

050098

JPRS-NEA-85-140

26 November 1985

# Near East/South Asia Report

DTIC QUALITY INSPECTED 2

**DISTRIBUTION STATEMENT A**

Approved for public release;  
Distribution Unlimited

19980826 108

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY  
NATIONAL TECHNICAL  
INFORMATION SERVICE  
U.S. DEPARTMENT OF COMMERCE  
SPRINGFIELD, VA. 22161

2  
162  
A08

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

26 November 1985

## NEAR EAST/SOUTH ASIA REPORT

### CONTENTS

#### INTERNATIONAL AFFAIRS

#### REGIONAL AFFAIRS

Arab Summit Takes Hard Line Against Iran (AL-TADAMUN, 17 Aug 85) .....	1
Al-Jumayyil, Al-Asad Meeting Seen as a Blow to Arab Summit (AL-TADAMUN, 17 Aug 85) .....	3
Perceptions of U.S. After Achille Lauro Incident (AL-BAYAN, 12, 16 Oct 85) .....	5

#### ARAB AFRICA

#### ALGERIA

Morocco Criticized for Stand on Israel, Palestinian Issue (Editorial; EL MOUDJAHID, 4 Oct 85) .....	11
Legality, Objectives of Human Rights League Questioned (Editorial; EL MOUDJAHID, 4 Oct 85) .....	13
Moroccan Press Criticized; Accused of 'Disinformation' (Editorial; EL MOUDJAHID, 8 Sep 85) .....	16
Development of Flourishing Black Market Described (ALGERIE ACTUALITE, 5 Sep 85) .....	18
Underlying Reasons, by Ahmed Lakrouf	18
Sectors Involved, by Hocine Khelfaoui	19
Breakdown of Goods Offered, by Hocine Khelfaoui	21
How It Works, by Z. Ferroukhi	24
Negotiating the Deal, by Hamid Bendali	27

EGYPT

Proposed Egyptian National Front Discussed (Yusif al-Qa'id; AL-MUSTAQBAL, 5 Oct 85) .....	30
Wafd Leaders Discuss Proposed National Front (Sharif Jaballah; AL-SIYASI, 13 Oct 85) .....	33
Cairo Radio Comments on Roots of Terrorism (Muhammad Sharaf; Cairo Domestic Service, 10 Oct 85) .....	35
Weekly Warns Against Submitting to IMF Terms ( 'Abd al-Qadir Shuhayb; AL-SHA'B, 10 Sep 85) .....	37
Minister of Finance Interviewed (Salah Hamid Interview; AL-IQTISAD WA AL-A'MAL, Jul-Aug 85) .....	41
AL-JUMHURIYAH Urges Pressure To End Israeli Repression (Editorial; AL-JUMHURIYAH, 14 Sep 85) .....	46
AL-AHRAM Compares Israel With South Africa (Ahmad Nafi'; AL-AHRAM International Edition, 20 Sep 85) .....	47
Weekly Views Mubarak U.S. Tour, Israeli Threats ( 'Abd al-'Aziz Khamis; ROSE AL-YUSUF, 23 Sep 85) .....	50
Supply Problems Aggravate Coffee Crisis ( 'Ali Shalabi; AL-SIYASI, 13 Oct 85) .....	52
Local Engineering Industries Need To Be Developed (AL-SIYASI, 13 Oct 85) .....	54
Briefs	
Mufti Dies in Hospital	56
Suez Canal Tolls Raised	56
Drought Aid to Sudan	56

MOROCCO

Unemployment, High Prices Seen as Chief Problems (Mohamed Chaoui; LAMALIF, Jul-Aug 85) .....	57
---	----

SUDAN

Factional Situation Discussed (AFRICA CONFIDENTIAL, 1 Oct 85) .....	59
--	----

WESTERN SAHARA

Conflict Seen as Cause of Turmoil (SAHARA LIBRE, Jul 85) .....	63
---	----

Presidents of Local People's Councils Take Office (SAHARA LIBRE, Jun 85) .....	65
---	----

ARAB EAST/ISRAEL

IRAQ

Briefs	
New Missile Deployed .....	67

ISRAEL

Arab Civil Guard Under Consideration (Ilan Bekher; MA'ARIV, 2 Aug 85) .....	68
Problems in Agricultural Sector Reviewed (Avraham Disbon; YEDI'OT AHARONOT, 20 Aug 85) .....	69
Interview With Director of Nature Preservation Authority (Uri Beditz Interview; NEQUDA, 26 Jul 85) .....	72
Briefs	
Israeli Aircraft Industry Faces Decline in Orders .....	76

PALESTINIAN AFFAIRS

Communique, Abu-al-'Abbas Interview on PLF Position ( 'Abu-al-'Abbas Interview; FILASTIN AL-THAWRAH, 21 Sep 85) .....	77
PNC Chairman Assesses Outcome of Arab Summit (Shaykh 'Abd-al-Hamid al-Sa'ih Interview; FALASTIN AL-THAWRAH, 24 Aug 85) .....	82
Faruq Qaddumi Visit to Congo Reviewed (MWETI, 10 Sep 85) .....	87

SAUDI ARABIA

New Railroad Line Inaugurated (AL-YAMAMAH, 11 Sep 85) .....	89
--	----

SOUTH ASIA

AFGHANISTAN

Soviet Forces Said Escalating Ground, Air Operations (KAYHAN INTERNATIONAL, 9 Oct 85) .....	90
--	----

Chemicals Reportedly Sprayed in Eastern Afghanistan (KAYHAN INTERNATIONAL, 16 Oct 85) .....	92
Article Surveys Economic, Social Conditions (HAQIQAT-E ENQELAB-E SAWR, 29 Jul, 1 Aug 85) .....	94

INDIA

More Foodgrain Output Expected in Seventh Plan (THE STATESMAN, 14 Sep 85) .....	108
Paper Gives Details of Amended Dowry Law (THE TIMES OF INDIA, 13 Sep 85) .....	109
India, UK Sign Protocol for Technology Transfer (THE TELEGRAPH, 14 Sep 85) .....	111
Reserve Bank Issues Report, Governor Speaks (THE TIMES OF INDIA, 13, 17 Sep 85) .....	112
Annual Report Summarized	112
Governor's Remarks Reported	115
Second Batch of Mirage-2000's Arrives in India (THE STATESMAN, 14 Sep 85) .....	118

IRAN

Former Officer Describes Military Situation (Ali Nurizadeh; AL-DUSTUR, 2 Sep 85) .....	119
Prosecutor General Warns Against Return of Fugitive Capitalists (KEYHAN, 29 Sep 85) .....	128
Country's Wealth Not To Be Returned to 'Usurpers' (KEYHAN, 10 Oct 85) .....	139
Government Appeals Against School Closings (MOUVEMENT 'IRAN LIBRE', No 2, 16 Sep 85) .....	143
Judicial Police Comment on Closure of Schools (KEYHAN, 10 Oct 85) .....	144
Production Projects Get Most of Agricultural Bank Credits (Seyyed 'Ali Milani Interview; KEYHAN, 1 Oct 85) .....	147
Goods, Services Indices Increase Compared to Last Year (KEYHAN, 2 Oct 85) .....	150
Briefs	
Syria Said Buying Oil From Saudi Arabia	152
Austria May Get Metro Bid	152
Kordestan Wheat Purchase	152

PAKISTAN

Efforts To Form Communist Party Reported (NAWA-I-WAQT, 29 Oct 85) .....	153
Increase in Water Rates in Karachi Criticized (Editorial; AMN, 1 Oct 85) .....	154

REGIONAL AFFAIRS

ARAB SUMMIT TAKES HARD LINE AGAINST IRAN

London AL-TADAMUN in Arabic 17 Aug 85 p 10

[Article: "Iraqi Satisfaction with the Summit Stand on the War and Its Readiness To Go Along with the Conciliation Commission"]

[Text] The information reaching AL-TADAMUN about Iraq's appraisal of the results achieved at the emergency Arab summit in Casablanca suggests that Baghdad is completely satisfied with these results. When AL-TADAMUN asked an Iraqi source about his appraisal of the results, he simply said: "We are pleased with these results." However, Arab diplomatic circles in Baghdad pointed out that Iraqi satisfaction with the results of the emergency summit can be explained by a careful, slow reading of the position taken by the summit on the Iraq-Iran war, a position that can be characterized by the following observations:

1. For the first time an Arab summit took a strong stand against Iran, warning it of the consequences of continuing the war against Iraq and threatening to review Arab relations with it if it persists in ignoring the appeals and peace efforts being made to halt the war.
2. Also for the first time, such a strong stand was taken by an Arab consensus at a summit attended by the majority and boycotted by the minority. This means that a weaker stand will not be acceptable to any future Arab summit.
3. The third observation is that while the final statement of the conference did not include a precise and specific characterization of the forcefulness of the language used by the summit in dealing with Iranian stubbornness in continuing the war, King Hasan II, chairman of the conference, made that very clear in a press conference held the day after the summit concluded its work. He said the conference directed what can be considered a warning to Iran.

It is worth pointing out that the section relating to the Iraq-Iran war in the final statement of the emergency summit contained the following passage: "Regarding the Iraq-Iran war--and after reviewing the situation in the Gulf--the conference notes with great concern and pain the continuation of this war with the heavy human casualties that it causes and the enormous material damages done to both sides as well as what it may lead to in the way of a

serious threat both to regional security, stability and prosperity and to world security and peace. The conference expresses its strong disapproval of and deep regret at Iran's insistence on continuing the war and launching attack after attack on Iraq in order to penetrate its borders, occupy its territories, and impose its authority over them, defying the principles of international law, international agreements and the charter and resolutions of the United Nations, disdaining the various peace efforts and Iraqi initiatives aimed at halting the fighting and producing a peaceful, just, and honorable solution through negotiations, a solution that would guarantee the legitimate rights of both parties and establish good-neighbor relations to ensure regional security and stability with the ensuring benefits for the Arab and Islamic nation. The conference affirms in this connection its adherence to the resolution of the Fes summit on "the Gulf war and the Arab stand on it" and the commitments arising from it in accordance with Article 6 of the Charter of the Arab League and Article 2 of the Joint Arab Defense Treaty.

"The conference also affirms the request made to Iran by the Council of the Arab League in its emergency session held in Baghdad on 14 March 1984 that it abide at once by the resolutions to halt the fighting and respond to the peace initiatives. The conference again asserts that if Iran continues the war against Iraq, it will only impel the Arab states to undertake a review of their relations with it and take the necessary steps to implement it.

"The conference announces its determination to mobilize all efforts to put a speedy end to the fighting and enter upon negotiations for a peaceful, just, and honorable solution to the dispute. It calls for the committee monitoring developments in the war between Iraq and Iran to intensify its efforts and contacts in this regard in light of the duties assigned to it."

It is also worth noting that at the time when the emergency summit took this tough stand against Iran on ending the war against Iraq, Iran was trying to repair its bridges with Sudan and announced the appointment of an ambassador to Saudi Arabia while Riyadh appeared to be hesitating in raising its diplomatic representation with Iran to the ambassadorial level, preferring to keep it at the charge d'affaires level.

It also remains to be said that Iraq is satisfied with the results achieved at the emergency summit in clearing the Arab air in preparation for confronting the demands of the coming stage, on the one hand, and for holding a normal summit at the regularly scheduled time, on the other hand. One member of the Iraqi delegation to the summit informed AL-TADAMUN that Iraq did not attempt to form a mediation commission for reconciliation with Syria or Libya. However, it is facing the decision of the summit to form such a committee, and this is what actually happened. The national duty of Iraq dictates that it go along with this effort and treat it with the required flexibility.

5214/9312

CSO: 4404/9

REGIONAL AFFAIRS

AL-JUMAYYIL, AL-ASAD MEETING SEEN AS A BLOW TO ARAB SUMMIT

London AL-TADAMUN in Arabic 17 Aug 85 p 14

[Article: "The Syrian Role in the Lebanese Decision:"]

[Text] If you want to know Beirut's policy, ask Damascus. This is the logical shorthand for describing Lebanon's current status. Observers and diplomats in the Lebanese capital apply it to everything in the way of opinions and views emanating from "official" (or even) political Lebanon and it is their basis for analyzing official Lebanese policy on a variety of internal and external issues on which official Lebanon is asked to take a clear cut stand.

In accordance with and inspired by this epigraph, political circles explained Lebanon's official stand on the emergency Arab summit held in Casablanca in Morocco last week. They also explained its reactions to the final statement, which devoted to Lebanon and its case one section in which it expressed its extreme concern for the deterioration of the security situation there and affirmed the "need for Lebanon's stability and preservation of its unity and security," rejecting implicitly a Syrian guardian role and proclaiming the late President Anwar al-Sadat's slogan "Hands off Lebanon."

Lebanon rejected being present at the summit, and its absence from it was "a choice to which it had no alternative," as Western diplomatic sources in Beirut said. Moreover, the negative reaction to the results of the summit reflect "a decision made in Damascus and implemented in Beirut," as the same sources put it.

This explains the official Lebanese comments on the results of the emergency Casablanca summit which they described in a hostile fashion. They proceeded to adopt the Syrian line on it completely. These comments were issued by Lebanese government leaders, notably President Amin al-Jumayyil, who condemned "separate initiatives" and considered "the Damascus summit attended by himself and President al-Asad the main summit" while Prime Minister Rashid Karami characterized the final statement as "verbal craftsmanship" when offering his criticism of the holding of the summit and the issuance of the final statement. The prime minister of the shadow government, Salim al-Huss, called it the "summit of sorrows," saying, "it was no more than we expected."

Political sources in Beirut say that the timing of the al-Jumayyil-al-Asad summit in Damascus was no coincidence. The fact is that Damascus intended it to coincide with the Casablanca summit in order to tell the presidents and kings assembled in Morocco that the Lebanese and Palestinian card is in Syria's hand and that any decisions concerning it have to be made in Damascus to become effective. Given this premise, the greatest epigraph for what happened in the Damascus summit is the "solidarity with regard to the plans for the Arab-Israeli settlement," and not the search for a solution to the Lebanese dilemma. Another of the headings is "determine the content of the peculiar relationship between Lebanon and Syria."

Lebanon was absent from Casablanca but was present...in Damascus. Its absence there and its presence here were primarily Syrian decisions to which Lebanon agreed, thereby abandoning its traditional policy as a founding member of the Arab League, a policy of attending Arab summits even if such attendance was to so that it not be recorded as being a party to the policy of the Arab states.

Damascus benefited from Lebanon's "solidarity" with it and seized on it in order to strengthen its position before and after the summit and to use it to bolster its view that the cards of peace and war are in its hands. The Syrian newspaper TISHRIN reflected that when it said that "all the cards are in Damascus' hand and that the Arab future will be determined by the vacant seats at the summit."

However, the question now is, what benefit will Lebanon reap from its alliance with Damascus to achieve the internal solution that it is seeking?

Political circles in Beirut believe the internal situation in Lebanon is likely to worsen and become more tense and not the reverse, despite the signs of movement toward a political shift. These circles compare the current situation to that which prevailed in 1976 when the Syrian role in Lebanon was strongest. However, the struggle between the Arab axes prevented a settlement that at that time took the form of a "constitutional charter" containing 14 articles. Not a great deal has changed, according to these circles, but the current "Syrian role" has lost most of the Arab cover that it had in 1976, especially after the final statement of the Casablanca summit objected to this role and called for the termination of Syrian control over Lebanon, although without specifically naming Damascus.

Thus, as these circles say, "Wait for the train of the solution to run off the track," and not the reverse.

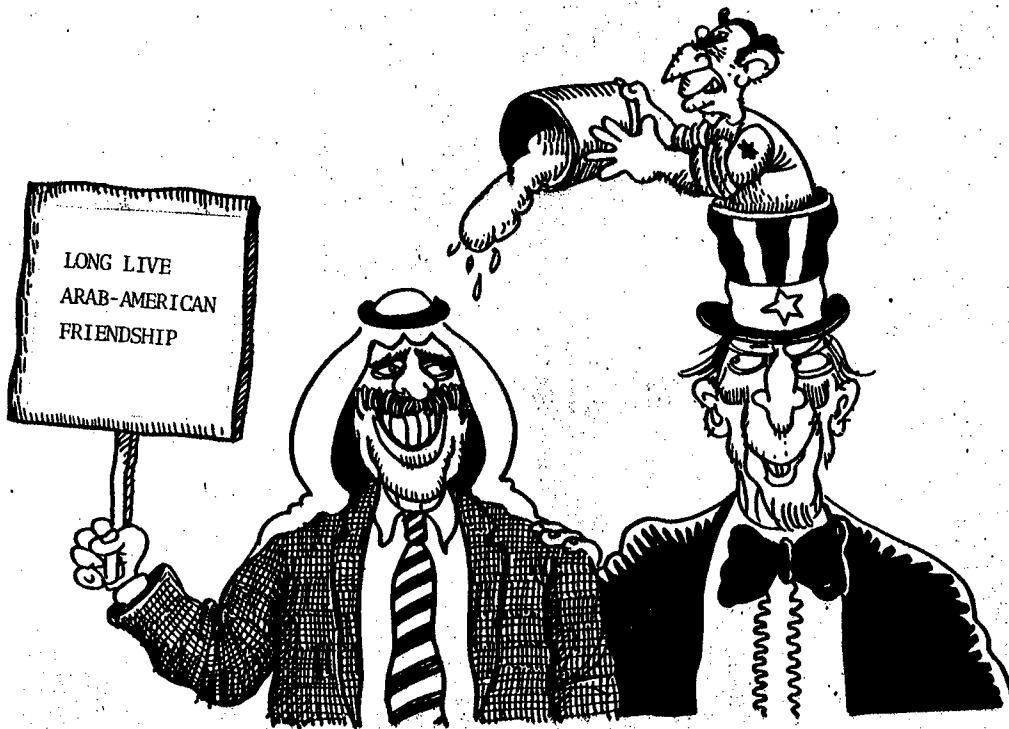
5214/9312  
CSO: 4404/9

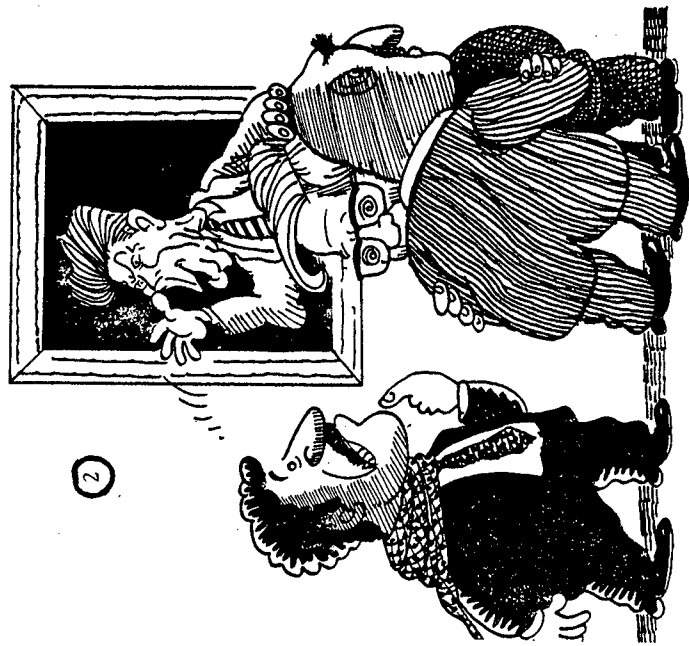
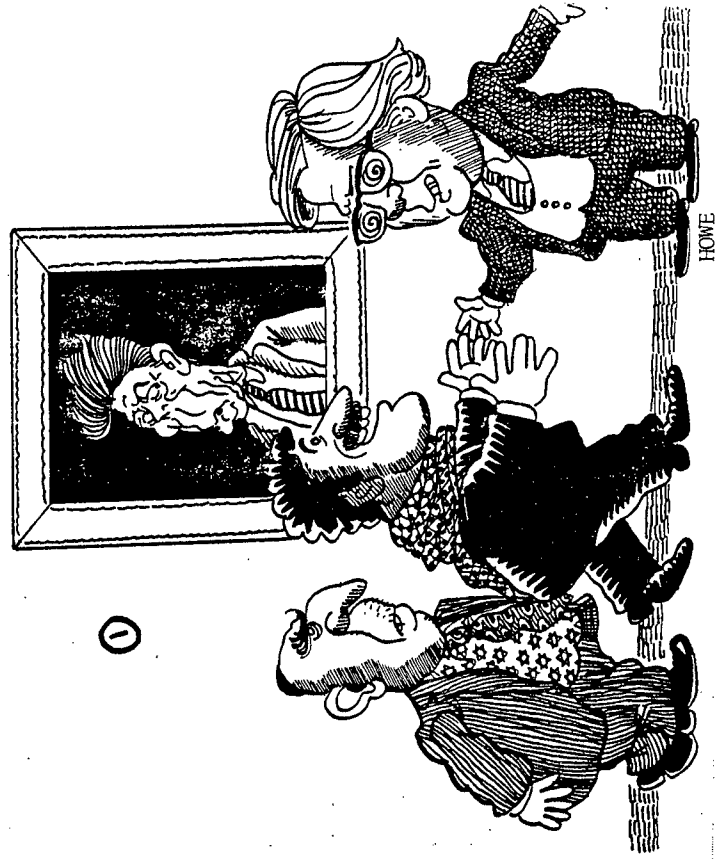
REGIONAL AFFAIRS

