarian violence and Zia has sought to present himself as a champion of the Sunnis.

The Karachi riots provide an example of the degeneration of mass movements. These riots were prefaced by trouble between the student organisation Jamiat-e-Talaba and the police. In January a number of student leaders were arrested at the University of Karachi and have since been held in police custody without trial.

The Shia-Sunni riots were deliberately engineered to divert attention from the struggle between the students and the police. Tension has gradually been built up in politically sensitive localities. Despite continued persecution of the Shia minority in Karachi, the government has chosen to remain neutral. A number of Shia mosques have burnt, and ordinary Shia residents of Liaqatabad and Martin quarters have been methodically terrorised by organised groups of vandals who demand "protection money" and claim special relations with the police.

The riots have served their primary purpose of defusing the student movements. In recent elections in Karachi's leading engineering and medical colleges, the Islami Jamiat Talaba lost heavily and government sponsored candidates enjoyed a clean sweep. It is now rumoured that the administration intends to organise a move against Islamic elements in the trade unions. PIAC, the leading trade union representing workers in the airline industry, is perhaps the obvious first target.

THE administration's strategists clearly believe that political atomisation is essential for the survival of the regime. The constitutional reforms will aim to create this atomisation by firstly insisting that elections be held on the basis of a restricted suffrage and, secondly, by attempting to create new political alignments in the country. This may require experimenting with a form of "partyless democracy." But Pakistan's experience with such political arrangements has not been a pleasant one. Ayub Khan instituted a partyless "basic demo-

cracy" in 1962 but had to abandon this model and set up his own party, the Convention Muslim League, a couple of years later.

The civil-military rulers of Pakistan are seeking new political allies from the traditional political sources. The August announcements on constitutional reform may provide a framework within which new political alliances will be built; but these political alliances cannot be durable. The worsening economic and political situation is creating a wide chasm between the ordinary citizen and his rulers. The civil-military rulers will thus be faced with the option of instituting symbolic changes which can give the illusion of a real transfer of power in the not too distant future.

The essence of this symbolic change will, in all likelihood, be an abandonment of the regime's commitment to Islamisation. The Islamic reforms, introduced by the government, have had virtually no impact on the morals of the people. Corruption flourishes as never before. Pornographic literature is widely available. Sex films imported from South India are being shown on video screens throughout the country. Islamisation is seen as a threat to individual freedom and an instrument for the political and social victimisation of the people.

Astute elements within the civil-military ruling groups realise that Islamisation has served its purpose. They have fostered a woman's movement led by the wives of many of the generals who control the country's political administration. The women's movement has agitated against the acceptance of the Islamic laws of Shahadah (evidence) and on the question of female access to employment in government service.

Sections within the civil-military ruling group have also started to cultivate anti-Islamic periodicals. The *Karachi Evening News*, owned by the Haroon Group, and *Viewpoint*, edited by the veteran socialist Mzhhar Ali Khan, are in the forefront of the battle to expose the political blunders of the Islamic groups. The Jamaat-e-Islami is a prime target and acts as a convenient proxy. You cannot criticise any mistake of the government without invoking the wrath of the censors; but there is no censorship on publishing slanderous attacks on the Jamaat-e-Islami.

"The time is not far off," says Munnawar Hassan, secretary general of the Karachi Jamaat, "when those who garlanded us in 1977, start throwing bricks at our heads." Munnawar Hassan obtained the highest number of votes secured by any candidate throughout Pakistan in the 1977 elections. A life-long revolutionary, he is now preparing for

what he describes as a "long overdue battle of the trenches, in which the grass roots strength of the Islamic parties will be tested by the secular nationalist and socialist forces and also by the rulers." He predicts hard times ahead but is confident that, given sincerity and a willingness to sacrifice, the Islamic forces will emerge stronger than before.

Munnawar Hassan insists on the need for revitalising mass politics. "We have sat around in the ante-chambers of the generals and the civil servants. We have held conferences and set up research institutes. These activities have alienated the people from the Islamic parties. It is no coincidence that the regime has become committed to Islamisation as a political slogan precisely at the time when corruption and nepotism is at the highest level in the history of Pakistan. Islamisation is no more than a cover, a mirage."