PERCEPTIONS OF U.S. AFTER ACHILLE LAURO INCIDENT

[Editorial Report]

UAE's Dubayy AL-BAYAN in Arabic carried the following cartoons on page 20 of its 12 October and 16 October 1985 issues respectively:





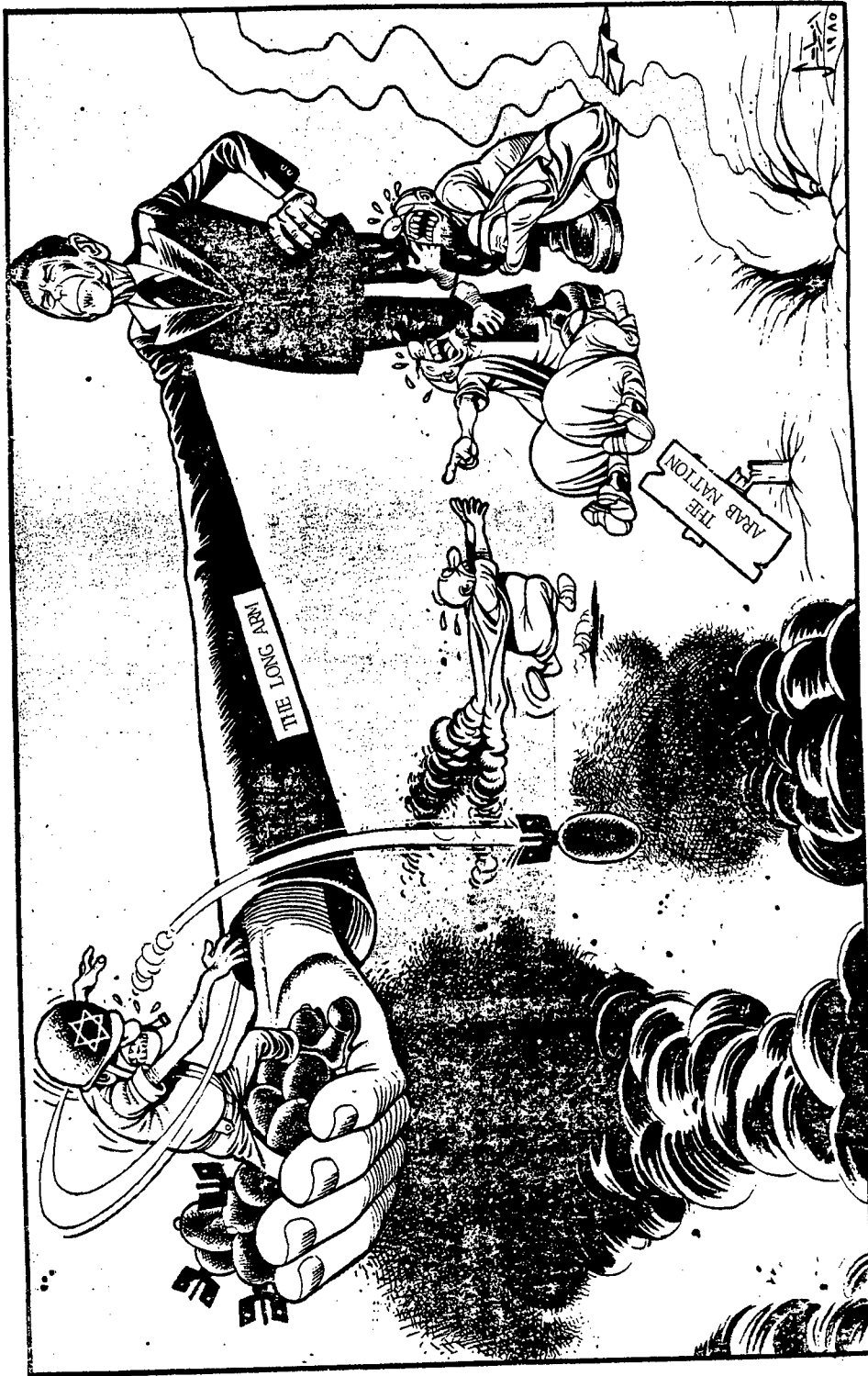
The Egyptian paper Cairo AL-WAFD in Arabic carried the following cartoon on 15 October 1985 on page 1:



The Qatari magazine Doha AL-'URUBAH in Arabic had the cartoon below on the cover of the 24 October 1985 issue:



The Libyan newspaper Tripoli AL-ZAHF AL-AKHDAR in Arabic carried the following cartoons on the front pages of its 7 October and 14 October 1985 issues:





/7358  
CSO: 4404/47

ALGERIA

MOROCCO CRITICIZED FOR STAND ON ISRAEL, PALESTINIAN ISSUE

Algiers EL MOUDJAHID in French 4 Oct 85 p 1

[Editorial: "Divisive Maneuver"]

[Text] At the very time when, due to Tuesday's Zionist attack against the Maghrebian territory, it becomes urgent for Arabs to close up ranks and, putting aside their differences and marginal conflicts, to strengthen their solidarity and their mobilization in the face of the chief enemy--as stressed in the latest communique of the FLN Political Bureau--, the Casablanca newspaper, "MAROC-SOIR," takes this opportunity to attack Algeria in a slanderous and insulting manner. The Moroccan paper "accuses" our country of having done nothing to "defend its ally Tunisia" and of "pointing its guns toward Morocco."

We must first retort that the Tunisians who, as it happens, have once again made a blood sacrifice to the Palestinian and Arab cause following the cowardly Zionist attack, are a courageous, patriotic and proud people, perfectly capable of defending their country and implying the opposite is doing them an injustice. As for Algeria, preferring actions to speeches, it is not in the habit of talking about what it has done, and continues to do, to concretize its solidarity with fraternal peoples, and the Palestinians in particular. But history will remember and report.

Let us instead ask other questions of "MAROC-SOIR": Who, by advocating, organizing and promoting meetings between Israeli and Arab leaders within its border, was the source of a sizable weakening of the Arab forces in the conflict against Zionism? Who served as liaison in persuading some Arab officials to take "the road to Jerusalem"? Who supplied military bases and support points to the "rapid intervention force" enabling a stronger reinforcement of the Israeli enemy? Who steadfastly supports Zaire, an agent of Zionist penetration on the African continent? Who formed a de facto axis with Tel Aviv and is trying to lure other Arab countries into joining it in compromise and maladministration? Who hosts international Zionist congresses whose plots are carefully hidden from public opinion? Who uses the "services" of Zionist experts in the guerrilla warfare against a fraternal Arab people fighting for its freedom? Who increases the diversion maneuvers and obstacles to prevent the Arab world from achieving significant progress toward the liberation of Palestine and settling the problems of the Middle East?

At a time when Palestinians and Tunisians have just fallen martyrs to the Arab cause, simple decency and respect of the dead should have induced "MAROC-SOIR" to show a minimum of restraint. In this case, while also paying tribute to the shed Arab blood, the Moroccan newspaper would have been better off informing its readers of the seriousness of the Zionist deed, calling on them to be more vigilant than ever. It would have been better off pointing out that Israel, not Algeria, is the true enemy. The Algerians and Moroccans are not enemies but brothers and, beyond the short-lived contingencies, they are being threatened by the same danger and the same Zionist enemy. They are bound by a common destiny. The Algerian guns are not aimed at either the Moroccan people or anyone else: They are there to defend Algeria and the Arab cause.

By attempting with lies to give credence to the contrary, "MAROC-SOIR" is in fact carrying out a divisive action which, in the end, will be precisely beneficial only to the Zionist enemy who recently attacked infamously the Maghrebian land with the help of its powerful accomplices.

6857

CSO: 4519/5

ALGERIA

LEGALITY, OBJECTIVES OF HUMAN RIGHTS LEAGUE QUESTIONED

Algiers EL MOUDJAHID in French 4 Oct 85 p 2

[Editorial: "Human Rights or Right to Illegality?"]

[Text] The news was highly publicized in a certain press, always the same, which shows an even determination when it comes to tarnishing our country's prestigious image and interfering with our people's basic choices.

The affair began with an item which could have seemed banal, to say the least, upon closer examination and could have been added to the long list of news items and gossips whose tone, and even less underlying motives, are no longer foreign to us. But this type of event (is it one?) traditionally finds a certain attentive audience overseas. Algeria is once again the object of a campaign of lies in which propaganda vies with lack of measure.

Who is trying to convince whom?

The attempt of a small group at creating a would-be league of human rights in Algeria is the cause of this new crusade against Algeria. This endeavor is being attempted in defiance of constitutional laws and of the political will which sees hidden in it, and this deceives no one, unacknowledged designs aimed at creating the artificial merger of various factions and ideological confusion.

This time, and the reaction as usual was not long in coming, lo and behold the wolf becomes shepherd. There were numerous messages of solidarity and support sent by some circles; these were interspersed with acts of censure against Algeria accused of "violation of human rights" and "attempts against the freedoms of associations." These accusations were due to the simple fact that a small group, representing only itself and its sordid interests, was denied authorization for this project by the competent authorities.

Although this type of scenario has now become commonplace for Algeria, the unexpected factor, on the other hand, comes from an international organization, the International Federation of Human Rights [FIDH], whose mission, must it be recalled, is to defend human rights and not to foment unlawfulness. For is it not what is involved? Has a "ghost" association the right to request its affiliation in an international organization and be recognized by it when it

has not been recognized by the legal authority of a country and its activities do not comply with either the constitution or the law of that same country? Against all expectations, the FIDH arrogated the affair and inopportunately announced in its 10 September 1985 newsletter that the affiliation project of the pseudo league was to be submitted for review to its bureau at its next meeting. In other words, this would be equivalent to endorsing a dummy association with no legal judicial existence. Algerian texts and laws on this subject are very explicit and allow no ambiguity since the provisions of Article 56 of the Constitution, as well as Article 2 of Order 71-79 published in the JOURNAL OFFICIEL of 24 December 1971, determine the statutory conditions governing the formation of associations. (See below.)

As therefore noted, human and civil rights, as recorded in the universal bill of rights, are [garbled line] basic to the country, but to any Algerian jealous of the supreme interest of his country, they are much more than leading principles, for this same right to dignity and freedom has been demanded, at the price that we know, for a century and a half. Needless to say, the lesson givers are once again utterly wrong and the sirens' song seduces only the perpetrators of this plot and their troubadours badly in want of inspiration. Today, the accused answer before the law for their actions which violated the laws and regulations of the republic. As a matter of fact, in chapter 5 dealing with civil duties, the Constitution states in Article 74 that "all persons must respect the Constitution and comply with the laws and regulations of the republic," adding that "no one is supposed to be ignorant of the law." Clear, neat and precise.

The revelations made by Attorney Ait Larbi, vice-president of the so-called "Algerian League of Human Rights" to the newspaper LIBERATION, published in the 8 August 1985 issue, disclose once and for all the true designs which motivate its members. One item in the statement bears to be pointed out: Attorney Ait Larbi specifies in that same paper that "contacts were made and extended to all quarters." After endless discussions a meeting took place in an Algiers restaurant.

The discussions immediately brought to light irreconcilable positions with regard to principles. One of these groups, whose spokesman is a lawyer before the Algiers courts, set as a prerequisite subordinating any activity in defense of human rights to FLN consent, whereas we have maintained that absolute autonomy (...) could not be the subject of any deals. There was a split and Attorney Ali Yahia and his associates, being in the minority, then decided to act alone. The decision to carry out the project and submit a request for affiliation to the FIDH without waiting for either the registration acknowledgment or the authorization of the public authorities was taken during another meeting held at 7 Didouche Mourad Street.

As for the detention conditions of the accused about which much has been written and many indignant voices raised, a trustworthy source pointed out that there has been no recorded violation of the law since the opening of the case. The legal time in which they were held before being booked was respected. The accused were placed under medical care as soon as they were admitted to prison.

Attorney Ali Yahia, who is diabetic, has been given a special diet and all the care required by his age and state of health. In another connection, concerning the right to defense about which must have also been said, it should be pointed out that it has been fully guaranteed to them and the accused were heard only in the presence of their lawyers who continue, and will continue, to assist them until a verdict has been reached. Visits from their families are likewise guaranteed.

Those who see the trial as a "mascarade" or a "legal parody;" who cultivate the artificial merger of various factions and speak of "proof through absurdity;" who do not know, or pretend not to know; all of them should be reminded that in Algeria trials are public and the doors to the courts have never been shut to anyone.

Is this not an irrefutable proof that our judicial system is open and above board and that it acts only within the law and not against it, with all due respect to a certain press?

Open to a responsible dialog, our country received these past few days representatives of the International Federation of Human Rights and Amnesty International to whom all necessary explanations were given for a calm assessment of this "case."

#### Provisions of the Law

Article 56 of the Constitution: Freedom of the association is recognized. It is exercised within the framework of the law.

Order No 71-79 of 3 December 1971 pertaining to the association.

Article 2 - No association can have a legal existence or carry out its activities without the consent of the public authorities.

Article 7: Is null and void:

Any association capable of interfering with the political, economic, social and cultural choices of the country or the integrity of the national territory.

Penalties incurred by any offender of the law are also specified in that same order which stipulates in Article 9:

That whosoever creates, administers or directs, or belongs to an association unlawfully formed is punishable with a 1 to 5 year prison sentence, a fine of 300 to 70,000 dinars or only one of these penalties.

Whosoever encourages meetings of the illegally created association by making available to its members a building in his possession will incur the same penalties.

6857

CSO: 4519/5

ALGERIA

MOROCCAN PRESS CRITICIZED; ACCUSED OF 'DISINFORMATION'

Algiers EL MOUDJAHID in French 8 Sep 85 p 5

[Editorial: "Slander and Reality"]

[Text] Although, it unfortunately has become increasingly habitual, the Moroccan press is again railing against our country. In the last few days, according to a plan firmly mapped out recently, Moroccan newspapers have been devoting themselves to analyses which, from their point of view, aim at defining the problems that are facing the region, but which, in the end, once again arise from unfounded accusations instituted against Algeria for purposes which we all know.

Before seriously tackling the points that seem to "disturb" our Moroccan colleagues, we must point out, in passing, the seamless unanimity of this press which, repeating itself, idea for idea, leads us to wonder about the aim of what, obviously, resembles a disinformation campaign.

According to this Moroccan press, President Chadli Bendjedid's recent visit to Tunisia would be of a nature to "strengthen the exacerbation of the already strained relations in the region" and would constitute a factor "in [the] worsening of tension."

Not only does the simultaneity of this formal attack leave no doubt as to its character, it is also no longer possible today to leave things unclear. Since we must take drastic action, perhaps we must ask this question which everyone will understand as it is asked: if there is an increase in tension in the region, who is tirelessly contributing to it? If everyone is permitted to answer in accordance with the truth, but also with morality, there can be no doubt that Algeria's behavior is known and appreciated by all countries who, through international institutions, are building relations between states on principles of law, sovereignty and cooperation. As far as our country is concerned, it is inclined to believe that its regional policy is not only just but is also laying the foundations of a genuine cooperation that meets the aspirations and needs of peoples and the mutual interests of states. Algeria, imbued with its principles, has settled colonial disputes in border matters with Mauritania, Mali, Niger and Tunisia. With all its neighbors, it has set in motion dynamics of cooperation built on peace and moved by friendship. Moreover, with its Maghreb neighbors, Mauritania and Tunisia--to whom, additionally, it is linked by the treaty that bothers the Moroccan press so much--

Algeria is developing a policy of mutual aid and solidarity that excludes the positions inspired by passion and tied in with the state of the economy that are the profile of those who favor politicking and personal action at the expense of the history and the interest of peoples.

Another question: in the region, what is the treaty that really represents a main line of division? It is not even a question of enlarging upon this aspect of things, so much do the events that are taking place in the Maghreb show, at the same time, who, on the one side, is destabilizing and trying to check the peoples' march toward their emancipation and who, on the other, is working for stability and peace and daily showing his seriousness and credibility, far from demagogic speeches, dilatory practices and more or less detailed but always ineffective surprise attacks.

Let us repeat: the treaty of brotherhood and peace, as its title states, wants to be, above all, an instrument of cooperation and independence for the countries of the region. The countries that have signed it are held by obligations as a result of their agreement and because they subscribe to it. President Chadli Bendjedid's visit was, in this framework, entirely natural. But since we are in the eye of the hurricane, how can we imagine, when we are morally responsible, that the leader of a country signatory to a treaty would not pay a visit to an ally when the latter needed it? At what other time than that, would President Chadli Bendjedid have a better opportunity to express Algeria's active solidarity with its sister Tunisia?

Since we must indeed finish, it is perhaps necessary for our Moroccan colleagues to know that they are not the only ones in the region. The Moroccan press, in any case, should indeed give itself a reason: the reading of newspapers and the reaction of the Tunisian people show us that Algeria is constant in its policy of disinterested friendship. The brother people of Tunisia and its press are certainly the best judges on this subject with regard to relations between our countries.

9434  
CSO: 4519/217

ALGERIA

## DEVELOPMENT OF FLOURISHING BLACK MARKET DESCRIBED

### Underlying Reasons

Algiers ALGERIE ACTUALITE in French 5 Sep 85 pp 16-17

[Article by Ahmed Lakrou: "Poverty, Wangling and Trafficking"]

[Text] Some call it the black market and others the parallel market. The name is unimportant. Everyone has his terms, but they describe the same phenomenon. And the classified ads in the daily newspapers sometimes constitute a part of it.

If in the past it was electrical household appliances and electronic equipment which dominated in the "classifieds." Thanks to their success, it is now the turn of industrial and professional equipment to enjoy this privilege.

The price is sometimes doubled, with no guarantee ever given, and no invoice provided. But the users of various types of equipment (woodworking, construction, food processing, etc.) are not discouraged thereby from engaging in transactions on this market.

"The reasons are as simple as they are obvious," the merchants and craftsmen who use this equipment tell you. "When you need a machine for your business activity and when the businesses that are supposed to sell them have none available and will not for a year or two after receiving your order, you are forced to wangle what you need however you can."

From this point of view, the consumers thus regard themselves as the "victims" of a situation the causes of which must be sought in the enterprises responsible for marketing equipment. And the phenomenon would thus result, as is the case with other products, from an imbalance between supply and demand, and the lack of market regulation.

And the solution? Some consumers do not beat about the bush. They do not hesitate to suggest ready-made "solutions" regarded as a "panacea" for all evils. "It is necessary to flood the market." And some even go so far as to say "one must drown it!" But how? Under what conditions? On what basis? To this kind of question, on the other hand, it is better not to insist on

answers. They have nothing to do either with market studies or the priority which should be given this or that product, or even to meeting real needs.

For the national enterprises which have a monopoly, the problem, seen from another angle and in terms of quite different realities, is indeed approached differently. For example, at the ENDEI (Cinq Maisons, El Harrach), they think that "it is these consumers who encourage the black market, by buying their equipment outside the normal circuits, and thus they play into the hands of the speculators."

At that enterprise, as at the ENTP [National Public Works Equipment Enterprise], the procedure established for recording orders (the business register and stock statement are photocopied) makes it possible to exercise control over the nature of the client and the activity for which the equipment ordered should be used. At the ENTP, a certificate of continued activity is also required at the time of delivery. This entire procedure reflects the desire of the marketing departments of the national enterprises with marketing monopolies to allocate equipment only to professional consumers. "After orders have been billed and delivered, neither our resources nor our authority enables us to take action to verify if all our customers are using their equipment for their own activities or not," they tell us.

And it is precisely once they have purchased their equipment that some customers believe they "are entitled" to do what they want with it. Reconveyance because of "change of activity," and the other subterfuges mentioned, would under the known conditions, in their view, naturally, merely be different forms of using private property. This certainly does not justify the making of profits which come to thousands of dinars, and which in such cases are not subject to any tax. Above all when it is a question of equipment which the state has made an enormous effort to place on the domestic market.

#### Sectors Involved

Algiers ALGERIE ACTUALITE in French 5 Sep 85 pp 16-17

[Article by Hocine Khelfaoui: "A Truly Underground Economy?"]

[Text] Economic concerns prevail here exclusively, reflecting the dominant concerns of our businessmen. Innocent in appearance, the classified advertisements reveal a surprising world in which all sorts of activities bubble with unsuspected liveliness, often in contradiction with the honest image of our society obtained from publications and discussion. This is nonetheless an economy in which the legal and illegal exists side by side and supplement each other, a veritable underground, semiclandestine economy, often nurtured at the expense of the state sector on which it feeds, and at the expense of the honest investors it deprives of equipment intended for them. We have attempted to make a statistical analysis of the equipment goods offered for sale in the "miscellaneous" classified columns in EL MOUDJAHID during the month of June 1985. Despite the modesty of the heading "miscellaneous," the columns proposed transactions pertaining to veritable industrial equipment ranging from a soft drink assembly line to a complete

textile production unit. The composite picture is based on a complex of elements representing six branches of economic activity: BTP [construction and public works], food and beverages, textiles and leather, plastics and metal processing, woodworking and service equipment.