Mass politics must imply a drawing together of disparate political forces. The construction of such a new political unity has so far proved elusive and in this lies the greatest sign of hope for the civil-military rulers of Pakistan.

It is recognised that to keep the forces apart, the government must show a capacity for adroit crisis management in both domestic and foreign policy. At the domestic level, the emphasis has been on exploiting sectarian differences among the people and on creating mechanisms for weaning influential people away from the political parties. The People's Party and the different factions of the Muslim League have both suffered from these policies.

At the international level, the government has sought to move on two fronts. First, a lot of attention has been given to the attempts of Diago Cordovez, the United Nations special representative, to bring about a reconciliation between the Soviet Union and Pakistan. The negotiations in Geneva are still underway but little concrete progress can be made as long as Iran insists on absenting itself from these negotiations on the grounds that the Afghan Mujahaddin must also be represented at these talks.

Despite this, there have been rumours that some sort of preliminary accommodation may be announced in order to cajole Iran into softening its position. The Pakistani government believes that a diffusion of the Soviet pressure on the northern border can go some way towards promoting political stability in Pakistan.

The other major foreign policy initiative has been the search for a rapprochement with India. In December 1982 the head of the Indian Institute of Strategic Studies, C A

Subramaniam, visited Islamabad. According to Pakistan's top mandarin at the Foreign Office, Mr Subramaniam was highly impressed by the scores of liberated modern girls he saw at the ministry and at the Islamabad Strategic Studies Institute. "I had thought all the women in Pakistan were concealed behind purdah," Mr Subramaniam is reported to have said. He went back to Delhi, a changed man, according to Foreign Office officials in Pakistan.

Perhaps more tangible results were achieved by General Zia during the Non-Aligned Conference Summit in March. In order to oblige Mrs Gandhi, he did not raise the question of the Assam massacres at the summit. He did not even offer his Friday prayers at the Delhi Jama

Masjid, where 100,000 Muslims had gathered to greet him. He talked about peace and amity instead.

Mrs Gandhi's administration remains committed to giving low priority to political normalisation within the subcontinent. The no-war pact, a favourite project of the Zia regime, seems as far away as ever and no one shows the least inclination to talk about Kashmir.

Political rapprochement with the USSR and India is an important need for an army which has become increasingly involved in civil administration. It has less and less taste for the unpleasant business of fighting wars and defending national frontiers. But rapprochement with the Soviet Union and with India will, in the medium term, almost certainly be a factor facilitating a circulation of elites and a substitution of the Islamic elements of the civil-military rulers by the secular groups. Both the USSR and India have close links with the People's Party which is openly in favour of abandoning the Afghanistan jihad. The Soviet Union rightly believes that a regime headed by the Bhutto women can be persuaded to acquiesce in its proposals on regional security and realignments. The People's Party is committed to the concept of a "Little Pakistan," developed by Mr Bhutto after the Simla Agreement of 1972.

A Little Pakistan is perhaps not particularly palatable to the civil-military rulers. There is a lot of political leverage in pretending to be executing grand designs of national reconstruction and posing as leaders of the world Islamic community. The most obvious advantage of such a strategy is the international attention and the foreign assistance which it is capable of attracting. And foreign assistance is likely to become of crucial importance in the months ahead. Rapprochement with the Soviet Union and also with India is not likely to be achieved easily. Indeed the odds are that a new regime

will remain cautiously committed to the major foreign policy initiatives of the present government and put a low premium on adventurism.

Caution is likely to be a key concern of the civil-military rulers in the foreseeable future.

Talking to the generals the civil servants, the businessmen, and the landed gentry, one gets the impression that they believe that they have "a good thing going" for them. They will be careful not to rock the boat. On the other hand, there is a growing realisation that the boat will be rocked, and sooner rather than later. The civil-military rulers are anxious to ensure that after the rocking is over they are still in possession of the vital controls and the anchorage. This it is believed can be ensured by delicate manoeuvring and an assiduous application of the teachings of Machiavelli.

PAKISTAN today is characterised above all by economic corruption and political ruthlessness. The various factions within the ruling elite are playing a game of "passing the buck" and hoping to survive the next inevitable crisis through delicate balancing acts and outwitting their rivals. Hopes for a real improvement in the situation are not entertained by many.