After analysis, we established the following classification.

	<u>Construc- tion and Public Works</u>	<u>Food and Beverages</u>	<u>Textiles and Leather</u>	<u>Plastics and Metal Processing</u>	<u>Wood- working</u>	<u>Service Equip- ment</u>	<u>Total</u>
Number	26	16	20	15	14	49	140
Percentage	18.57	11.42	14.28	10.71	10.02	35	100

The equipment is always provided to the state "packed" or "new," or in the worse of cases, TBE. It is the service equipment which is most often delivered "still in packing," very rarely being represented as having already been operated, while more often, production equipment is offered following a short period of use. One wonders about the reasons for such a large number of sales of equipment goods noted in a single month. An exhaustive answer to this question would require a study going beyond the limitations of this article, such that what will be said here can only be in the nature of hypotheses which may serve as guides for a work in greater depth.

The results of our survey reveal the existence of a vast parallel market for the resale of equipment goods, based on the volume and diversity of the equipment proposed for sale "still in packing." How can these unscrupulous businessmen, for there is no other term for them, succeed in so many cases in overcoming the legal obstacles placed in the way of the purchase of such goods, and designed in principle to make them accessible only to individuals who can prove the capacity for their efficient and serious use? The most striking example is that of the [illegible], varying in power, compressors of all kinds, industrial coffee grinders, industrial sewing machines, and even medical equipment, including an echograph (?), all offered "in the crate." It seems that the vast majority of the equipment intended for small enterprises is passing through the hands of middlemen offering it at prices about 3 times those charged by the state. And these prices, moreover, are nothing but an abstract reference, with no reality.

This situation reflects the existence of powerful commercial capital operating underground, playing the role of an intermediary between the state structures which import this equipment and the private users' sector. We do indeed know how this commercial capital, linking the state companies with a monopoly on imports and the sector consuming these goods, succeeded in corrupting and frustrating all of the goals set for the foreign trade monopolies by the state sector in the past. But it has now been 2 years that the small industrialists and craftsmen have had the real legal capability to make direct imports of this equipment. Yet the parallel market still exists and is continuing to spread. What does this mean? Have new strategems been developed and put to use by these middlemen to gain control of these imports and make them in a way their exclusive province, reversing the situation to work in their favor,

thereby sweeping away both the obstacles in the old state monopoly system, limiting the expected scope of the new measures pertaining to the purchase of equipment goods, and simultaneously strengthening their domination over the small industrial producers and artisans?

What causes these consumers to continue to turn to middlemen instead of profiting from what the law now allows them to do? Intolerably long waiting periods? Formalities which are too complex for the inexperienced? Mistrust of the foreign purveyors' markets? Perhaps there is a little of all of these things.

The balance of the equipment offered for sale is described as "new" or in "excellent condition." It most often involves industrial or craft production equipment which has been very little used. We tried to ask some of these "industrialist-liquidators" about the reasons leading them to sell their equipment by telephone (the only approach made available by the classified advertisements, except for anonymous references to the ANEP [National Publication and Advertising Agency]). The answers, when there were any, could not have been more evasive. However, there were some who told us that they had gone into another branch of activity and needed capital to finance and consolidate the new projects, or that they had left the sector because of market instability, uncertain supplies of raw material, or even because of a change of residence!

It seems that the instability in economic activity is related to the broad potential the domestic market offers consumers, such that there is always a branch of activity which promises greater profit. Thus the rush toward lemonade-bottling plants just a few years ago has been followed by a massive exodus from this activity (probably to the benefit of others), even though we are in the midst of the favorable season. This might confirm the idea to the effect that the race of enterprises in the private sector toward the branches of activity with rapid turnover and high profits always gives them the appearance (which is realistic, moreover), of provisional investors. This leads to a certain instability which frustrates any effort to plan or integrate this sector with a view to an integrated economic infrastructure.

#### Breakdown of Goods Offered

Algiers ALGERIE ACTUALITE in French 5 Sep 85 pp 18-19

[Article by Hocine Khelfaoui: "What the Distribution Shows"]

[Text] The distribution of equipment goods offered for sale as listed in the example given in the preceding article in terms of regions (Center, East, West) and zones (coast, high plains, South) reveals serious imbalances favoring the Center (particularly Algiers and its environs) and, generally speaking, the coast. Although our example could not claim to be exhaustive since the classified advertisements do not entirely reflect the reality, the fact nonetheless remains, at least where the real distribution of these transactions is concerned, that the indicators obtained allow us to see the "absurdities" which work against any planning and which suggest the little

attention being paid by the private sector to the guidelines of the state in the realm of economic policy.

The concentration of equipment offers in the coastal area generally speaking and Algiers in particular reveals the tendency of small industrial units to move toward the large urban and industrial centers where all of the favorable production conditions are all to be found.

Table 1

<u>Region</u>	<u>Construc- tion and Public Works</u>	<u>Food and Beverages</u>	<u>Textiles and Leather</u>	<u>Plastics &amp; Metal Proces- sing</u>	<u>Wood- working</u>	<u>Service Equip- ment</u>	<u>Total</u>	<u>%</u>
Center	16	10	13	11	10	41	101	72.14
West	9	5	7	3	2	7	33	23.57
East	1	1	0	1	2	1	6	4.28
Total	26	16	20	15	14	49	140	100.00

The advantages provided by the state for private investments made in "neglected" zones and the task of participating in the effort to reestablish an economic balance in favor of these areas, which has officially been entrusted to this sector, are, however, clear. The reality revealed by these indicators clashes with this whole policy in favor of harmonious development and the development of the available local resources in the distant zones of the national territory. Despite the fact that energetic measures have been adopted to reduce the congestion in the large urban centers and major infrastructure projects have been undertaken on the high plains, this sector, going against all of the political and economic guidelines, is continuing to crowd with full impunity into the relatively advantaged zones, and to make the urban strangulation from which they suffer even worse.

Of course one could presume that some of this equipment is in Algiers only in transit, and that it will be used, once sold by the middlemen, in other regions. In fact there is no lack of arguments in favor of such a hypothesis --the concentration of the import monopolies or the bodies authorized to grant import licenses in the capital, the dominance of Algiers as the main port of the country at which this kind of various equipment is received, etc. But unfortunately such a hypothesis is fully discredited by a study of the distribution of this equipment by zone--coast, high plains and South. (See Table 2).

If the regional distribution reveals an imbalance favoring Algiers, the distribution by zone shows an even greater imbalance, with 82.14 percent for the high plains and 0.7 percent for the South. As can be seen, the majority of the transactions take place in the North zone, except for BTP, woodworking, and to a lesser extent, textile and leather equipment, in which the high plains zone plays a considerable role. The food and beverages category is concentrated basically on the coast, with 14 transactions, as compared to two for the high plains. The same is the case for the textiles and leather category, with 13 transactions as compared to three. This distribution bears

out the statement made earlier about the concentration of small industrial units in zones where a large population and a concentration of state industries are to be found. These are two conditions which favor the establishment of such small units, to the extent that they offer them markets for their products and for their subcontracting work, and others for their activities. Only the BTP and woodworking sectors have penetrated the high plains zone, which might be explained by the policy of real estate development pursued in this zone by the state, and above all by the competition provided by the state BTP enterprises in the North where they are concentrated. As to woodworking, the pursuit of this activity in the high plains zone may be the result of the development of the BTP activities themselves in this zone.

Table 2

Region	Construc- tion and Public Works	Food and Beverages	Textiles and Leather	Plastics & Metal Proces- sing	Wood- working	Service Equip- ment	Total	%
Coast	18	14	16	13	9	45	115	82.14
High Plains	8	2	4	2	5	3	24	17.14
South	0	0	0	0	0	1	1	0.71
Total	26	16	20	15	14	49	140	100.00

One would have thought that private industries, being established and constituting an industrial network spread over the whole of the country, would have offset the imbalancing effect of the establishment of the state industries in the North. But profit can only develop where the conditions are most favorable for industrial operation, where these conditions have been established throughout the entire period of the development of the public sector in the large urban centers where the industries are located. Intersectorial exchange and complementarity (meaning here between the public and private sectors), can only be envisaged for two different geographic areas, particularly since the development of these two sectors has not come about simultaneously. It is clear then that the last to develop (the private sector) will seek to profit as much as possible from the conditions established by the first. The whole of history to date has shown that an integrated economy cannot be regarded other than as an articulated, living whole, in which one cannot compartmentalize the various components. Are we not far from the image of a "pioneer" private sector, ready to go the bureaucracy of the public sector one better, by proceeding to develop the available national resources in these areas?

#### State Incentives

The following are the advantages provided by the state for investments made in neglected zones in accordance with Law 82-11 dated 21 August 1982.

Total exemption from the industrial and commercial profits (BIC) tax and the tax on industrial and commercial activity (TAIC) for 5 years, and from other taxes for 10 years.

Exemption from the single total production tax (TUGP) for the purchase of equipment goods, and exemption from change of ownership fees for purchases of real estate intended for authorized activities.

To these advantages are added those provided for any investment-producing assets.

--Exemption from the lump sum payment for a period of 3 years.

--Short- and medium-term credit for the financing of operations and investment is also authorized.

--The purchase of land within the boundaries of the development zones is facilitated.

--Supplies of equipment goods and tools necessary for investment are facilitated.

--Raw material supplies are facilitated.

#### How It Works

Algiers ALGERIE ACTUALITE in French 5 Sep 85 pp 18-20

[Article by Z. Ferroukhi: "Devious Swindles"]

[Text] What then should one call dubious businessmen of this sort? Simple middlemen? Or merchant-speculators? Probably both, although they are all merchants, or at least were originally. It is not a question of generalizing: they are all merchants, but happily, not all merchants are necessarily speculators. That is obvious. But the fact is that the regulations now governing trade certainly do not allow anyone who comes along to obtain any equipment he wants in order to resell it with full impunity and in ways outside the law, either. No elaborate proofs are needed of this. Generally the equipment which one regularly sees advertised for sale in the daily newspapers, ranging from simple fruit juicers to a whole chocolate factory, can be divided into two categories.

There is the so-called "heavy" production equipment, which requires the authorization or agreement of the governorate commissions or the national commission, established in accordance with the trade regulations, and it must fall within the framework of the goals, priorities and sectors for which the national development plans and the assignments to the national private sector provide. These investments are directed, organized and limited in accordance with the provisions of Law 82/11 on domestic private economic investment. Any investment plan for a new establishment or extension can only be implemented, therefore, following the compulsory prior authorization issued under conditions and in forms defined by the legal texts. The very establishment of individual enterprises, partnerships or limited liability or stock companies depends on approval. And finally, approval is designed, again according to this Law 82/11, to verify the conformity of the investments planned with the

guidelines adopted in the national development plans, and to evaluate the economic and social usefulness of the investments and the contribution they will make to the development of the country.

This is the case for cookie or chocolate factories, soft drink bottling plants, etc. As a counterpart to his obligations, the private investor enjoys such facilities as aid in obtaining supplies of equipment goods, machinery, tools and construction materials needed for the execution of the planned investment, as well as supplies of replacement parts and equipment as needed for the normal functioning of his business.

Equipment intended for the small-scale production. This pertains to bakeries, dry cleaning and repair establishments, printing and office equipment, generally requiring an investment of less than 50 million centimes. In this second category, there must be at least a commercial register and reference to the national nomenclature in the subject, in this case involving the codification of equipment orders with the supplier, which is (in all cases) a duly authorized national company--the ENAPAT [Enterprise for the Distribution of Professional Equipment and Technical Appliances], EDIED [Enterprise for the Distribution of Household and Office Equipment], etc. These suppliers become interlocutors through a whole administrative structure, covering everything from the "client file" (name, address, commercial registry code, bylaws, etc.) for the ordinary small merchant to a whole panoply of documents and index files for the large investor.

A third category, finally, is based on a list established in advance by the Ministry of Commerce, showing the equipment goods which can be imported "without payment," that is to say exempt from the foreign trade and foreign exchange formalities, if the value does not exceed 200,000 dinars. The importer must however present to the customs official a copy of the commercial registry or a stock statement, as the case may be, "or any other document establishing the link between the nature of the goods imported and the nature of the activity carried out or planned." This applies, for example, to machinery and apparatus for printing and the graphic arts, looms, certain machine tools, etc.

The legal texts are clear. From everything which has been established, one thing can be concluded. All the items offered in the classified advertisements must necessarily pass through fully regulated channels. Except, of course, for furniture and other accessories which can put in a separate category, made up of all of the individual and personal purchases having nothing to do with trade or marketing circuits (bedroom and living room furniture, televisions, etc.). And more!

What about this commercial registry? A mere document for some, designed to keep them within the law when their main aim is to transfer equipment, as legally as possible, for resale at an exorbitant price and in full impunity, from merchant to merchant, from merchant to middleman, from middleman to middleman, with an increase from 40 to 50,000 dinars initially for a fruit juicer or blender, for example, to 200 or 250,000 dinars in the end! In trade circles, the well-known example of a big businessman in a town in the western part of the country is quoted regularly. In the classified advertisements, he

offered for sale a whole soft-drink bottling assembly line, "factory new," when the ENAPAT had not even received the goods in question yet. And this merchant had been removed from the current ENAPAT clients' list. But the clever move was too obvious, not to say aberrant, by far. The advertisement gave every possible detail about the seller. And the others? "As soon as customers undertake the normal procedures, we are obliged to make all of the allocations in the prescribed form. Once the file is in order and the goods paid for, all the conditions needed for us to satisfy the clients are met. After delivery, it is no longer our affair. The client is no longer our concern and we have no control of any kind over him. Look, do we even have the right to interfere in his business after a sale is complete?" These comments, put back in their context, that of the marketing system or the traditional procedures between buyer and seller, and understood above all on the level of our national marketing companies, can only reflect the daily reality. Put in another way and generally speaking, if a purchaser presents himself with standard documentation proving his status, with supporting documents, and pays with his own money for goods he has every right to own, is he speculating or is he not? Who really has the right to concern himself?

In circles other than the commercial marketing circuit, there are those whoever who will swear that, in the worst of cases, only 50 to 55 percent of those selling through classified advertisements were originally merchants. Emigration and other channels more or less unknown to the public at large are also said to be in very great part behind all this traffic. For it would indeed be a question of traffic with many faces, overriding the law, interpreting legal texts, profiting from certain facilities, and devoid of any kind of business honesty.

Along with this whole flourishing market, it must also be said that if such goods are offered at any astronomical price imaginable, it is simply because these goods are not available on the market. The law of supply and demand again. For example, the EDIED in the governorate of Algiers (the EDIED resulted from the reorganization of the SONACAT [National Sales Company]-ENC [National Commerce Enterprise]), which serves as a wholesaler in the capital city and which alone accounts for 45 percent of the domestic market for household and office products and articles, cannot by any means meet the demand. For the first half of 1985, on a production schedule set forth in real terms, that is to say taking consumption between 1981 and 1984 into account, out of a total of 925 million dinars for three product lines (household products, electrical household appliances and office equipment), the quota allocated to the EDIED by the national companies, the upstream suppliers, only 327 million dinars, or 35.35 percent of the program into which it was committed, was produced. Concretely, this means that of 30 June there remained something like 4,473 refrigerators, 2,832 kitchen stoves, 6 million batteries, 67,000 neon tubes, etc., to be delivered. Now the classified ads can easily work their way into the mind...and with the aid of shortages, can win the lion's share of the prize in the race for big profits. This does not work to the advantage of the EDIED at all, because presuming total coverage of the need, in other words executing the planned program 100 percent, the profit margin still remains only 5 percent, whereas it climbs to 33 percent for any products sold by the supermarkets, and to X percent for the private reseller. Is the latter really a customer of the EDIED? Here too another crack develops

into which the speculators do not hesitate to plunge, when it is realized that about 81 percent of the goods distributed by the EDIED are destined to go directly to the public sector. If we subtract from the balance what are called the "professionals," in this case those who actually use the products in question (photographers, etc.), there remains only about 15 percent for the private sector. Like the ENAPAT, the EDIED too has a whole administrative apparatus to see to rather strict control of wholesale marketing: file systems, clients' dossiers and identification documents. But as to checking on the customer after he has taken delivery of his goods there would have to be a way of doing so, and this is not the role of a distribution company. Like its sister companies, the EDIED only sells wholesale, and within the framework of the commercial legislation. Where is the heart of this daily swindle to be found? Where the goods enter our national territory? In the distribution circuit?

It remains now to establish whether the classified advertisements themselves should be subjected to.... But that is another story altogether.

#### Negotiating the Deal

Algiers ALGERIE ACTUALITE in French 5 Sep 85 p 20

[Article by Hamid Bendali: "The Classified Ad Procedure"]

[Text] Photocopier, woodworking complex, bonder and even a complete soft drink bottling plant--all still in the packing, in new condition, are currently being offered for sale in the anonymous classified advertisements in the daily newspapers.

This kind of innocent proposal, which is proliferating increasingly, conceals in fact a characteristic phenomenon inherent in any market, neither more nor less parallel, tending to get around all the official procedures established by the national enterprises which have monopolies on the import and distribution of professional equipment intended for merchants and craftsmen, on the one hand, and small and average businesses in the private sector, on the other.

Two or three lines in the newspaper, with a telephone number, inserted in the "Miscellaneous Items" column in the classified pages of the newspapers, sometimes suffice to launch a transaction in which tens of thousands of dinars are involved. Thus 1 million has become a "unit," and is suddenly a part of the vocabulary. Merely a question of simplifying calculations? For those knowledgeable about and accustomed to this unofficial but organized market on which all stocks are quoted, yes.

Whether it be in Algiers, Oran, Tiaret or Ourgla, the "listed" prices for each type of equipment are substantially the same, a common factor. The value of these products is always doubled and sometimes tripled, depending on the temperature of the market and the tension caused by short supplies. Potential buyers will not be lacking, because the slogan in such cases is "everything sold, everything bought."

When telephoned, four out of five advertisers will say that the equipment does not belong to them, that they are simply acting for a friend too busy elsewhere, with other things...that one should call back in the evening or the next day. Is this a sign of mistrust? Or you may be told immediately that the item is already sold, in a dry tone, the words dropping like a knife precisely to discourage the possibly curious. If, on the other hand, you indicate real interest and, with a little courtesy, explain that you are in a bit of a bind, then confidence can be established and you will be informed that it still might be possible to help you out personally, to "give you a break" on similar equipment, adding that "it is only because you seem like a nice fellow, while if it were someone else...."

Then you will be asked to leave your number so that your interlocutor can call you back--press of business, an important client is waiting. Indeed! Hope exists because anything can be found on this market, and can be bought provided one has the price. In addition, no requirements are imposed, unlike the situation with the national companies, where the waiting period is sometimes too long.

The mistrust shown by some advertisers on the telephone reflects the illegal nature of this type of transaction, because in the final analysis, what is the source of all of this new equipment offered for sale at high prices, since we know that all of these products are imported and the distribution of them on our national territory is the prerogative of several well-known national enterprises?

In the majority of cases, the equipment offered for sale in the classified ads in the newspapers was purchased in the most regular way in the world from the monopolies by people in the business.

Generally, equipment offered for sale through the classified advertisements is sold directly to consumers meeting the criteria established for the procedure, which is more or less the same from one enterprise to another.

There must be an order registered in regular fashion with the departments of the body involved, a copy of the commercial registry (notarization required) and a stock certificate, issued by the APC [People's Communal Assembly] or the tax departments, proving actual pursuit of the commercial activity in question. Sometimes the same documents are required first when the order is placed and a second time when billing is done. Between the two procedures, months may elapse, if not, and this is often the case, years.

Much water will have passed under the bridge, as they say, but many changes may also have occurred. At the end of this time, a given merchant may have changed activity, another has sold his business, while yet another may have simply "shut up shop" by the time the equipment is available. In all these cases, the possibility of purchasing and reselling it "is offered"...on the parallel market.

This equipment, resold at high prices and without ever having been used, should thus be guaranteed. Now when goods are purchased on this parallel market without an invoice, which is often the case, and without a certificate

of guarantee, the whole question of maintenance and availability of replacement parts arises.

When equipment imported directly in connection with one move or another is involved, the problem of standardization which arises in all its acuteness.

With regard to the purchasers, they are primarily newly established businessmen whose sole concern is to launch activity as soon as possible, and it is here that the old adage "time is money" is fully expressed. Now the only solution available to them is to purchase equipment under any possible conditions, because the problem of delayed delivery is thus eliminated. Meanwhile, it is always possible to file an order in the normal fashion with the bodies involved and then to wait--this costs nothing.

In addition, one also finds among the buyers merchants of long standing who want to replace their now-ancient or disabled equipment, or to provide themselves with backup equipment as a safety measure.

What is the position of the bodies responsible for distribution with regard to this situation, which exists in fact? Has there been an encroachment on their assigned task?

Are we witnessing the emergence of a category of middlemen who function with confidence on two levels--that of imbalance between supply and demand for certain products, and that of lack of advertising about this kind of equipment, which goes back to the enterprises themselves?