Few, for example, expect any change in economic conditions. 1981-82 was not a particularly good year for Pakistan. According to the annual report of the central bank, the State Bank of Pakistan, the rate of growth of national savings declined by more than 50 per cent in 1981-82. The deficit in the revenue budget increased from Rs 1,495 million in 1980-81 to Rs 1,604 million in 1981-82. The share of external resources in the financing of gross investment increased from 20.6 per cent in 1980-81 to 28.2 per cent in 1981-82. The trade deficit widened. Net aid inflows declined from \$760m in 1974-75 to \$397m in 1980-81.

Since January 1982, the Pakistani rupee has been devalued by more than 25 per cent, with no visible impact on export earnings. The foreign debt burden has soared. Nobody believes government estimates of the rate of growth of money supply. Inflation continues to be imported from the Gulf and feeds upon the economic corruption rampant in Pakistan.

The economic chaos has contributed to the consolidation of a social environment characterised by intellectual and artistic sterility. Despite many government declarations, English remains the official language and the language of business. An overwhelming majority of the people do not understand English, and an overwhelming majority of those who do cannot express themselves through it. There is thus a great linguistic divide which cuts off the ruling elite and their

children, educated in England and the United States and in local missionary schools, from the mass of people, who have little access to the thoughts of their masters.

These two groups live in different worlds. The rulers and their entourage consciously imitate the West. The weekly *Viewpoint*, is an appropriate mirror, reflecting their thoughts and aspirations. Written in chaste English it eulogises Marx and Sartre, ridicules Sharia courts and champions the cause of female liberation. The Karachi Arts Council organises events which attract an unchanging clientele of those "whose hearts have gone abroad," and local expatriates.

Literature in the national and regional languages of Pakistan remains uninspired and demagogic. Urdu journalism has lost its political and intellectual clout. Journals such as the *Urdu Digest*, *Jassarat* and *Faran* are hardly recognisable. They contain little to stimulate interest. There are no well-established independent nuclei for the interchange of ideas in Karachi, Lahore and Islamabad. Pakistani youth displays a single-minded devotion to the amassing of wealth in the shortest possible time, which is truly frightening in its intensity.

Religious life, too, has degenerated. The Islamic Ideology Council has been effectively muzzled and is rarely heard of in the national press. The ulema are split into several groups: those who identify with the regime and those who bitterly attack its policies; those who cultivate sectarian differences and seek links with Iraq or Iran and those who work for Muslim unity. In general, the ulema have lost influence in Pakistani society as the Islamisation initiatives of the Zia government have become unpopular.

On the other hand, the mainly rural-based Sufi communities have remained largely untouched by the government's initiatives. They do not share the blame for the unpopularity and the failure of Islamisation. They will have to play a major role in the safeguarding of Islam's cultural and political interests, when the secularist backlash gets under way. Islamic groups based in the cities would be wise to seek to develop a dialogue and an association with the Sufi communities of the Sind and the Punjab.

THE period 1977-1983 has been a difficult one for the Islamic groups in Pakistan. They were responsible for the defeat of the secularist Bhutto regime and for the development of a national consensus on the need for Islamisation. They have allowed the traditional civil-military rulers to snatch the political initiative and officially sponsor the Islamisation pro-

grammes. These programmes have been almost entirely counter-productive. Political and ideological symbols have changed and reality and the substance of socio-economic corruption has remained unaltered. The ruling group will soon seek to change the symbols again as resentment mounts against political malpractices, hypocrisy and economic failures.

Islamic groups must recognise the social and political constraints within which they operate in Pakistan. Current thinking within these groups revolves around the question: what will be the nature of the regime that will replace Zia?

Since the successor regime is almost certainly likely to abandon the Islamic symbols used by Zia – indeed it would in all likelihood seek political legitimacy precisely on this basis – the Islamic parties may feel that they have no option but to strengthen the hands of the present government. It must be realised that such a policy is fraught with grave dangers.

The time is running out for this administration because it has refused to do anything about the rising tide of corruption in Pakistan and has used its Islamisation programmes as a convenient smokescreen. If corruption is to be

tackled seriously there must be important institutional changes in the country. There must, for example, be a total disbanding of the existing police force which has been so thoroughly discredited in the eyes of the people that they instinctively seek the protection of local bandits and gondas against the police. There must be a dismantling of the local administration responsible for the levying and collection of taxes. The Islamic parties must be permitted to provide political cadres for a phased reconstitution of Pakistan's civil administration.