Indeed there are very few real merchants who fully understand the procedures which prevail within the enterprises. Those who know where and when this or that type of equipment can be found are also few.

Pending answers to all of these questions, the classified ad system works well. The newspapers are printed for everyone to read.

5157

CSO: 4519/3

EGYPT

PROPOSED EGYPTIAN NATIONAL FRONT DISCUSSED

Paris AL-MUSTAQBAL in Arabic 5 Oct 85 p 32

[Article by Yusif al-Qa'id: "When 'Abd-al-Rahman al-Sharqawi Called for the Creation of 'The National Front' in Egypt, the Opposition Splintered, Revealing a Crisis More Severe Than That of the Government's"]

[Text] Egyptian writer 'Abdal-Rahman al-Sharqawi is dedicated these days to preparing a written charter for the national front whose creation in Egypt he has advocated more than once in articles in AL-AHRAM. The subject evoked several debates between all Egyptian political forces and revealed that the current Egyptian crisis is not only a crisis of the government but a crisis of the opposition as well. The system of government suffers obvious economic, political and sociological problems, some of which have taken a strangle hold. It is certain from discussions dealing with the front that the opposition suffers a crisis in knowing its own mind and in its ability to hold a dialogue.

Al-Sharqawi's call was initially vague and its timing was strange. The opposition noted that he met President Husni Mubarak twice recently and that the front was the subject of both meetings. The first meeting came after publication of the first article conceptualizing the front. The second meeting took place after the battle heated up between al-Shargawi and NPUG Party. Certain elements of the opposition say, therefore, that the whole idea was conceived in the interests of the government and the ruling party and not in the interests of Egypt.

Some analysts say that the idea of the front has disturbed the political stagnation in Egypt and created an atmosphere of vitality and discussion. Others believe it has diverted attention to secondary issues away from essential and fundamental causes.

'Abd-al-Rahman al-Sharqawi advocated the creation of a national front whose two objectives he defined as protecting the motherland from sedition and terrorism and confronting national crises.

The initial reaction was that the call came from an independent intellectual, that it was presented on the pages of AL-AHRAM, a semi-official national Egyptian newspaper, and that it was a clear and frank testimony to the scope of the crisis on one the hand and to the extent of the religious current in Egypt on the other.

The creator of the concept identified the Wafd and the Brotherhood as two centers of power with which a dialogue could begin, so it is natural that we begin with them.

No sooner does the al-Wafd confront any current issue than it starts digging through its old books. The initial reaction of this party was to claim that in the 1930's it was the first in the history of Egypt to call for the front. But Dr Wahid Ra'fat, deputy chairman of the party and one reasonable voice in the Wafd, said: "The concept of the front is under study by the party and it would be premature to articulate a position toward it. It is unlikely that the party will accept the idea totally or reject it entirely because some points will probably be adopted and others rejected."

But the concept was rejected in both essence and form by Yasin Siraj-al-Din, younger brother of Fu'ad Siraj-al-Din, a member of the People's Congress whose dismissal from the party has been reversed. He says that there is no imminent danger to justify the creation of this front at the present time. He also said that certain chauvinistic elements within the party reject the idea out of hand and that it would be difficult for the Wafd to join in a front with anybody because the Wafd is itself a front that reflects all current political orientations in Egypt.

Shaykh 'Umar al-Talmasani, supreme guide of the Muslim Brotherhood, says that agreement must first be reached on all points, immediately after which the front should come into existence. It is his opinion that the subsequent establishment of a coalition government would be without the participation of the Brotherhood, which cannot join a government that does not implement the Shari'ah fully.

Two other Egyptian parties, the NPUG and Labor, were not mentioned by al-Sharqawi in his first treatise. Nevertheless, they are important political powers with an impact on the Egyptian scene. The NPUG Party, as articulated by its secretary-general, Khalid Muhyi-al-Din initially accepted the idea in principle but subsequent discussions of detail turned into a verbal battle between al-Sharqawi and Husayn 'Abd-al-Raziq, editor of AL-AHALI. This heated up so much that al-Sharqawi, in one of his articles, publicly accused AL-AHALI, official organ of the NPUG, of receiving foreign funds. He made a such a fiery plea to the Egyptian people "never to believe them" that Musa Sabri contacted him to congratulate him and thank him, saying: "You told them what I never told them with such brutal frankness!"

As this stormy dialogue continued between the NPUG and al-Sharqawi, the latter relinquished his column in AL-AHRAM to an article written by Tawfiq Amin after a meeting he had with President Mubarak. Tawfiq Amin is known as the secretary-general of the Egyptian Solidarity Committee even though the committee announced that he was expressing only his personal views. 'Abd-al-Sattar al-Tawilah also wrote in support of al-Sharqawi. The three attempted to differentiate between a patriotic left, which they represent, and an adventurous left represented by the NPUG Party. Lutfi al-Khuli attempted to join the discussion from afar by stating that the concept of the front, on the regional and pan-Arab levels, is now badly needed for the Arab nation.

The front was also the subject of debate in the Socialist Labor Party, whose secretary-general, Dr Hilmi Murad, believes that Egypt faces hardships and difficulties but says the party cannot condone a front whose objective is to confront a certain current or even merely to cover up the blunders of the present government or its predecessors. The party differentiates between the government and the concept of the front. It says yes to the front and no to a national cabinet in which other partisan and political powers would participate because the Labor Party refuses the burden of misguided former policies.

But what does the ruling National Democratic party think of the front idea?

Al-Sharqawi met with the party's secretary-general, Dr Yusif Wali, in the presence of Deputy Secretary-General Dr Hilmi al-Hadidi. AL-MUSTAQBAL learned that it is that party's unannounced position that a front would be needed in case of foreign occupation or severe problems that threaten the future of the country. What purpose, then, would the front serve, given the fact that Egypt, in the view of the National Party, does not face such dangers?

The National Party believes that the opposition, by merely advocating the front, would have an opportunity to claim that it had saved the country under difficult circumstances and consequently would demand a role in ruling the land. The National Party is not willing to grant that. Moreover, the National Party does not see religious tendencies as the major threat to Egypt since religious extremism could never rise in Egypt if solutions were found to the problems of housing, employment, income and the political vacuum.

It is not known whether al-Sharqawi heard those views from Dr Wali during their meeting.

The significant point is that the idea of the front has turned into a violent verbal war among elements of the Egyptian left. So far, this war has served only the interests of the ruling party. It has distracted the people from their real problems and occupied them with side issues. It has proven that the crisis is not confined to the ruling party. The opposition also is in the throes of a crisis that is no less severe.

The sum of this situation is that it serves the ruling party to the detriment of the opposition while the Egyptian citizen so far remains a spectator. Nobody as yet has spoken the final word on the subject of the front.

12945/7687

CSO: 4504/22

EGYPT

## WAFD LEADERS DISCUSS PROPOSED NATIONAL FRONT

Cairo AL-SIYASI in Arabic 13 Oct 85 p 4

[Article by Sharif Jaballah: "Dr Wahid Ra'fat Says that Binding the Government to Recommendations For a Front is Unconstitutional; Dr Na'man Jum'ah Says the Idea is Hedged With Obscurity and Needs Clarification; and Dr Mumtaz Nassar Says that Formation of the Front Is Essential In Order to Solve the Nation's Problems"]

[Text] Over the past few weeks, several leaders and deputies of the National Democratic Party [Wafd] have talked to AL-SIYASI about the idea of forming a national front which would deal with Egypt's problems and blaze the trail towards the country's future. Today AL-SIYASI gives Wafd Party leaders the opportunity to express their views about the proposed idea.

### Dr Wahid Ra'fat's Views

Wafd Party Vice President Dr Wahid Ra'fat said, "We in the party's Supreme Authority have been discussing the idea of the front for the past few days, for the idea deserves attention and discussion. This is not the first time this suggestion has been brought up; an appeal was made for it in 1934, in the context of liberating the country from British occupation, and the idea was brought up a second time right after the Second World War. The issue has a broader scope now, for it encompasses all our as yet unsolved problems, from the population increase to the economic crisis. There are many more issues nowadays. Whereas in the past the politicians' and parties' attention had been focused on a single problem, it is agreed today that such single-mindedness poses a problem, in view of the diversity of party opinions and programs and the multiplicity of topics to be debated, including, for example, free education, the employment of graduates, subsidies, and landlord-tenant relations, on all of which topics there are differing views and opinions.

"Nevertheless, we say that the concept of the front as proposed by al-Sharqawi will have no effect on the course of events, for it will fall on the sidelines of the executive and legislative authorities. I remember that al-Sharqawi tried to deal with this issue by saying that the committee's recommendations were binding on the government. This is unacceptable, because it is unconstitutional; the People's Assembly and the government are bound only by the

constitution, and the constitution says nothing about a national front. However, another suggestion has been made to al-Sharqawi, in the presence of Fu'ad Siraj-al-Din and myself--that every party should be represented in the ministerial policy committee. This would enable these parties to take part in the formulation of state policy within a recognized constitutional framework. One ought not respond to this suggestion by saying that the representation of parties within the committee would be a minority representation of no value; the intention is not to take a vote once the new policy committee is formed, but to engage in constructive discussion in order to solve the problems of the people. Therefore, the front must exist within the constitutional and executive organizations and not on the outside, as al-Sharqawi proposes. There is nothing to fear from the voting issue, because what is required is persuasion within the committee. The question is one of making the right choice after close examination, not a question of an opinion supported by a majority of votes."

#### Ibrahim Faraj's View

Party Secretary General Ibrahim Faraj said, "The idea is not new. On 3 August 1983, Party President Fu'ad Siraj-al-Din called for it, but this appeal did not meet with the approval of the ruling party."

#### Dr Na'man Jum'ah's View

Party Figure Dr Na'man Jum'ah said, "The party is not opposed to the idea. It has brought it up for discussion in its various organizations, and has not rejected the idea on principle. My personal conviction is that the idea is hedged about with ambiguities and needs a certain amount of clarification before it can be commented on. The usual approach is to form a coalition government or a front composed of opposition parties. As for a front encompassing both the opposition and the government, while not being part of the government, this is an obscure matter, and what al-Sharqawi is calling for can be similarly described."

#### Mumtaz Nassar's View

Wafdist Opposition Leader in the People's Assembly Counselor Mumtaz Nassar said, "As our problems intensify, they must be faced by a cohesive national front. The Wafd Party supports this tendency and does not oppose it. The means and the ends must be clarified, so that each political trend can be aware of what it is participating in."

8559

CSO: 4504/32

EGYPT

CAIRO RADIO COMMENTS ON ROOTS OF TERRORISM

NC101903 Cairo Domestic Service in Arabic 1240 GMT 10 Oct 85

[Commentary by Muhammad Sharaf: "The Poisonous Roots of Terrorism in the Middle East"]

[Text] It has become repetitious and boring to say that the only way to deal with terrorism in the Middle East and other parts of the world is to root it out. The roots of terrorism in the Middle East region, which we are particularly concerned with here, have for many years been hidden within two clearly defined situations. The first is that Israel continues to practice the policy of power and violence, and to impose its wishes on the peoples of the area and the international community, without paying any attention to the principles of the UN Charter, to UN resolutions, or to the doctrines of international law and norms. The second situation is the failure to achieve a just solution to the Palestinian issue, on the basis of the restoration of the legitimate rights of the Palestinian people, and the establishment of its right to self-determination.

Undoubtedly, people and leaders throughout the world have been quite aware of these facts for a long time. The question is whether international efforts should be made to achieve this objective and rid the area of this terrorist atmosphere, which has created a state of almost total chaos in the region. To answer this question is not difficult. Israel insists on continuing its policy of violence, oppression, and terrorism not only against the Palestinian people, but also against any country it chooses. Examples of this policy are what happened in Lebanon and the recent raid on the PLO headquarters in Tunisia. There is no space to discuss the many other incidents, foremost among which was the bombing of the Iraqi atomic reactor. In this respect, we do not want to focus our criticism on anyone in particular. We only want to present the facts as objectively and impartially as possible.

After the Israeli raid on the PLO headquarters in Tunis, Yitzhaq Rabin issued a statement. We do not describe this statement as astounding; we say only that it represents a declared and official confirmation of Israel's insistence on pursuing its aggressive and expansionist policy. The Israeli minister warned the PLO, along with all peoples and countries in the region, that Israel will strike at whoever it wants, whenever it wants. But where would Israel get this boldness and capacity for repression from?

Honesty constrains us to emphasize that the United States is supporting Israel in a way that suggests that it leans more toward Israel than to any other side. Pressure groups within the United States are still urging American decisionmakers to support any Israeli stands, even if such support is at the expense of the U.S. own supreme interests. Therefore, the role of the United States in maintaining international stability obliges it to be less biased, so as not to encourage Israel to embark on adventures directed against peace.

/6091

CSO: 4500/20

EGYPT

WEEKLY WARNS AGAINST SUBMITTING TO IMF TERMS

PM160930 Cairo AL-SHA'B in Arabic 10 Sep 85 p 10

[Article by 'Abd al-Qadir Shuhayb: "First Warning to the New Prime Minister"]

[Text] Contrary to custom, we will not begin by congratulating Dr 'Ali Lutfi, the new prime minister, on assuming the new post after having left the cabinet as finance minister 5 years ago. Rather we will address to the new prime minister an important warning.

We would have liked first to congratulate the prime minister and postpone the warning for some time, but the interest of Egypt and the great majority of its people is more important than courtesy to the new prime minister.

We frankly tell Dr 'Ali Lutfi: Beware of increasing prices and reducing subsidies; beware of devaluing the Egyptian pound and freezing wages; beware of giving new privileges to foreign capital and accepting controls on Egyptian economy of any kind and any form; beware of all this even if the purpose is to obtain the IMF's approval of a new loan for Egypt of no more than \$900 million over 3 years.

We have strong reasons to address this warning to the prime minister before the first week in the life of the new cabinet is over, the time during which the prime minister is usually busy receiving congratulations.

The first of these reasons is the major progress Kamal Hasan 'Ali's government made in its negotiations with the IMF to conclude a new agreement that would enable Egypt to obtain a new loan from the fund and would, at the same time, oblige it to implement certain conditions regarding subsidies, devaluing the pound, and increasing the prices of a large number of commodities.

Despite the reservations expressed by some of the ministers, foremost among whom is [Supply and Internal Trade Minister] Dr Kamal al-Janzuri, regarding the IMF's demands from Egypt, Kamal Hasan 'Ali's government had decided to continue the talks with the IMF administration.

The next round of talks is due on 1 October during the IMF and World Bank conference. According to reports outside and inside Egypt, the (previous) government was intending to sign the proposed agreement with the IMF under the pressure of the present critical shortage of foreign currency from which the country is suffering.

Therefore it is our duty to warn the new prime minister against completing what the previous government began and concluding the agreement with the IMF after accepting its terms, particularly since there are only 3 weeks to go before the new round of talks between Egypt and the IMF.

Also, the "resignation" of Kamal Hasan 'Ali at this time in particular and the coming of a new prime minister prompt us to address a warning to the new head of government.

This resignation came before the new round of talks between Egypt and the IMF, which, according to various reports, is going to be a "decisive" round after which an agreement between Egypt and the IMF will be signed.

Perhaps the timing is of no particular significance in this regard, but it will be more significant if we recall the document which colleague 'Isam Rif'at translated and published in full in AL-AHRAM AL-IQTISADI 5 months ago. The document, a World Bank document, confirms that the World Bank and the IMF regarded Kamal Hasan 'Ali as an "undesirable person" or the main stumbling block to the implementation of their demands and the policies which they would like to carry out in Egypt and therefore they would seek to encourage other ministers to carry out this task.

This policy, according to the document fully published by AL-AHRAM AL-IQTISADI's chief editor, is to "increase prices and reduce interest rates, reduce subsidies, adjust the rate of exchange, slow down wage and allowances increases to workers, reduce the money supply, and increase energy prices."

From 23 April this year, the date the document in question was published, to this day, no World Bank or IMF official has denied what the document says, which goes to prove its authenticity.

Therefore following the resignation of Kamal Hasan 'Ali officials in the World Bank and IMF administrations have the right to consider that the main stumbling block to implementing the desired economic policies in Egypt has been removed.

It is therefore our right to feel greater apprehension that the road to completing the expected agreement between Egypt and the IMF is now open. This is yet another reason that prompts us to hasten to warn the prime minister against concluding the agreement with the IMF, an agreement for which the poor and the low-income people alone will pay the price.

The third reason that has made us hasten to address this warning to the new prime minister is his ideas and views, which he discusses publicly and which

were contained in a paper he submitted to President Mubarak last December. These ideas and views are not contrary to those of the IMF but rather favor them.

In an article published in AL-AHRAM AL-IQTISADI on 7 January 1985, Dr 'Ali Lutfi said: "In my view, the sound solution for the problem of subsidies is to gradually switch from subsidies in kind to subsidies in cash within 5 years."

He also said in the same article: "In our estimation the launching of the tourism sector in Egypt cannot be achieved in the current traditional manner; rather it calls for new thinking distinguished by liberalism and boldness. In this regard the necessary permits should be granted to foreign companies for the exploitation of the northern coast in the form of tourist villages."

In an interview with AL-AHRAM AL-IQTISADI following his appointment as the chairman of the National Democratic Party [NDP] Economic Affairs Committee he said: "In my estimation we should within a maximum of 1 year let the Egyptian pound's rate of exchange float in accordance with supply and demand in the market on the condition that the Central Bank has foreign currency reserves." (AL-AHRAM AL-IQTISADI, 29 April 1985)

At a seminar of the administration club Dr 'Ali Lutfi said: "In the long term it is possible to review the question of appointing graduates [to government jobs] and education policy."

With regard to tax exemptions he believes that "they are necessary for encouraging the private sector." (AL-AHRAM AL-IQTISADI, 15 April 1985)

Dr 'Ali Lutfi demands that the opening of new foreign bank branches be allowed, saying: "How can the government allow the opening of 700 video clubs but not allow the opening of bank branches?" (AL-AHRAM AL-IQTISADI, 7 May 1985)

Thus the ideas and views of Dr 'Ali Lutfi are not much different from those of the IMF and World Bank experts. Therefore the new prime minister will not be a stumbling block to the implementation of the policy which the World Bank and the IMF are demanding be applied in Egypt. On the contrary, the new prime minister, if he continues to adhere to his views, will be a strong supporter of the IMF in Egypt.

Therefore our fears of an imminent agreement with the IMF are justified, and because of these fears we warn the prime minister before we congratulate him on assuming this post.

The poor and people with low incomes are no longer able to shoulder new burdens such as those they would shoulder if the expected agreement with the IMF is concluded and the IMF's demands for reducing subsidies, increasing prices, and devaluing the pound are implemented.

The patience of these people ran out long ago and the adoption of further provocative economic measures will rouse their pent-up anger, as has happened in some Arab countries which have implemented the demands and advice of the IMF, such as Morocco, Tunisia, and Algeria and as happened in January 1977, when the Egyptian masses gave vent to their anger everywhere after Salim Mamduh's government signed an agreement with the IMF.

We hope that the new prime minister will not be carried away by his own views and conclude the agreement with the IMF so that he can at least enjoy his new post for some time.

/6091

CSO: 4500/20

EGYPT

MINISTER OF FINANCE INTERVIEWED

Beirut AL-IQTISAD WA AL-A'MAL in Arabic Jul-Aug 85 pp 28-29

[Interview with Egyptian Minister of Finance Dr Salah Hamid: "The 5-Year Plan Achieves Its Goals"; in Cairo, date not given

[Text] In spite of the economic problems that face Egypt, most of which are chronic, and in spite of unfavorable international and regional economic circumstances, the most important of which is the slump in the oil market, Finance Minister Dr Salah Hamid expresses a certain amount of optimism promoted by the good results achieved by the 5-year plan of 1982-1987. Before the Egyptian minister assumed his ministerial duties, he held a number of posts, including director of the Arab Monetary Fund, Egypt's representative at meetings of the International Monetary Fund, and president of the Group of 77, which was formed to coordinate the developing states in facing the big industrial powers.

Following is an interview with the minister dealing with the economic situation in Egypt and international economic conditions:

AL-IQTISAD WA AL-A'MAL: How is work under the 5-year plan proceeding, and what are your expectations for the year 1985-1986?

Al-Hamid: The 1982-1987 5-year plan was aimed at solving the problems of infrastructure deficiencies and excessive dependence on the outside world which affect rates of inflation. For this reason, the state aimed at concentrating investments in the public and private sector in order to achieve higher rates of growth commensurate with population growth. The state also gave priority to reconstruction, renewal, the completion of projects already in progress, the strengthening of the production infrastructure, support of public services, and the achievement of greater self-reliance.

This policy achieved the following results in the period 1984 to 1985:

--The achievement of a 7.2-percent rate of growth in gross domestic product.

--A reduction in the rates of growth of monetary expansion and a decline in the rate of increase of issued currency.

--An increase in deposits with public sector commercial banks and a consequent increase in loans, with most of this increase channeled into the production sectors at favorable interest rates. We find, for example, that the rate of monetary expansion dropped to 17.8 percent during 1983-1984 versus 25.5 percent in the previous year. We also find that the rate of increase in the quantity of current instruments of payment fell to 13.5 percent versus 27.1 percent.

--An increase in the activity of the financial securities market, represented by a 203.6-percent increase in the volume of company stocks traded in Egyptian pounds.

--A reduction in the net deficit in the 1984-1985 budget by some 100 million pounds or 7.7 percent compared to the previous year.

In the context of maintaining this policy, which relies on the 5-year plan to achieve its goals, the state allocated 5.43 billion pounds for investment in the government and the private sector. This investment will result in 411,000 job opportunities.

#### Wages and the Issue of Subsidization

IL-IQTISAD WA AL-A'MAL: Has the level of wages improved enough to permit the state to reform the policy of subsidization that it follows:

Al-Hamid: In spite of the increase in the wages for workers in the state by 263.8 percent over 4 years, it has not covered the increase in prices for various segments of society. This is due to the following reasons:

--The increase in the number of workers in the state organizations as a direct result of the expansion in the services performed by these organizations and the increase in the pressures of society on the state to offer new varieties of services and improve standards.

--The growth in the number of government organizations which are created from year to year, including both executive organizations and organizations specialized in oversight or in strengthening the internal security of the country.

--The application of successive legislation aimed at improving the conditions of workers.

--The state's commitment to employ the surplus of graduates.

--The application of incentive rules to everyone without differentiating between productive and nonproductive workers, which has made the incentives supplements to wages.

Because of these factors, wages now take up 43 percent of the revenues of the treasury in the new budget.

With regard to subsidies, the budget figures indicate that subsidies take up some 24 percent of the treasury revenues for the purpose of supplying nourishment to a broad segment of the citizens. These funds also cover the requirements of production, means of transportation, and interest rates for activities

into which investments need to be channeled, such as personal security loans, land reclamation, popular housing, and cooperatives. President Husni Mubarak requested that the social and economic aspect be taken into consideration when studying the issue of subsidies in order to channel them to final products and restrict them to deserving individuals.

#### Debts and Tax Revenue

AL-IQTISAD WA AL-A'MAL: Where does Egypt stand with respect to its foreign debts and interest resulting from them?

Al-Hamid: Egypt is not alone in this area as a developing country, but it has been able to meet its obligations on schedule. Egypt paid 1,112,000,000 pounds in domestic and foreign interest during the past year. This will increase to 1,582,000,000 pounds in the coming year, which calls for self-reliance in financing development projects through additional production and a higher level of production efficiency. The state has not neglected to provide the necessary funds to assist the public sector and sufficient allocations for the armed forces to maintain their ability to protect the nation's territory.

AL-IQTISAD WA AL-A'MAL: What are the priorities in fiscal policy at the present time?

Al-Hamid: Fiscal policy is aimed at developing the revenues of the state without resorting to the imposition of new taxes or infringement on tax exemptions. Through this policy, backlogged tax audits through the end of 1984 will be finished in the immediate future. Efforts will also continue to combat evasion and establish an appropriate climate to stimulate tax revenues. In addition, a new regulation has been prepared to ensure the rapid release of imported goods through customs and the quick settlement of disputes. Income tax receipts are estimated at 2,940,700,000 pounds and customs receipts are estimated at 3,094,000,000 pounds.

#### World Economic Conditions

AL-IQTISAD WA AL-A'MAL: How do you view the variables in world economic conditions and their effects on our area and the Third World states?

Al-Hamid: There is a strong connection between these developments and the balance every state seeks between resources and uses, foreign trade and the financial market, or between loans and investment. For example, we find that the decline in world oil prices has directly affected the balances of payments through the shortage of foreign currency that has developed. In addition, the changes that have occurred in the prices of raw materials and intermediate goods have affected the costs of production of some domestic products and consequently their price levels. In another area, the rise in interest rates in the international loan markets leads to an increase in the foreign debt service burdens and the draining of international reserves of liquidity.

AL-IQTISAD WA AL-A'MAL: But the world states do not feel the results of these changes in the same way. For example, have they had a positive effect on the developed states?

Al-Hamid: Economic conditions have improved in a number of the large industrial states that belong to the Organization of Economic Cooperation and Development. For example, we find that growth rates in the industrialized states differed widely during last year and the first quarter of the current year. The American economy experienced a high rate of growth compared to the other industrialized states, particularly West Germany and Great Britain. The low growth rates in the European states resulted in reduced demand for raw materials and the continuation of depressed raw materials prices. This trend is expected to continue during the coming months because of the abundant supply of many of these materials.

We can attribute the increase in the real rate of growth in the United States to the correspondence between the increase in wage rates and the increase in worker productivity since wages increased 4 percent during 1984 while productivity increased 3.6 percent. This trend is expected to continue through early 1986. There is no doubt that the success of American economic policy has helped reduce the rate of inflation to between 2.5 and 3 percent during the past year. Moreover, the high exchange rate of the dollar helped the currencies of Europe and elsewhere maintain stable prices domestically, and indeed resulted in reduced prices for some goods and raw materials imported by the United States. Growth in America was also accompanied by a reduction in the unemployment rate, although unemployment remained high in Europe.

In another area, the expectations for 1985-1986 are that France, Great Britain, and West Germany will achieve growth rates of 2, 3, and 2.7 percent, respectively, while their respective rates of inflation will be 6.5, 5.25, and 2 percent. The confidence in the ability of the European economies to achieve steady growth is attributable to their fiscal policies which strive to control inflation, tie wages to productivity, and increase the flow of investments into the export sectors, especially those that produce advanced technology. European financial policies are characterized by caution, and thus they aim at reducing the deficit in the national income by reducing public expenditures and at controlling the public debt. Thus, budget deficits are expected to fall by 1 percent in Germany and 3 percent in Great Britain. Because these policies aim at reducing inflation rates, West Germany, for example, does not allow monetary expansion to exceed the rate of economic growth by over 2 percent. This makes it possible to achieve an improvement in the rate of the mark relative to the dollar.

#### Debts of the Developing States

AL-IQTISAD WA AL-A'MAL: What about the developing states?

Al-Hamid: The rates of inflation have remained at relatively high levels in the group of developing states as a result of the application of an expansive monetary and financial policy, which has led to the collapse of the exchange rate of their currencies relative to other international currencies, especially the dollar. The developing countries currently suffer from increased deficits in their balances of payments because of weakness in their exports of raw materials. This weakness is a result of the stable position of the prices of these materials at the low level which accompanied the recession that recently prevailed in Europe. However, the situation is expected to improve in 1985-1986 as the economies of Europe and Japan begin to recover.

It is evident that the foreign indebtedness of the developing states has continued to increase and their net reserves of international liquidity have steadily declined, although some Latin American states have recently been able to pay their obligations of interest and installments during the past year without resorting to borrowing. Nonetheless, the problem of the lack of available international liquidity among the developing states still monopolizes the attention of the conferences called by these states to come up with solutions to their indebtedness in view of their growing reliance on borrowing from the world banking system.

Therefore, the matter now requires urgent measures at both the international and domestic levels. At the international level, there is now unanimous agreement among the developing states on the necessity of expediting the reorganization of the international monetary system. At the domestic level, there must be effective policies to increase the efficiency of government spending and reduce the public budget deficit of the state. Moreover, increases in wages must be tied to increases in the levels of productive efficiency and the utmost effort must be made to increase the production of agricultural goods and industrial production along with the development of systems of administration.

8591/9423

CSO: 4504/9

EGYPT

AL-JUMHURIYAH URGES PRESSURE TO END ISRAELI REPRESSION

PM171323 Cairo AL-JUMHURIYAH in Arabic 14 Sep 85 p 6

[Editorial: "Israeli Terrorism and Peace"]

[Text] Egypt yesterday called on the UN Security Council to act to stop Israeli repressive measures in the occupied territories. It also reaffirmed its continued support for the efforts aimed at achieving a just, comprehensive, and peaceful settlement in the Middle East.

It is quite clear that putting an end to Israeli coercion is a preparatory step which should be taken prior to any talk about peace negotiations because the policy of terrorism, blowing up houses, detaining citizens without investigation and deporting them from their occupied territory leave no room for confidence in anyone who pursues and insists on such a policy.

The international community, represented by the institutions it has set up for the protection of peace, is requested to translate its rejection of the Israeli occupation policy into positive measures that would compel Israel to reconsider a policy which has evidently failed to quell the Palestinian people's resistance against occupation and which has only resulted in further intensification of that heroic resistance despite the Israeli repression.

Compelling Israel to build confidence bridges with the Palestinian people in the occupied territory would be the best support the international community, and particularly Israel's friends, could give to the peace process, because terrorism and peace do not go together.

/6091  
CSO: 4500/20

EGYPT

AL-AHRAM COMPARES ISRAEL WITH SOUTH AFRICA

PM241405 Cairo AL-AHRAM International Edition in Arabic 20 Sep 85 p 5

[Ahmad Nafi' "The Arab Homeland" column: "The Veto and Israel's Practices"]

[Text] The Western countries and particularly the United States have finally realized that the policy which they were adopting toward South Africa is wrong. So the major Western powers which are permanent members of the Security Council did not veto the resolution imposing voluntary economic sanctions in what appears to be the first step toward forcing the Pretoria government to end its racist policy and recognize the legitimate rights of the black majority. In a quite opposite trend, the United States is unwilling to recognize that the policy it is pursuing toward the Palestinian problem is wrong. It turns a blind eye to Israel's practices despite the similarities between the policies of the rulers of Israel and those of South Africa. Recently the United States used the veto at the Security Council on 14 September to block the passage of a resolution condemning Israel's practices against Palestinian citizens in the West Bank and Gaza sector.

First, it cannot be denied that the Western countries' long silence over what is happening in South Africa and the failure to take firm steps and resolutions against it has led to the escalation of the uprising which is verging on a general revolution. Likewise, it is the U.S. policy that protects Israel: practices which violate international custom and laws in a manner not seen during the darkest ages of the old colonialism; this is what encourages Israel to carry on implementing its present plan of stealing the land and emptying the West Bank of its inhabitants so as to facilitate the annexation at which the Tel Aviv leaders are aiming.

The similarity between Israel and South Africa lies in the fact that the two regimes are surrounded and isolated, regardless of the ties that link them to many countries. The similarity between the two countries is even closer ideologically. The principles which Israel and South Africa embrace are defined internationally as "racist."

Despite the many similarities between the two racist regimes, the situation with regard to the Palestinian problem is quite distinct from that of South Africa in that the Palestinian people's struggle aims at liberating their

land which the world community, in well-known circumstances, voted to partition into two states, one allocated to the nationality which Israel is trying to obliterate. Also, Israel's presence in the West Bank and Gaza sector is that of an occupying state resulting from military invasion and illegal appropriation since 1967. Politically this situation is governed by Security Council Resolution 242, to which the United States and the world community adheres and which stipulates the impermissibility of seizing land by force. Legally the situation is governed by the fourth Geneva convention, which regulates the conditions of occupation and the protection of civilians in times of war.

Drawing comparisons between the policies of Israel and South Africa was necessary in order to pinpoint the mistakes which the U.S. Administration is committing in showing awareness of the facts of one problem while ignoring them in another, which is greater and has a stronger influence on the Middle East situation. The danger lies in the fact that Israel, not content with working to hinder any step that would achieve progress toward a just and peaceful settlement, has resorted to spreading terror and fear among the inhabitants, thinking that this will force them to accept the status quo and submit to the colonizer's demands. Israel is applying state of emergency laws in the occupied territories, imposing curfews, enforcing administrative detention and expulsion, occupying houses, expropriating lands, surrounding settlements with barbed wire, and setting up military patrols in the colonized areas. In fact matters went as far as forming extremist groups which demanded the expulsion of the Arabs from their towns and villages and urged the expropriation of their belongings and properties, and working to destroy their houses and closing their schools and universities.

The Israeli Government's responsibility for what is happening under the very eyes of the world is clear. We have not heard a single Israeli official condemning what is happening. Rather, we hear voices from the Likud bloc, which is in coalition with the government, supporting the extremists' savage attacks against the owners of the land.

What is surprising are the statements by Yitzhaq Shamir, Israeli foreign minister and future prime minister after Shimon Peres, defending the fraudulent transactions under which the land of "absentees" is being sold--absentees because Israel itself banned them from returning to their native areas. The Likud leader said at a recent meeting of his bloc: Do not interfere with the system of land recovery, because no one will agree to this national task being impeded!

Given the established fact that Israel is officially adopting the policy of settlement, with its destructive effect on stability in the area and on the efforts for a peaceful settlement of the Palestinian problem, the U.S. silence over practices that are condemned worldwide represents a change in Washington's view of the problem and is contradictory to its declared policy of recognizing the Palestinian people's rights and supporting a peaceful settlement in the area on the basis of Resolution 242, which stipulates withdrawal from the occupied Arab territories. We must not forget here

that the U.S. Administration now sees the policy of settlement merely as not conducive to progress toward a settlement, whereas in the past it used to condemn it as an illegal action.

The United States not only went back on its stance before the colonialist settlement which Israel is carrying out but even declined to merely condemn what is happening. This was clear in its resort to the veto every time Israel was surrounded at the Security Council. In 2 years Washington used the veto four times.

In every case the U.S. excuse for rejecting the resolutions was that they were unbalanced, or were preceded by acts of violence, or prevented the creation of a suitable atmosphere for peace. Washington forgot the rest of the resolutions, confirming the legitimacy of the Palestinian people's struggle in all forms for the achievement of their national aspirations. Likewise it forgets that a peaceful settlement requires a halt to Israel's unlawful practices, which are still aimed at blocking the path to peace. The United States, unless it changes its attitude, will be suspected of being driven toward participating in the Israeli campaign aimed at forcing the Palestinian people to surrender--something that the Egyptian people, who insist on their legitimate demands, will not do.

/6091

CSO: 4500/20

EGYPT

WEEKLY VIEWS MUBARAK U.S. TOUR, ISRAELI THREATS

PM281757 Cairo ROSE AL-YUSUF in Arabic 23 Sep 85 pp 12, 13

[Article by 'Abd al-'Aziz Khamis: "Mubarak's Trip and Israel's Threats"]

[Excerpts] These lines will be read at the beginning of President Mubarak's visit to the United States.

It is known so far that among the objectives of this visit is to attend the UN 40th anniversary celebrations and to hold contacts with the U.S. Administration in order to discuss developments in the Middle East problem as well as bilateral Egyptian-U.S. relations.

President Mubarak announced that he will meet with President Reagan on 23 September and will deliver Egypt's speech at the General Assembly on 25 September.

What is important is that we should draw the reader's attention to the fact that this visit is of a special importance because it is taking place before the U.S.-Soviet meeting between Reagan and Gorbachev due to be held in Geneva in November. The Middle East problem will definitely be discussed at this major meeting.

An important question arises here: Will the two big leaders devote to this problem the attention it deserves or will they discuss it as a marginal issue after its urgency has diminished and after the Arabs have contributed to diminishing its importance because of their disputes and racist, sectarian, and tribal conflicts?

Speaking more frankly, the achievement of real Arab solidarity led by the Arab nationalist forces is alone capable of arousing international interest in and attention to Arab national interests. Otherwise there is no hope that the Middle East problem will achieve any progress, be it at the United Nations or the coming U.S.-Soviet summit.

For some time Israel has been organizing its ranks both at home and abroad with the aim of frustrating the joint Jordanian-Palestinian initiative which so far is the only hope for reaching practical solutions for the problem.

In seeking to frustrate the Jordanian-Palestinian initiative Israel is doing two things:

First, it is threatening the Jordanian Government and bringing pressure to bear on it in order to abandon the initiative. The evidence to this is found in the statements of the obscene Israeli terrorist Sharon, who is demanding that his government attack Palestinian institutions in Jordan, and the statements by Peres and Rabin supporting Sharon and warning the Amman government against "embracing" what they call terrorists.

Second, it is bringing pressure to bear on the U.S. Administration and urging it not to respond to the Jordanian-Palestinian initiative by warning the administration against any contacts with the Palestinian leaders. Henry Kissinger, who stated that the U.S. Administration should not get involved in a new failed adventure in the Middle East, participated in this Zionist pressure.

Observers say that frequent statements by the Peres government about the trend toward improving Soviet-Israeli relations and the restoration of these relations are but part of the Israeli pressures and maneuvers aimed at making the U.S. Administration refuse to respond to the Jordanian-Palestinian initiative.

It appears that the U.S. Administration has actually given in to Israeli pressures. The evidence is U.S. Secretary of State Shultz' assurances to Peres that Washington persists in refusing to hold any dialogue with the Palestinian leaders. Also, during his recent tour of the Middle East Richard Murphy declined to meet with any Palestinian personality after there had been reports indicating that such meeting was possible.

In any case, we do not deny the existence of a current in the U.S. Administration urging consideration of Arab interests to an extent that would not lead to vital U.S.-Zionist interests and commitments being disregarded. But this current is not strong enough to positively influence the U.S. options in the region.

Therefore, we believe that President Mubarak will find difficulty in making the Arab viewpoint on the Palestinian problem acceptable, particularly in the absence of Arab solidarity.

Finally we would like to ask the question that is on everybody's mind: Will the Arab leaders, headed by President Mubarak and King Husayn, be able to coax the U.S. Administration toward responding to the proposal to put the Middle East problem before an international conference attended by the five permanent Security Council members, the parties that have vital interests in the area, and the parties to the conflict?

Any progress toward this end in the talks with the U.S. Administration could be the real solution to the crisis, especially as Zionist activities are intensifying both at home and abroad.

/6091  
CSO: 4500/20

EGYPT

SUPPLY PROBLEMS AGGRAVATE COFFEE CRISIS

Cairo AL-SIYASI in Arabic 13 Oct 85 p 2

[Article by 'Ali Shalabi: "The Supply Ministry Stops Importing Coffee, and the Market Price of Coffee Rises 150 Percent"]

[Text] The coffee crisis is still with us, and is getting worse. The owners of shops that sell coffee cannot get what they request, and consumers cannot get what they need--not to mention the fact that coffee prices have risen 150 percent.

The Supply Ministry had set the price of a kilogram of coffee at 260 piasters. When the ministry was unable to meet the local market's needs, it raised the price to 380 piasters, and then to 4 Egyptian pounds, and then finally gave up an eliminated all price-setting, asking the owners of shops that sell coffee to make arrangements to get their coffee needs from the governorates!

However, from which governorate can the merchant seek coffee? The Supply Ministry knows that the only one is Port Sa'id, the entry point for coffee from abroad. In this case, the merchant must pay customs duties and transportation fees, which cause the price of coffee to rise.

The Cairo Chamber of Commerce has pointed out that the coffee crisis is due to the depletion of the General Supply Commodities Authority's coffee stock-piles, and an interruption in coffee imports. Consequently, the importer has become the basic source for obtaining coffee.

This has led to the shop-owners' having to haggle with importing merchants. The importers get the value of the shop-owners' requests prior to the arrival of the imported coffee, and then set prices in light of market conditions and the prevailing exchange rate of the dollar. In this way the price of a kilogram of coffee has risen to 550 piasters!

Oddly enough, world coffee prices have not risen, but have remained the same for the last year. In fact, the price of Brazilian coffee has tended to drop, as is the case in Colombia and in United States markets.

Although some importers have made the excuse that the rising price of the dollar is behind the increased cost of coffee, the dollar has risen only 19 percent over the last year, while the price of a kilogram of coffee has risen 150 percent.

The Chamber of Commerce has stressed that the importers are now the ones in command of setting coffee prices, now that the Supply Commodities Authority has stopped importing coffee.

The Chamber of Commerce has recommended that the Supply Commodities Authority step back into importing coffee and distributing it to shop owners in monthly rations, at prices reflecting actual import costs, so as to ensure the elimination of the importers' monopoly over the market.

8559

CSO: 4504/34

EGYPT

LOCAL ENGINEERING INDUSTRIES NEED TO BE DEVELOPED

Cairo AL-SIYASI in Arabic 13 Oct 85 p 2

[Article: "How Can We Curb the Importation of Engineering Equipment?"]

[Text] President of the Public Sector Engineering Industries Authority Engr 'Abd-al-Wahhab al-Habbak talked with AL-SIYASI about how to develop the engineering industries so that they can be relied upon locally to provide the needs of the Egyptian consumer, and how to curb the importation of engineering equipment from abroad.

He said, "Most of our national engineering industries rely, even now, on importation from abroad. This is a result of the nature of these industries, on which Egyptian industry basically relies, since their component parts, i.e. engineering products, are specialized and are manufactured in specialized plants.

"For example, automobiles, televisions and video equipment, freezers, air conditioners, farm tractors and so forth are all products which rely on thousands of components which are hard to produce locally.

"When the engineering industries were founded in Egypt, it was assumed that alongside them would be established feeder industries to provide the precision parts needed by these industries. Unfortunately, the feeder industries have not kept pace with the engineering industries' growth."

The Role of the Authority

Speaking of the role of the public sector authorities, he said, "The Engineering Industries Authority carries the heavy burden of stimulating and urging existing feeder industries, be they public or private sector, as well as promoting the establishment of new factories which will help supply the engineering industries with the parts and components they need. This is considered the authority's main activity at the present time."