It is not likely that the civil-military rulers of Pakistan will respond sympathetically to such suggestions. They recognise that a circulation of elites and a substitution of Islamic symbols by nationalist and socialist ones is necessary for their continued political hegemony.

They will therefore plan for the overthrow of the Zia government and in time they will succeed. The Islamic parties cannot prevent this. They must seek refuge among the poor people of Pakistan, rebuild their grassroots strength and through mass politics move for a re-assertion of the Islamic identity of Pakistan.

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EXCESSIVE MILITARY EXPENDITURES ASSAILED AS UNNECESSARY

Karachi AMN in Urdu 14 May 83 p 2

[Article by Jumma Khan: "Friendship With China Is Free of Doubts and Suspicions; Why Can We Not Have Similar Friendly Relations with India?"]

[Excerpts] The International Institute for Strategic Studies in London has estimated the cost per capita of military expenditures in various countries. The estimates for six countries are as follows:

India, \$5; Burma, \$5.4; Philippines, \$17.10; Pakistan, \$21.20; Thailand, \$27; and Indonesia, \$27.

Keeping in mind these expenditures on education and the military, we should ask ourselves how we can attain the goal of economic prosperity while following such a policy.

Good suggestions can be made and good things said, but the implementation of programs depends on adequate funds. If money is not forthcoming, General Zia's suggested new educational programs cannot be put into effect.

India's military expenditure is \$5 per capita, whereas Pakistan's is more than \$21 per capita. If we reduced our expenditure by just \$1 per person, we would save one billion rupees. If this amount were then spent on improving education, a revolutionary change could be brought about in only 5 years.

A new national budget will be presented next month and the world will see how much the present Government of Pakistan allocates for military expenditures, how much for education and how much for health. The basic question is, why can we not bring our military expenditure under control and why do we continue to increase it? The only answer is that danger threatens us. When it is asked the source of this danger is, no answer is given.

General Zia gave an interview to Nepalese journalists recently. For the first time he made the incomprehensible statement that even if a powerful neighboring country should become our friend, Pakistan could not be left to its tender mercies. There is no answer to this kind of logic. In view of the present situation, his statement apparently refers to India, and the statement clearly implies that even if a treaty of friendship or a nonaggression pact were signed

with India, Pakistan's military expenditures would not decrease to any appreciable extent, but that the country would continue to buy the latest weapons just as it has been doing.

We have another powerful neighbor, China, but we are not afraid of its increasing strength. Yesterday, we called it Red China; today, we consider it our greatest ally. Yesterday, we tried to protect ourselves from "the Chinese danger" by signing military agreements with the United States, Great Britain, France and their military allies. Today, we proclaim proudly that China will not tolerate any kind of aggression against Pakistan.

If we can make a dependable friend of a very large and powerful neighbor that only yesterday we regarded as an enemy, why can we not make friends as well with the other big neighbor, which is not as powerful as China? In answer to this question, we are told that we have no quarrel with China whereas we are at odds with India over Kashmir. But we had differences with China as well over certain military and border issues but we solved them through negotiations. But in the last 6 years, we have not even once held negotiations with India in regard to the Kashmir problem similar to the talks we held with China concerning the border problems.

We should get together and hold negotiations in a friendly atmosphere to end all differences and increase mutual confidence. We should intensify the pace of negotiations and continue them until an honorable settlement is reached.

The Simla Agreement was reached between India and Pakistan in only a few days. No one could have imagined that an agreement could be reached between the two countries in such a short time. The leaders of the two countries sincerely wanted to reach an agreement. Once this decision was made and both sides showed trust, it did not take long for them to put their signatures on the agreement. Friendship and nonaggression treaties can also be signed if they are approached in the same spirit as the Simla Agreement. If mutual confidence is lacking, negotiations, even if continued for several years, will bear no fruit. If we assume the attitude that the friendship of a large neighbor cannot be free of suspicion, no important agreement can be reached. It will then be difficult to open the doors of prosperity to our people, and we will not win our war against poverty, ignorance and disease.

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