## And the Role of the Consumers

He stressed that the engineering industries will never find their footing unless consumers begin purchasing national products, because this would ensure maintenance for household machines and equipment for the consumer and would lead to a general drop in the prices of such equipment, directly benefitting the citizen. This is a patriotic duty of the first degree, because we would thereby help improve the balance of payments.

"If the consumer continues to prefer foreign goods, that will increase the demand for foreign currency, and the country will be swept by a wave of price increases because of the rising price of foreign currency."

## Exporting Overseas

About the possibility of exporting engineering goods and industries overseas, he said, "Exporting is not an easy matter, since at present the nation's factories are not producing very much and therefore cannot compete with goods manufactured in the industrially-developed nations.

"Nevertheless, in order to stimulate exports of engineering goods, trade agreements, especially exchange deals, can be expanded so as to require countries exporting to us to also import goods from us."

## Commodity Stockpiles

As for the engineering products stockpiles, he said, "We have observed that merchants prefer to deal in foreign goods, in order to increase their profit margin as compared to local goods. As an industrial sector, we hope that the trading companies of the public commercial sector will commit themselves to giving priority to distributing national products. This is a patriotic duty.

"As for the engineering companies, they are making every effort to develop their products, so that they will be no less efficient than imported equipment."

Speaking of the goals of the Public Sector Engineering Industries Authority, he said, "The authority is faced with three goals for the coming phase: (1) curbing importation and promoting reliance on feeder industries, be they public or private sector; (2) coordinating engineering industries in general; and (3) increasing the efficiency of the product and improving its quality, along with training technicians in order to increase their skills."

8559

CSO: 4504/33

EGYPT

BRIEFS

MUFTI DIES IN HOSPITAL--Cairo, 17 Sep (MENA)--Egypt's mufti, His Eminence Shaykh 'Abd al-Latif Hamzah, died on Monday night. He had been admitted to a hospital last week for gallstone treatment and died while there. [Summary] [Cairo MENA in Arabic 0655 GMT 17 Sep 85 NC]

SUEZ CANAL TOLLS RAISED--Cairo, 30 Sep (MENA)--Muhammad 'Izzat 'Adil, chairman of the Suez Canal Authority, today announced a slight increase "in the Suez Canal crossing tolls as of next January. [quotation marks as received] This increase is to cope with international inflation in the industrialized countries and the financial burdens of the Canal Authority. In a press conference held here today, 'Adil noted that the new toll will be as follows: A fee of 4.75 special drawing rights [SDRS] for each of the first 500 tons will be levied against 4.55 last year. That is an increase of 4.4 percent. For the next 1,500 tons, the toll will be 2.6 SDRS against 2.5 last year. This is an increase of 4 percent. Tolls for tonnage over 20,000 will remain unchanged. [Excerpt] [Cairo MENA in Arabic 1120 GMT 30 Sep 85 NC]

DROUGHT AID TO SUDAN--Cairo, Oct. 14 (MENA)--Egypt will offer Sudan three makeshift hospitals and 30 tents as part of Egypt's assistance to the drought stricken areas in the Sudan. This was stated today by Egypt's Ambassador to the Sudan Husayn Musharrafah who said that a number of senior specialized doctors will also be dispatched to the Sudan as volunteers to perform surgeries. [Text] [Cairo MENA in English 1645 GMT 14 Oct 85 NC]

/6091  
CSO: 4500/20

MOROCCO

UNEMPLOYMENT, HIGH PRICES SEEN AS CHIEF PROBLEMS

Casablanca LAMALIF in French Jul-Aug 85 p 9

[Article by Mohamed Chaoui]

[Text] As the summer begins, with the arrival on the job market of a new class of graduates and of youths who are excluded from grade school and high school and who have no diplomas, the specter of unsolvable unemployment is still the number one general concern. If one considers only the joblessness of those who have diplomas (how many are there? 15,000? 20,000? or more?)-- because that seems more scandalous and shocking in an underdeveloped country-- one sees only an increase in unemployment and underemployment, which have not ceased to grow among other categories of job seekers. The leftist press echoes daily the social conflicts in all regions: the closing of businesses, lockouts, bankruptcies, reduced working hours and strikes (in the mines, in construction and in several Casablanca factories). Even though all these social conflicts remain localized and contained by the obvious desire to keep them from aggravating, their large number is still indicative of the current deterioration of the employment situation. Can the closing of new openings (even those provided by the finance law) in government service be offset by private enterprise, which the state wants to reactivate (by such means as tax exemptions in the construction industry)? This appears very unlikely, and greater pressure on wages is expected from employers, who are encouraged in this by the number of unemployed and by the current official "liberalism." The reactivation of business in the private sector is the solution to unemployment: that is the signal from the state. For the moment, this reactivation is hypothetical, and it is very much to be feared that it will work only in those sectors which are strongly speculative and where wages will remain very low.

Civil servants, in turn, have had an unpleasant surprise on learning that the remaining 5 percent of the salary increase provided by the finance law will not be forthcoming and has been deferred indefinitely. This 10 percent increase, which was written into the 1985 finance law voted by Parliament and affects, actually, only the first 150 points of the index, has seen some strange fluctuations: divided into two portions of 5 percent each, one was to be effective in January, 1985 and the other in July, but only the first portion has been implemented. A memorandum from the prime minister on 24 June has placed the implementation of the second portion in question.

As small as the increase may be, its postponement has caused great disappointment.

As for prices, in case one was not present at a spectacular bonfire in celebration of Ramadan (marking, at the same time, the decline of buying power and of a campaign for controls), inflation continues, while the value of the DH [dirham] continues to drop. The accumulation of price hikes over the last few years has made food products, clothing, rents and services very expensive (the price of meat, for example, ranges from 40-60 DH, as compared with 26 to 45 DH a year ago). Prices in the public sector have also continued to rise, as for example those of water, electricity and telephone service (up 25 percent on the rate of subscription), while the most minor administrative move requires a myriad of receipt stamps (as if government receipts needed to be increased in this area).

Does this gradual erosion of buying power by high prices augur an acceleration of the release from its obligations of the compensation fund for the products it still covers (flour, oil, sugar), until its active elimination one day (even though this measure is still approached slowly and cautiously)? Obviously, austerity, added to the absence of a reactivation of the private sector, is creating a real impasse in employment and wages, while high prices are far from being controlled and even though the harvest (not as bad as last year's) seems to have been a definite help.

8735

CSO: 4519/214

SUDAN

FACTIONAL SITUATION DISCUSSED

London AFRICA CONFIDENTIAL in English 1 Oct 85 pp 25-27

[Article: "Sudan: Battle Lines"]

[Text]

The hardliner case for strong military action against the southern Sudanese has taken the upper hand after last week's uprising by Khartoum-based troops. Fighting at the capital city's army barracks claimed at least four lives. The heavy gunfire which led to widespread arrests marked the first military uprising in Khartoum for 14 years.

Tension in Khartoum has been running high for several days since the killing of two southern Sudanese during a demonstration organised by the *Muslim Brotherhood*. The hardline group was calling for tougher military action against the southern Sudanese. The inevitable result was violence against the high-profile southern Sudanese civilian population. Military council vice-chairman Gen. **Taj el Din Abdulla Fadul** must be pleased.

Since the July signing of the **Libyan-Sudanese** military protocol, Taj el Din has been consolidating his personal power base within the 15-man military council. A recognised hardliner on the south, Taj el Din has publicly criticised defence minister Maj-Gen **Osman Abdullah Mohammed** for his handling of the Libyan military deal. The attack on Abdullah is considered an indirect criticism of the ruling council chairman, Gen. **Abdel Rahman Sower el Dahab**. Abdullah shares Dahab's relatively doveish attitude towards the south and is considered his close and trusted friend.

The worst criticism to be made against Sower el Dahab is that he is weak. The events of late September will substantiate that charge. Should Sower el Dahab decide to end his term of office, Taj el Din is more than ready to assume all responsibility.

Without a political programme or consensus of opinion, elements within the military council in alli-

ance with some political groups, have been waging an intensive campaign of disinformation in northern Sudan. Hardliners, such as Taj el Din and the *Muslim Brotherhood*, have played on the north's traditional prejudice towards the south. But, while they call for increased military action, they seem to forget that the Sudanese army has no means to become further engaged. Already it is well known that government troops sent into large-scale attacks go without adequate medical or air support. This fact could well have been the major factor in the late September mutiny.

Prime Minister **Gizouli Dafallah** has stated that the coup plotters were working in conjunction with an unnamed foreign country. It is assumed that he refers to **Ethiopia**. But, suggestions that this country would fly the coup leaders into Khartoum is not taken seriously by anybody. There were also reports of the wide distribution of leaflets signed by '*The African Organisation for the Liberation of the Blacks*'. The group is entirely unknown. It is a common practice of the former regime to publish fake pamphlets which discredited fringe political groups. Although some arrests and dismissals were made following the April coup, the officially defunct *State Security Organisation* is still an active force in Khartoum. Military intelligence, untouched by post-coup reform, has assumed all responsibilities.

But no matter what the cause, the mutiny shows that the increasing military and propaganda successes of Col **John Garang's Sudan People's Liberation Army (SPLA)** are polarising political attitudes in Khartoum. In addition, the SPLA seems now to be concentrating its attacks along the border between northern and southern Sudan, and this may indicate

that the leadership is modifying its immediate goals.

International relief personnel (including the UN), have now been evacuated from two of the three southern provincial capitals: Wau (Bahr-el-Ghazal Province) and Malakal (Upper Nile). In Wau, security has deteriorated ever since the murder of the leader of a German leprosy team in July. Guerrillas were not involved. But the SPLA frequently mounts attacks on military vehicles along the roads to Gogrial and Rumbek, and there have also been clashes on Raga road, just five miles from Wau town.

The situation in and around Malakal is far more critical. The SPLA has inflicted heavy defeats on the Nuer of *Anyanya II*, who for the last year have fought as a militia for the national army, against their former allies. (This recruitment of militia is a policy the army also employs with the Baggara in South Kordofan, and the Mundari in Equatoria. There is evidence that the militias are supplied with ammunition, but not arms.) *Anyanya II* leader **William Abdulla Chuol** was killed in August, since when many Anyanya Two fighters have abandoned their base at Doleib Hill, at the base of the Sobat river. Their forces at Doleib are believed to have dwindled from 4,000 to 1,000 in the last two months.

SPLA fighters have taken control of several Shilluk villages along the west bank of the Nile, whence periodically they fire machine-guns across the river at Malakal barracks, or attack barges such as the supply-boat which they disabled at the end of August, killing three civilians on board. They also shot at and looted part of the cargo of a barge running relief supplies for the *Sudan Council of Churches* in late July. Malakal is still effectively cut off, except by air.

In the town itself, the 5,000 soldiers, now swollen by a number of *Anyanya II* fighters in military uniform, are increasingly nervous. Despite receiving more than double the normal army wages for the "hardship posting". Thus privates get about S£300 (£75) a month. Soldiers whose pay was delayed in late July spent three successive nights firing off heavy weapons before robbing the local bank of S£2m (£450,000). Looting and shooting are commonplace at night, both by soldiers and civilian gangs. Prices for basics are rising, while army morale is ever lower. The recall from the countryside of 1,000 armed prisons and wildlife officers who, like the police, are believed to contain many SPLA sympathisers, has done nothing to ease tensions.

On 18 September, the Sudanese high command issued an overtly political statement condemning the SPLA for exploiting the ceasefire, which the army has nominally observed since April, in order to

extend its operations in the south and north. It was alleged that 17 locations had come under SPLA fire in the previous month. They were listed as: Gemmeiza (Equatoria), Junkoub and the Shawing area (Bahr-el-Ghazal); Bor, Mamour, Gelhak, Akobo, Pibor, Kodok (twice), Waddakuna, and the Elgeiger and Abu Hadra agricultural schemes near Renk (Upper Nile); and in northern Sudan - el Liri, Qardud and Abyei (south Kordofan); Golo and the Ingessana-Kurmuk area (Blue Nile).

Meanwhile the SPLA seems to have been content to reduce operations on the southern front. The army's attempt to relieve Bor in July and August only succeeded in reaching Yabisak, a hunting camp seven miles north of Gemmeiza. After that communications and supplies difficulties, combined with SPLA ambushes and mines, forced the 4,000 to 5,000 troops back to the sanctuaries of Gemmeiza and Mongalla.

After 200 Dinka and Nuba troops were disarmed for suspected disloyalty and others had expressed an unwillingness to brave the front-line, officers from Khartoum flew to the battle-zone in early August in an attempt to raise morale. Their helicopter subsequently proceeded towards Bor garrison, but was hit by SPLA sniper-fire, with the deputy-commander of Equatoria province and the first division, **Brig. Osman el Sadiq el Said**, being hit in the eye. Later, at Juba, while jumping from the helicopter, the undercarriage of which had been damaged in the attack, the brigadier also broke a leg.

Meanwhile, military cargo planes continue to ferry daily military supplies to Juba, including, apparently, bombs for the military planes stationed there. (After the SPLA in mid-September took the northern end of Bor town, including the air-strip, they were driven back by a 12-hour counter-offensive by the garrison on 20 September.) Military reinforcements are also being dispatched to Juba, especially northerners, to offset the preponderance of southerners and westerners among the troops at Mongalla. The garrisons in Khartoum, Shendi, Atbara and el Fasher have apparently been alerted.

### The elusive Garang

But the army's fixation with supplying Juba is surprising, given the SPLA's policy of mere containment in the Bor region. Presumably the military plan is to wait for the dry season, when roads become passable and the long grass can be burnt off. But meanwhile, as the SPLA concentrates operations along the north-south "border", it becomes increasingly likely that it will achieve a military position that

would render partition a viable alternative demand to Garang's oft-quoted "political solution for the whole of Sudan". Equatoria, where SPLA offensives were beaten off in January and March, and which remains content with its degree of infrastructural and economic progress compared with the rest of the war-torn south, would then be far more willing to accept SPLA overtures and enter the fold. Equatorians have always favoured secession by the south.

There are indeed indications that Garang may no longer be in sole command of the SPLA. He has not been seen for some time; he has made no statement containing topical references on SPLA radio for three months, and the rebel broadcasts are currently equivocal on several issues.

Meanwhile, however, the SPLA has presented its own peace proposals, in response to prime minister Dafallah's initiative a month ago. A messenger delivered the SPLA proposals to the commander of Nasir garrison in Upper Nile, during a pre-arranged ceasefire. But he was accompanied by a large guerrilla contingent, which remained in the area after completing its mission, according to the armed forces high command in Khartoum. It was claimed that 1,300 rebels were soon surrounding the town, bombarding it with mortar and artillery, and preventing the arrival of a plane to forward the message.

But the gist of the message was radioed to Khartoum, and is reported to contain the following "suggestions" to facilitate negotiations:

1. The transitional military council and the cabinet be dissolved and replaced by a national government representing Sudan's political forces and the two warring armies.
2. Sharia law be repealed.
3. The state of emergency be lifted.
4. Defence agreements with Libya and Egypt be

revoked.

5. A national conference to discuss the problems of Sudan be convened. (A move already initiated by Dafallah.)

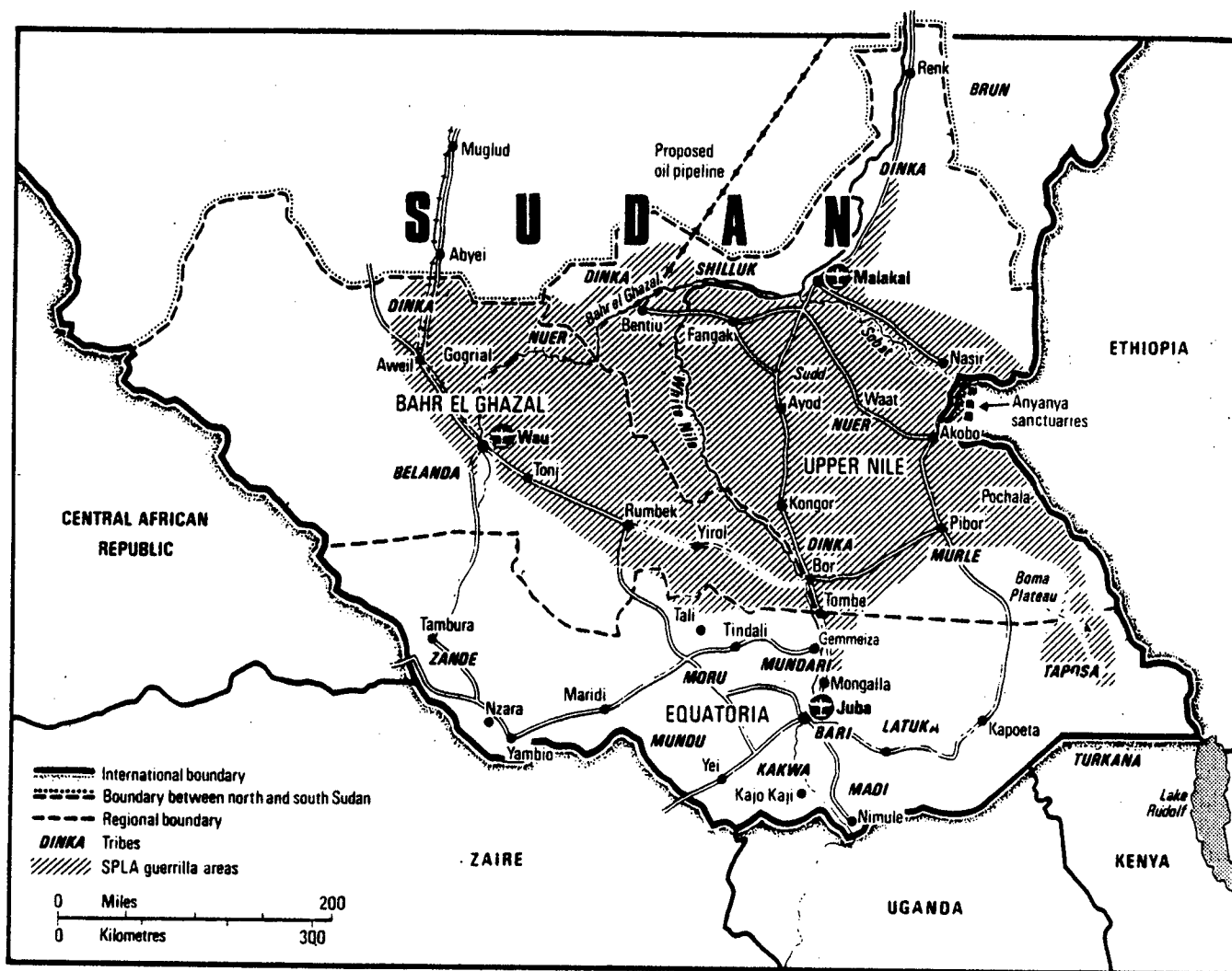
The Muslim Brotherhood newspaper claims that there are other demands:

6. The SPLA be integrated into the national army, and its fighters awarded back pay and promotion according to service.
7. Garang be given a senior political post.

The northern reaction led immediately to the tension. The army, though split, is not yet showing signs of panic. The greatest dilemma is that the Libyan military protocol has not been followed through, but neither has it been officially annulled to encourage western powers to resume arms sales. Thus the Saudis and Egyptians have stopped all deliveries, while the US is providing only small weapons like mortars. The Libyan protocol has since been amended, so few weapons are now arriving from that source.

The army feels it cannot hold its positions in the south much longer, especially while nominally observing a ceasefire. Many officers maintain that the influential alliance, in particular, should abandon its pro-Libyan stance, or take responsibility for the collapse of the state. These officers feel that with more hardware and supplies, the army could either fight it out with the SPLA, or approach negotiations from a position of reasonable strength. But a growing faction in the military favours complete withdrawal from the south.

With the SPLA pushing hard, and a lack of real consensus in Khartoum, a coup by a strongman who can gather support around him appears increasingly likely in the coming weeks ●



/12851  
CSO: 4500/23

WESTERN SAHARA

CONFLICT SEEN AS CAUSE OF TURMOIL

Algiers SAHARA LIBRE in French Jul 85 p 7

[Text] With Moroccan occupation troops advancing deep into the desert expanses, constructing a fifth "wall" of defense and taking enormous military upsets, Hassan II announced in a speech on 9 July that a new war tax had been instituted--a compulsory tax this time, that would apply not only to Moroccans at home but also to emigrants, foreign companies having invested in the country, companies planning to do so, and countries having trade and economic relations with the monarchy.

The king sounded the alarm after recalling that in 1976 he had sought from the people a compulsory contribution of 10 million dirhams, including at that time--according to him--450 million to "develop and make the Sahara productive", and that in May 1985, he had requested 1 billion dinars to arm his occupying hordes in the Sahara. Now he recognizes that it was all of no use and that the state is totally incapable of bearing the astronomical costs of his colonial exploit.

In the same speech, the monarch stated, "Your adversaries and enemies, dear Moroccans, say that Morocco has become paralyzed and that its resources and means have been needlessly squandered on the war; but I would like to remind you that we will enjoy its benefits in the future."

At stake is not only the future but the present of Morocco where a military victory in the field is increasingly unimaginable. In fact, the implications of Hassan II's statements are that his regime has exhausted all financial and economic possibilities of keeping up the war--which calls the monarchy itself into question--and wants to resort to passing the bill on to the citizens and foreign companies with the promise of a military victory, a recourse typical of all colonization in its decline (Spain in the Sahara, Portugal in Angola, Italy in Ethiopia, Belgium in the Congo, South Africa in Namibia). If we were to talk about the future of Morocco, it is not the Saharan war that is at issue, but the alternative to Hassan II's regime which imposes poverty on millions of Moroccans and has exhausted all of the country's economic and political resources in a colonial exploit doomed from the start.

In addition to the war, the Moroccan government's asphyxiation is above all evident in the regime's inability to settle the broad economic and social problems at home (housing, agriculture, employment, education...). The king's response is the same: "The state cannot be responsible for the investments needed to fight against the shanty-towns, for example, for which the parliament recently made decisions we regard as very important and which consist in leaving the construction of housing, roads, etc., up to private citizens. For this, they will be exempted from paying taxes." Thus, the monarch has decidedly crushed the bit of hope held by two million families living in poor neighborhoods beneath the poverty line of having a decent place to live.

Like the property owners who, in 1983, were promised that taxes would be abolished until the year 2000, those who are better off--for whom this fiscal gift from the king was intended--cannot rely on the state since it could, once the investments have been made, appropriate it all in the name of the "nation's highest interest."

Although a decade will soon have passed since the Western Sahara was invaded, we observe that Morocco has exhausted all of its means and tried all methods to carry out its goals of annexation, but in vain. The situation is increasingly unfavorable to Morocco--at home, on the international level and on the battle field.

Indeed, all economic resources (public and private) have been invested in the war; no political alliance has been spared in order to stop the Saharan peoples' struggle from being heard or from advancing; all military tactics have been used to put the Polisario Front to rout once and for all. All of this for nothing!

Acting on flawed reasoning and a mistaken view of the capabilities of a war-disciplined people determined to assert its rights and its sovereignty as a nation, Hassan II has tried to use time in the hope of exterminating and eradicating the Saharan struggle.

Paradoxically, time has become the ally of the Saharan people's struggle. With the passing of each year, Morocco's situation becomes more explosive; the social and political crisis at home becomes more intense and the population's malaise is expressed more vigorously and on a broader scale. If the consequences of the war were expressed through isolated strikes and rebellions in 1978, in 1981 it was expressed in the Casablanca uprising; in 1983, in the military plot of General Dlimi; and in 1984, in the great national uprising in which some of the chants were: "Down with the regime," "Long live the heroic Saharan people." In 1985, the crisis was expressed within the very elite that is the palace's ally. The cabinet and the parliament were dissolved and the king's traditional parties refused to continue to play the monarchy's game. Hence the difficulty of completing the line of occupation by raising new walls along thousands of kilometers in the desert and on desolate terrain that could not be controlled by any army in the world. Rabat's goal is to create a situation of military force as a basis for changing its situation of domestic and international isolation. But behind these "walls" under construction, there is nothing more than a devastated Morocco, incapable of standing up under the economic weight of this undertaking.

12413

CSO: 4519/206

WESTERN SAHARA

PRESIDENTS OF LOCAL PEOPLE'S COUNCILS TAKE OFFICE

Algiers SAHARA LIBRE in French Jun 85 p 6

[Text] The presidents of the local People's Councils, elected by the people during the eighth Primary People's Congresses, officially took office in the dairas of the three wilayas on 19 and 20 June.

With the Wali (who is the president of the People's Regional Council) presiding, the ceremonies were marked by the symbolic presentation of the keys to each daira to the newly elected officials in the presence of the citizens and by farewell and inaugural speeches by those leaving and those entering office.

The new local People's Council, made up of the president and his assistant, the secretary, officials from the five local people's committees and representatives of health services, the Saharan Red Crescent, popular organizations and the militia, was also presented and formally constituted during the proceedings.

In their speeches, the presidents of the local People's Councils presented to the people the programs they will be instituting in their terms of office in accordance with the decisions of the eighth People's Congresses.

It must be remembered that these officials were elected by the Primary People's Congresses and confirmed by the People's Congress of the Wilayas. In addition to these duties, they will become members of the Saharan National Council (the parliament) whose other members will be elected by the General People's Congress, the state's supreme decision-making body.

The elected officials are:

Mohamed Ali Sid El Bachir  
Ahmed Sidi Zein  
Bouchraya Beiba  
M'Barek Ehdeib  
Moustapha Benamer  
Ali Eghdeifa  
Mohamed Fadel Bahoumou  
Ebba Mohamed Mouloud

Soueliki Belkassem  
El Yezid Hami El Yezid  
Lemgheyfri Ahmed Brahim  
Baba Hassena  
El Mehdi Elemine  
Yehdih Aboylil  
Bella Machnane  
Moulaye Boybatt  
Larabass Said Joumani  
Mohamed Saleh Elemine  
Oumar Mohamed Mouloud  
Sid Ahmed Deh  
Jouli Nene  
Ghaouthah Abeidalla  
Bouzeid Bobih  
Faradji Nagem

12413  
CSO: 4519/206

IRAQ

BRIEF

NEW MISSILE DEPLOYED--Military sources in the French capital disclosed Iraq's success in the first attempt of its kind to coordinate French and Soviet weaponry by supplying Soviet manufactured MiG's with French ammunition and guided missiles. These sources indicated that Iraq used two types of highly advanced missiles in its recent raids on Kharg Island. The first missile, the AS-30, uses laser beams which are employed to hinder the effectiveness of Iranian radars and with which the French army was not supplied until recently. The second missile is the Exocet which strikes specified targets at sea. [Text] [London AL-HAWADITH in Arabic 18 Oct 85 p.9]

/9716  
CSO: 4404/37

ISRAEL

#### ARAB CIVIL GUARD UNDER CONSIDERATION

Tel Aviv MA'ARIV in Hebrew 2 Aug 85 p 2

[Article by Ilan Bekher: "Arab Civil Guard To Be Set Up Within the Green Line"]

[Text] The police are considering the possibility of establishing a civil guard in the Arab sector within the green line in Israel. MA'ARIV was told yesterday by Civil Guard Superintendent Barukh Levy, at the yearly Civil Guard Convention, at the Mount Scopus Amphitheater. The minister of the police, the chief of the guard, and the mayor of Jerusalem participated in the convention.

The MA'ARIV reporter learned that many people in the security forces expressed strong objections when the idea was raised, because in their opinion, this intention is liable to hurt the security of the state and to trouble the system for uncovering nationalist organizations.

The principal fear is of arming Arabs who have not served in the IDF and who are unwilling to participate in the battle to destroy terrorism because of the argument that they are liable to hurt a terrorist who is a member of their own family.

The identical argument was raised at the time when Arab students at the Hebrew University refused to join the student watch guards at the University campuses with the argument that they could not actively participate in defense against those liable to be family members.

Superintendent Levy revealed that the possibility of unifying police headquarters with the Civil Guard and appointing a single commander for each area is being considered. Today each area of the country has two or three commanders: the police, the civil guard, and the border guards.

According to the plan being conceived, there will be chief responsibilities delegated to the police chief, alongside whom will serve coordinating officers from the Border Guard and the Civil Guard.

The Civil Guard is also considering changing its name to the Community Guard. In Superintendent Levy's opinion the present name is too all-inclusive and does not correctly represent its activities.

9182/7687  
CSO: 4423/6

ISRAEL

PROBLEMS IN AGRICULTURAL SECTOR REVIEWED

Tel Aviv YEDI'OT AHARONOT in Hebrew 20 Aug 85, Business Supplement pp 4, 10

[Article by Avraham Dishon: "The Agricultural Economy Is In the Midst of the Most Severe Crisis in Its History: Only Root-Canal Treatment Will Help"]

[Text] The Israeli agricultural economy has fallen into the most serious crisis in its history. This time various "fillings" will not help and there are no thorough "root canal" treatments to rehabilitate the agriculture. The scope of the debts of the agricultural sector fluctuates around \$150 million; approximately 100 moshavs are in "critical" condition and about 40 kibbutzim are functioning only with the help of regular assistance from the kibbutz movements.

Signs of the crisis can be seen in a long list of moshavs. Expensive equipment machines and agricultural tools are stopped; other branches are neglected; coops stand open and silent; many farmers lease their property to minorities and abandon their moshav. "Many branches of agriculture today are controlled by minority group members and a perceptible danger exists of abandonment of moshavs. The farmers lease land to the highest bidder because of the great distress," says Yohanan (Johnny) Dani'el, secretary of the Moshav Federation.

This time the agricultural sector has reached the "red line." It is burdened by short term debts of about \$50 million and long term debts of about 100 million. The local market has reduced its purchases and in the cooling storage-rooms of the poultry council surpluses, for example, of about 100 million eggs and about 9,000 tons of frozen chicken have accumulated. The scenes of about a month ago are recalled, when millions of eggs were destroyed in order to prevent a price slide which would hurt profitability. Also consumption of milk products fell 6.5 % and the danger exist that this branch will also be hurt in coming months. Correspondingly it is still difficult to determine if indeed there will occur a rise in scope of agricultural exports, despite the optimistic predictions.

Committee To Examine the Situation

Prime Minister Shim'on Peres, decided last week to establish a high commission to examine the agricultural situation. This committee, jointly

comprised of [representatives of] the Ministries of Agriculture and the Treasury, and the Agricultural Center is intended to examine the crisis in depth and to suggest long range solutions. Temporary solutions of cash flow to this or that moshav will not help this time, especially since the government has a hole in its own purse. Any cash flow to one sector will bring in its wake demands from other sectors in the economy and there will be no end to the matter.

The crisis in the agricultural sector started quite a few years ago. However, over the years it was comfortable to "white wash" the roots of the crisis and the facts that heads of this sector knew. In conversations - not for quotation - they admit their sins and admit that they erred all along the way. It was "comfortable" to accept the funds which were sent flowing to this sector, every so often, in order to fill "holes." Concepts such as efficiency, saving, base investment and principally careful planning at a national level remained only on paper. Today a situation has been created in which agriculture is "larger" than the needs of the economy. Surplus production capability, in all branches, has in fact caused the crisis.

It is also no secret that money which was designated for development of a base was channeled into unsuccessful projects: the reference is to building factories, packaging plants, and slaughtering facilities that today are not needed. The outgoing secretary of the Moshav Federation, 'Amos Hadar, demanded more than once that the Moshav movement get out of all its investments not connected with agriculture: Thus, for example, the insurance agency of the Moshav movement, which accumulated losses of about 30 million dollars -, an anomalous creation, will be destroyed, at the expense of others [line missing]. But this approach of his was not well received and Hadar left.

#### Irregular Produce Will Be Destroyed

There are additional reasons which hurt the profitability of farmers and at least for some of these reasons the farmers themselves are guilty. For many years they produced beyond the limits granted them and the government absorbed the surpluses almost without punishing those who exceeded the limits. Thus an absurd situation was created: Quantities of eggs, beyond the limits, were sold abroad at a loss of about 12 cents per egg, and we are speaking of about 30 million eggs. Additional examples are not lacking.

This time it has unequivocally been decided that farmers will only receive complete payment for authorized production. All the farmers, that is to say; this time the farmers will not receive any recompensation.

An additional fact can not be ignored: a not insignificant portion of the agricultural marketing is smuggled to market, ruining any planning. In the vegetable branch alone, it is estimated that the scope of smuggling is somewhere between 30 - 40 percent of produce of that branch. Thus surplus also is created, which is sold by the farmers at loss prices. A similar phenomenon occurs in the fruit branch and in the poultry branch, but of smaller dimensions. Wild illegal marketing of agricultural produce has created "anarchy" in the branch and lead to great losses to the orderly farmers.

Beyond these problems, which the farmers this time have promised to solve in-house, other problems exist which demand thorough changes. Units of the moshav economy, for example, today are unable to produce profits because of the "patches" of land placed in their authority - only 40 dunams of land per unit. Over the years many moshav sons have matured, and in order to remain in the moshav they were forced to support themselves from the same small patch of land as their fathers. A not insignificant number of sons are forced, therefore, to leave agriculture for other professions.

#### Lavish Consumption

An additional factor was depth of subsidy of the farmers which gave birth to a great surplus in production ability due to "lavish" and unrealistic consumption. Now that the subsidy has been lowered to an average level of only 17-25 per cent, a parallel drop in consumption has occurred and the farmers are forced to destroy great quantities of produce.

An additional blow which the agricultural sector absorbed was in export. Most agricultural export is directed toward Europe. Due to the weakness of currency there, as opposed to the dollar, a decrease in profitability of agricultural export occurred and the compensation given to the farmers did not cover the costs, which were mostly dollar-linked. Now with the start of a renewed rise in strength of European currency over the dollar it is expected that a turn in favor of the exporters will occur.

The agricultural economy will be forced shortly to undergo a series of most painful operations: "Only efficient farmers, with high productivity, will be able to continue operation," they are saying in the Ministry of Agriculture. As to the special assistance, "it will only be given to border settlements, since a price must also be paid for Zionism. There agriculture is not merely pure economics and the national aspect must be taken into account," say senior sources in the Ministry of Agriculture.

9182/7687

CSO: 4423/6

ISRAEL

INTERVIEW WITH DIRECTOR OF NATURE PRESERVATION AUTHORITY

'Ofra NEQUDA in Hebrew 26 Jul 85 pp 8-9

[Interview with Uri Beditz, director of Nature Preservation Authority: "For God's Sake, Protect the Landscape"; date and place not specified]

[Text] [Question] What are the borders of the Authority's preserve?

[Answer] I deal with nature preserves and not with politics. On the matter of preserving nature we know no borders. You will hear my opinion here on the issue of nature preservation during settlement [activity], and not on political questions.

[Question] Beyond the political question, do you place importance on the way of life of the settlers in Judaea, Samaria, and Gaza?

[Answer] I want to focus only on the nature preserve. This is a symbol which expresses quality of environment and quality of life. Clearly the place in which a man grows up influences the nature of the individual and of the society. We place importance on preservation of those values which give taste to life. A society can not be healthy without these values. Water sources become sewage dumps and this damages the environment. It is our job to worry about these ecological aspects. The way people treat their surroundings hurts me.

[Question] Is there any special characteristic to the ecological problems in Israel? Is there a "Jewish side" to these problems?

[Answer] Certainly. We read in the Bible about the animals and plants specific to Biblical times. We read about the "terebinth and the oak," on "mountains high for mountain goats, crags that hide rabbits." We have to preserve the Biblical animals and plants. We have here contact and continuity with the past and this gives a cultural value to the matter of nature preservation. He who lives in a place must preserve these values. It is not uncommon, in the settlers' fever of doing, for them to violate the values of nature preservation. It must be in their interest to preserve these values.

[Question] You spoke about the tie to the Biblical past. Is there a special characteristic on this matter to the settlements in Judaea, Samaria and Gaza?

[Answer] I am speaking about the entire land of Israel. The land of Israel is meaningful to every Jew and also to every Christian raised by the Bible and New Testament. For the Jew this has deep significance. This is an asset which must be developed and preserved. The environment must be preserved, the streams, and the springs of the land of Israel. To show love for the land, the place, the landscape.

[Question] Is there a special characteristic to the ecological problems in Judaea, Samaria, and Gaza? You spoke before of these values being forgotten in the head of doing. What did you mean?

[Answer] Everything was done quickly, and haphazardly, with the ecological aspect ignored. You certainly must have heard about the "Nofim" incident. They intended to hurt thousands of dunams of natural groves of terebinths and oaks, gum-terebinth, and carobs. These are landscapes that look out to great distances, and the entrepreneur wanted to build the city of the future. As forcefully as possible we objected to this and asked the Judaea, Samaria and Gaza Council (with the assistance of Israel Har'el and Benny Katzover) to come there with us. We showed them that it is possible to plan the city while taking the landscape into account. To our great happiness they accepted the approach. Perhaps at first they thought we were opposed to settlement and that they were dealing with types who wanted them to cease the settlement project with the pretext of preserving nature values. However, when they became convinced that we were acting from a to-the-point approach, they gave us complete assistance and the project was built outside of the preserve. Today, due to the building stoppage, the "Nofim" area remains injured. If, in the future they resume building, they will continue proceeding according to the criteria that were set at the time. The same thing happened at the Umm'Safa forest. All the nature protectors had to be called in, including the institutions of the settlers, and the forest was saved.

[Question] Besides preserving forests, what should be taken into account when planning to build a settlement?

[Answer] When a settlement is built there is a tendency to build it on a peak: a desire for a view. Who said a settlement has to be built on a peak? If you build a settlement on the side of the mountain, you preserve the height and you do not injure its valuable virginal character. Thus the public can enjoy the height and the view.

At Ma'ale Efrayim they accepted our preventive measures and they included a landscape artist in the planning. Thus the planner was changed and the cost of blasting the road lowered. Another issue is the sewage. At Giv'at Ze'ev they planned the settlement without planning for the sewage. All the sewage at Giv'at Ze'ev flows into Wadi Qelt. In 'Emanu'el there are serious sewage problems, even though it is being touted as a modern city. All the sewage

flows into Nahal Qana. The sewage problem is a serious one: live springs are transformed into sewage holes. There were cases in which children drank from streams and became sick to their stomachs. There are also more destructive effects: Nahal Qana feeds the sources of the Yarkon river, and that is serious.

Also Qarnei Shomron is located at the edge of Nahal Qana, and due to lack of regional vision, they have also been hit by sewage problems.

[Question] In all this story something is unclear: The Judaea, Samaria and Gaza settlements are planned by the Division for Settlement of the World Zionist Organization and the Ministry of Housing and construction is done by the Ministry of Construction and preparation of the ground by the Land Authority !?! If everything is done so officially and nationally, then the errors are also national. Where did we err?

[Answer] You have touched the central point! We are not represented on the higher planning commission. The commission is comprised of government bodies and its decisions are statutory. It includes representatives of the settlements, representatives of government offices (the Ministry of Construction, the Land Authority Administration) and the Jewish National Fund. Today we have only observer status. In recent years we proved that if we are ignored we employ the force of the law to stop building. We stood with bulldozers and stopped the construction at "Nofim." In order to spare distortions and scandals it would be better if they would listen to us before building every settlement.

[Question] In contrast to the Valley, on a mountain it is impossible to build agricultural settlements. Is there a difference in ecological problems between Judaea and Samaria and the Valley?

[Answer] In the Valley they made mistakes of a different nature, and also caused damage to the environment. Had they listened to our advice they would not have "shaven" all the vegetation system from the mouth of the Jordan. The vegetation used to hold down the soil in time of flooding. Today there is erosion, unfortunately for us. There are land slides into the Jordan, and thus the river widens and the areas of cultivation are reduced. This is real damage.

[Question] Your pain at this damage is perceptible.

[Answer] These matters greatly trouble me. There is a feeling that things are done quickly, and afterward a high price is paid. Look, for example, on my desk is a letter from Eli Mirav, head of the Emanu'el Council. He describes the destruction caused to Wadi Qana and calls upon us to come up with a

solution and prevent additional damage. Today, in order to correct the damage, it will cost more than if it had been thought of in advance. It is a painful matter, since the ecological problems of Judaea, Samaria, and Gaza have implications for the Dan Region. And it all occurs due to lack of attention and awareness. Tourists cannot visit the wadis either because of the sewage smells and the mosquitoes. I said openly to Benny Katzover; If you want to live here for generations, take into account how the country will look in the future. We were commanded to "work and preserve it" and we do not all think about it. We live here as though it were something temporary.

[Question] Are there also ecological problems on the side of the Arab population in Judaea and Samaria and Gaza?

[Answer] The Arabs do not make as much use of water as in our culture. Yet there still is a water problem in Shekhem. The sewage is spilled on the Eastern side (to Bidan), and on the West (the road to Tulkarm). We are trying to act there as well. There is also a problem of black goats. They wander about and hurt the fields and the thickets. Additional damage is caused by the wild tree-felling in the area of Judaea, Samaria and Gaza. There must be education to present these destructive activities. I do not know who fells trees, and of course I do not specifically attribute this to the Arab population.

[Question] How can the situation be corrected?

[Answer] First of all, we have to be full members in the higher planning committee. Not just observers. Thus we can prevent distortions that will be painful for generations. This area, that is Judaea and Samaria, is from our point of view a nature preserve. For many reasons, we do not yet have the supervisory mechanism that we have in other areas of the country. Recently, we received permission from the head of the Civilian Administration, Shemu'd Goren (and this is a good first step!) for two positions for supervisors in Judaea, Samaria and Gaza. The supervision will aid us in enforcing the law. I hope that in the future we can be involved in planning processes, so we can warn in advance of omissions. Thus we also will not have to stop building activity as we did in several places.

We also suggested establishing 40 nature preserves in Judaea, Samaria, and Gaza. This is speaking roughly of 200,000 dunams. Ten nature preserves have been approved, and in the meantime the rest of the areas are being damaged. I hope that the educational activities will correct this.

[Question] You are preparing to have educational activities in the West Bank?

[Answer] Yes, a problem of lack of care for the environment exists, and I am sure that by means of educational forums we can correct this. There are beautiful water springs in the area, there are natural groves of trees, there are fabulous landscapes. For God's sake, take care of them. This is also important to the education of children, to the feeling of home, to the feeling of homeland. Without such values people grow up without roots. "Man is the mold for the landscape of his homeland."

9182/7687  
CSO: 4423/6

ISRAEL

BRIEF

ISRAELI AIRCRAFT INDUSTRY FACES DECLINE IN ORDERS--In October, the aircraft industry is preparing to reexamine all the plans for development and investments in order to coordinate the company's activities with the decline in sales to the Ministry of Defense. In FY 86, the Ministry of Defense reduced the number of orders from the aircraft industry by a sum of \$70-80 million without giving the aircraft industry warning about it at the beginning of the year. Because of this the aircraft industry will be forced to reexamine the economic desirability for all the projects it intended to carry out for the Ministry of Defense. Despite the sharp reduction in orders from the Ministry of Defense, the combined work plan aims for sales of \$900 million, the sales figures of last year. The decline in the local market will be made up by increasing exports from \$430 million last year to a total of almost \$450 million. Aircraft industry officials note that despite the drop in the scope of sales in the local market and the ensuing unemployment, the industry is still in excellent shape. They do not agree on the plan for a 3 percent dismissal by the office, according to Histadrut rules. The management of the aircraft industry has halted the hiring of new workers. Also, it will not agree to get rid of hundreds of young engineers and emigrants who have returned to the country, just because the layoff rules of the Histadrut are fixed so that the last hired are the first to go. The aircraft industry has appealed to the Ministry of Defense regarding its decision to lay off 3 percent of the company's workers and is awaiting a decision on this subject. [Text] [Tel Aviv HA'ARETZ in Hebrew 27 Aug 85 p 6]

/9716

CSO: 4423/20

PALESTINIAN AFFAIRS

COMMUNIQUE, ABU-AL-'ABBAS INTERVIEW ON PLF POSITION

Nicosia FILASTIN AL-THAWRAH in Arabic 21 Sep 85 pp 8-9

[Interview with 'Abu-al-'Abbas, new PLF secretary general, by Ibrahim Jalal and Hamdan Hamdan: "Amman Agreement Damage, Nil. We Oppose Dialogue with United States"; date and place not specified]

[Text] The PLF has settled a pending organizational situation which threw its movement into confusion for a considerable period of time. The front's seventh conference elected Abu-al-'Abbas secretary general. Abu-al-'Abbas said that Tal'at Ya'qub and the "Damascus group" could no longer claim to represent the PLF.

The final communique described the pro-Syrian Salvation Front as representing a "reckless line and a desperate trend." In an interview with FILASTIN AL-THAWRAH, Abu-al-'Abbas said: "The front opposes the Amman Agreement. However, this agreement has not caused any real damage to the Palestinian question. The damage will be caused by a dialogue with the United States."

The front's conference, attended by 133 out of 160 members, approved the draft of the political report and the amendments to the bylaws.

The final communique said that a number of Arab regimes sought, in varying degrees, to contain and weaken the revolution as well as to bridle its revolutionary thrust. It also alluded to the existence of a clear tendency on the Arab level to band together to withdraw the Arab consensus, established in the various Arab summit resolutions, that the PLO is the sole legitimate representative of the Palestinian people and to abandon the legitimate Palestinian struggle for the sake of repatriation, self-determination and the establishment of an independent Palestinian national state.

The communique made it clear that efforts to corner the PLO were aimed at forcing the organization to make concessions and form alliances detrimental to Palestinian causes. It added that certain Palestinian forces were persisting in their division, prompted by hopes of inheriting the PLO leadership, thus playing a dangerous game against the people's interests by placing parochial interests above the common good.

Furthermore, the communique said that the formation of the Salvation Front was an expression of a reckless line in the Palestinian arena representing a desperate tendency stripped of its own free will.

The communique added that the Jordanian-Palestinian agreement had been signed under extremely difficult and complex circumstances. It emphasized the need to uphold firm Palestinian precepts the Palestinian struggle has established throughout the last 20 years. They are:

- A. The PLO is the sole legitimate representative of the Palestinian people.
- B. The Palestinian people have the right to set up an independent democratic state.
- C. The international conference, attended by all sides and all Security Council members, including the USSR, must be preserved.

The communique called for activating military operations against the Zionist enemy and advocated struggle for the sake of guaranteeing the Palestinian people's security and fundamental rights, in Lebanon particularly, and the necessity to counteract annihilation, extermination and terrorist campaigns waged against the Palestinian people at the hands of Zionism, reactionary regimes and forces and Arab sectarianism. It also urged the preservation and consolidation of the PLO's role; adherence to the PLO's status as the legitimate representative of the Palestinian people; opposition to all attempts to throw the PLO into the Arab regional axes as a prelude to its elimination and the disintegration of the Palestinian cause; and confrontation of all Arab and Zionist imperialist attempts to contain the PLO or to create an alternative to it.

The conference cabled a message of endorsement and support to Yasir 'Arafat in which it emphasized the importance of defending the PLO's unity and leadership.

The following is FILASTIN AL-THAWRAH's interview with brother Abu-al-'Abbas, the new secretary general of the PLF:

[Question] Israel has recently stepped up its threats against the PLO and Jordan. Enemy leaders have said that Israel's arm can extend all the way to the Mediterranean Sea and the Red Sea. How serious are these threats and what is the purpose behind them?

[Answer] The enemy's aim is to blackmail the PLO and Jordan and to make them feel that they are still between the hammer and the anvil: the Israeli hammer and the Syrian anvil. When the revolution had a presence in Beirut, the situation was reversed: the Syrian hammer and the Israeli anvil.

Nonetheless, our enemy's threats must be taken into consideration, particularly since our revolutionaries have stepped up their operations in the occupied homeland. I advise against taking our enemy lightly. Our enemy realizes that the PLO's main political weight is in Tunisia (namely the Mediterranean) and the Palestinian military weight is in the Red Sea. It is possible that our enemy will undertake military reprisals against our forces.

[Question] In your concluding remarks at the front's seventh conference, you said that the organization was walking between two axes: one trying to overtake the organization and carry Camp David to the end, and the other represented by the regimes that raise empty slogans, claiming to fight Camp David and capitulation while seeking in fact to shoot down Palestinian representation. What practical steps are being taken to get out of this dilemma?

[Answer] So far the organization has succeeded in getting out of this dilemma, notwithstanding the drastic maneuvers it has followed, by adhering to its points of departure and fundamental precepts, by making great efforts to consolidate the national unity of the Palestinian people within the framework of the PLO and by stepping up its armed struggle against the Zionist enemy.

Contrary to the allegation that a "dialogue with America can offer us protection," we believe that it can cause us moral and political harm. Why?

Our people do not trust the United States. For every step we take toward a dialogue with the United States, our people take a step away from us. Consequently, we find ourselves in a situation in which America is getting closer to us and all our people are actually moving away from us. We need to stay close to our people and our national cause and to couple this closeness with a high degree of dynamism in our struggle while affirming the resolution of our position toward the American stance.

[Question] You oppose the Amman agreement. Do you seek its abrogation and if so, how do you intend to achieve that?

[Answer] We reject the Amman agreement because of its future perils. We might wonder how this agreement has hurt us. The answer is that it has not hurt us in any way (!) save for creating a climate of confusion and clamor around us and intensifying smear campaigns on Syrian radio against us. But the agreement has not hurt us on the ground. The harm, or the real danger, will come when the dialogue with the United States, begins. How will this dialogue evolve, and what direction will it take?

We, as a Palestinian liberation front, had a clear position within the executive committee toward this agreement. We went on record as being against the agreement because, in our national struggle, we do not start out from the position that bets on a political settlement under the current circumstances through the United States. We do not bet on the principle of territory in exchange for peace. This is Reagan's principle. We also oppose the principle of sharing our right to represent the Palestinian people with anyone.

Thus, we are able to reject the Jordanian-Palestinian agreement and struggle within the same Palestinian framework, armed with our belief in the necessity of acting and proceeding in accordance with the law of unity and struggle.

[Question] But the Salvation Front rejects the Amman Agreement as well?

[Answer] The Salvation Front is the direct reason for the agreement, the Syrian siege, the Israeli invasion, and Syria's direct intervention, which caused a split within Fatah and the Palestinian revolution and brought about the Tripoli battles and the abrogation of the Aden-Algiers agreement, and the Arab and Syrian movement which closed the doors in the face of the PLO, aided by the severe conflicts among the organizations--all this led to the signing of the Amman Agreement. The truth is that the opponents of the agreement are not the Salvation Front and Syria. The purpose of the Syrian regime is to compel the PLO to cleave to Jordan in one way or another and to discredit it further, thus, according to the Syrians themselves, weakening it more and more. If Syria truly desired to have the agreement abrogated, it could have done so very easily by opening channels of communication with Yasir 'Arafat. This is if the Syrians are truly concerned about the greater national and pan-Arab cause, as they claim.

The fact is that the Salvation Front's position is that it does not oppose the agreement. The front includes a group which espouses total, unequivocal rejection of any political movement as well as organizations which adopt a positive position toward settlement. There is no serious common denominator between the front's various struggles save for their interests with the Syrian regime.

[Question] You are known for your commitment to qualitative military action through the revolutionary process. Are you contemplating a qualitative action?

[Answer] We have not contemplated any special operations against the Israeli enemy since the 1982 Israeli invasion, although we have stepped up our operations through the tactic followed internally, side by side with the other Palestinian organizations in the PLO. The conference devoted much time to assessing and discussing the reasons that have impeded our qualitative military action. It also formed a committee to study and implement forthwith qualitative military action in the occupied territory to lend support to our aroused people there and to boost their morale in the face of brute force.

[Question] How did the conference deal with the case of Tal'at Ya'qub and the Damascus group?

[Answer] As for now, we will not allow the Salvation Front group or Tal'at Ya'qub to claim to represent the PLF. We convened our conference with an absolute majority, or with 133 out of 160 members, representing all the various regions and districts. With this majority against an insignificant minority, we were able to build, or rather rebuild, the appropriate organizational structure and shape the various top and middle-level frameworks. We were also able to ratify our political and organizational program following exhausting discussions which lasted 5 days.

Furthermore, we kept a place open in the new central committee for our comrades to return to the proper position. The conference called upon them to leave the Salvation Front to join Palestinian legitimacy and the PLO.

We oppose convening any emergency unification conferences. Indeed, we created a 47-member council to follow up the dialogue with the Damascus group. This council is also charged with settling urgent political and organizational issues as well as other issues that may arise between conferences. We also created a 3-member general secretariat to assist the secretary general with a view to affirming the principle of collective leadership and preventing unilateral decisions.

But should the Damascus group insist on its position, we will be compelled to talk to them on the basis that we are two different organizations with two different programs.

[Question] What about the effect of the conference site on the nature of the resolutions and recommendations adopted by the conference?

[Answer] Tunisia is the only Arab country which does not interfere in Palestinian affairs.

12502/9423  
CSO: 4404/22

PALESTINIAN AFFAIRS

PNC CHAIRMAN ASSESSES OUTCOME OF ARAB SUMMIT

Nicosia FALASTIN AL-THAWRAH in Arabic 24 Aug 85 pp 22-23

[Interview with Shaykh 'Abd-al-Hamid al-Sa'ih, Palestinian National Council chairman, by 'Ali Husayn and Khalid Bahij: "Casablanca Summit: Summit with Aftereffects; al-Sa'ih: I Told Americans I Will Not Negotiate with Israel"; in Tunis, date not specified]

[Text] Tunis--FALASTIN AL-THAWRAH interviewed the Palestinian delegation to the emergency Arab summit on the outcome of this summit. The magazine tried to shed light on what is vague, focused on the issues not discussed and explored opinions for an evaluation of the outcome. The first interview was with Shaykh 'Abd-al-Hamid al-Sa'ih, the PNC chairman.

[Question] Finally, the emergency Arab summit has convened. How do you view its convocation?

[Answer] The Palestinian cause is going through its most serious phase. Its numerous enemies are plotting against it. Some of these enemies speak Arabic and hide themselves behind a false concern for the cause. The cause is now caught between two plots, one more serious than the other. We can endure the enemy's plotting but the plotting of those who pretend to be concerned for you is more dangerous than the enemy's plotting. This group of plotters may use some who could harm the cause gravely.

Circumstances dictated that the Arabs hasten to a summit in which to hold consultations. But certain conditions obstructed the convocation of an Arab summit, which was postponed so many times that no date could be set for the meeting.

Under those circumstances, the developments led to imminent dangers, the most significant of which were the assault on our people's camps in Beirut and the acts of murder and destruction against their lives and property. These acts sought to achieve one of two results: either to destroy the cause in order that [the plotters] may monopolize speaking in its name; or to oust the Palestinian people's masses, which number more than 1/2 million people, from Lebanon.

In the face of the dangers, some sincere people called for a summit to deal with this problem concerning the Palestinian cause and to clear the Arab atmosphere of the elements that pose a danger to it. So King Hassan II issued the call for this summit.

The sincere people feared one of two consequences:

- either that the Arabs coming to the conference would move to form an axis to counter the axis of the rejectionists and the other plotters;

- or that the conference would fail and be postponed. Each of these consequences would pose a danger to the cause and to the inhabitants of the camps. But in this conference, God has given us success, thanks to the wise management and policy with which King Hassan II led this conference. I attest to this. The first speaker to be introduced by King Hassan was brother Abu 'Ammar who spoke about the reasons for this summit. Brother Abu 'Ammar made in the open session statements which have been broadcast and published. He was completely successful. Abu 'Ammar then spoke well at the closed session, pointing out the conditions surrounding the camps and the dangers that are expected to emanate from a failure to deal with these conditions. The Arab brothers attending the summit appreciated and understood the conditions and the points Abu 'Ammar explained.

This is why the summit communique noted that the conference fully appreciated the explanations made by King Husayn and brother Abu 'Ammar.

[Question] How do you assess the outcome?

[Answer] The outcome was better than we had expected: support for our cause and for our brothers in the camps and a call for comprehensive Arab solidarity so that Arabs may perform their duty in supporting the Arab cause and averting the dangers facing it. The outcome of this summit has been a gain for the cause and for the Palestinian leadership and legitimacy because the summit recognized all this. Some Arab leaders were not aware of the real conditions but they have now changed their opinion and learned that the situation requires a decisive cure and a courageous stance in the face of those who plot and scheme against the Palestinian people.

"You Are Still and They Are Still"

[Question] What is your opinion of the summit's handling of the Amman agreement?

[Answer] The Amman agreement was not presented clearly and intentionally but came up incidentally. Our issue can be solved only with Arab solidarity and with a collective armed position. But this is not available at present and has not been available for a time. At the Fez summit, the Arab leaders met and agreed on an Arab peace conference which they called the Arab peace plan. The peace plan does not mean that the Arabs will capitulate but rather means that they should prepare to become strong and then talk of solving the issue on the basis of the Fez summit.

This conference was stipulated in the Fez resolutions and that was the only time in the history of the Arab cause in which all Arabs agreed on the basis for solving the issue.

But the seven-member committee, which visited some countries and then came to a standstill, this resolution did not move one step. Therefore, the issue requires a mechanism to move and implement it. If there is no followup for the implementation of any resolution, no result can be achieved.

Our issue has been declining to the point that it has been omitted from the international priorities. When we talk to other states on what they know about the Palestinian cause and on what we know about it, they say: You are standing still and they are standing still and we are preoccupied with more important issues. If we end our problems and still find the time, we will discuss your issue. We wanted the Amman agreement to raise our issue to a level which makes the world aware that this issue has its people who are concerned with it and who will not cede or squander it. Thus, the Amman agreement has come about. This agreement has wasted nothing because it wants to take, not give.

We Will Cede Nothing

[Question] How?

[Answer] Because the agreement contains no concession for the Jews on anything. I have been repeatedly asked by foreign and international news agencies, and even the U.S. delegation which came to Amman asked me: Would you agree to head a delegation negotiating with Israel? I said: It is impossible not only for me but for any Palestinian with a true Palestinian affiliation to agree to negotiate with Israel because it is an aggressor and because it is occupying our country and our holy places. It must withdraw from our country and then we will determine the fate it deserves.

Thus, we want to move at the Arab and international levels through the Amman agreement. We have agreed with Jordan, this is true. But while moving within the agreement, we have not closed the door in the face of any Arab country that wishes to work with us and join this agreement. We have taken the step for the sake of the broader Arab movement and joint delegations from the two sides (Palestinians and Jordanians) have been formed to explain the purpose of this agreement. This summit was expected to reject this agreement and this is what Israel, the United States and some Arab enemies of the Palestinian cause want. Therefore, it was wise on the part of the summit not to reject it. On the contrary, the summit has included in its communique resolutions tacitly acknowledging the Amman agreement. This is why the communique says: We fully appreciate the explanations contained in the words of King Husayn and Yasir 'Arafat. This means that they support this agreement.

When one meets with the Arabs individually or in groups, they express support for this agreement and say: Proceed with God's blessing; but do not saddle us with resolutions and require us to sign. This is because they do not wish to commit themselves. I will tell you that I met with more than one head of state, not only at the conference but before it also, and they said to me: Proceed with God's blessing. But do not worry about us. This is the only way.

This is why insofar as the Amman agreement, the PLO, the Palestinian cause, Palestinian legitimacy and the independence of Palestinian decision-making are concerned, the summit has been a pure gain. We have blocked our enemies' chance to foil the summit. Had it failed, our cause would have failed. Had it been postponed, this postponement would have meant giving Amal and others an opportunity to hit the camps with tanks and missiles and destroy them.

[Question] Does this mean that the summit has foiled the opportunity to strike the camps?

[Answer] I do not say that the opportunity has been foiled. But I do say at least that the resolutions issued require the Arabs to speak up and not to falter in supporting the Palestinians. The picture put before the Arabs has become a responsibility which they shoulder before future generations, history and God. The fraternal atmosphere prevailing at the summit provided the opportunity for convening an ordinary summit. In the communique, King Hassan II urged King Fahd to employ his experience and call for a summit to deal with the other pending Arab issues. This means that Syria's and Libya's objection does not preclude the convocation of the summit. It also means that we have practically achieved the legitimacy of the summits, even if some Arab states fail to attend.

[Question] Is it the legitimacy of the majority?

[Answer] Practically, this is how it is. This is why I consider the objective, content an outcome of the summit a gain for our cause. Moreover, the summit's position on the Iraq-Iran war is good, dealing with the issue and underlining the dangers emanating from the Arabs' laxity and silence. This means another thing for some Arab regimes. Therefore, I believe that convocation of the summit was a partial success. Its outcome constitutes a reply to Israel's challenges. Israel has been telling the Jordanians: We will hit the Palestinian leaderships currently in Amman and we want them ousted. It also constitutes a reply to the Syrian challenges, considering that the Syrian press had threatened: We will punish whoever attends this conference. This is why they hit the Moroccan and Saudi embassies in Beirut. Despite this, Morocco persisted in its call for the conference and Saudi Arabia attended it.

This summit has its dimensions. It has answered the Arab and Israeli challenges, telling them practically that we pay them no attention and give them no consideration.

Those Who Clamor and Roar

[Question] How do you view the agreement's future at the Arab level?

[Answer] I believe that the Arabs were afraid. Some of them feared that the agreement will lead us to capitulate and submit to the United States. But this cloud has been eliminated. I was questioned here in Morocco prior to the summit about whether there was a U.S. delegation and I said: Let it be. The U.S. delegation does not scare us or change our plans and it does not change the Fez plan. We will carry on with our summit and continue to tackle our issues. As to our submitting to what the United States wants, this is another

matter. We are the ones who make the decision and we cannot cede any of our Palestinian national rights. Are those who clamor, roar and make threats more concerned than the others with the Palestinian cause and with our people's interest? We feel that duty requires us to endure the sacrifices and to respond to these positions that are dictated by our people's and our cause's interest.

This is why I say that the summit has succeeded in supporting the cause and supporting the idea of non-domination and in blocking those who are trying to dominate our cause and our future. We have weighed all this in the balance and we have opened the door for the coming Arab summit for whose success Saudi Arabia is responsible.

8494/9312

CSO: 4404/5

PALESTINIAN AFFAIRS

FARUQ QADDUMI VISIT TO CONGO REVIEWED

Brazzaville MWETI in French 10 Sep 85 pp 1, 2

[Text] The head of the political department of the Palestine Liberation Organization (PLO), Comrade Faruq Qaddumi, arrived in Brazzaville yesterday at 1330 hours from Luanda, where he took part in the eighth ministerial conference of the Nonaligned Movement. He was welcomed by Comrade Pierre Nze, member of the Political Bureau, secretary of the Central Committee of the PCT (Congolese Labor Party) in charge of external relations, as well as by Comrade Abou Hadi, the PLO representative in the Congo.

Questioned by the local press, Qaddumi gave his impressions of his first visit to the Congo, spoke of the Palestinian struggle and discussed the meeting in Luanda in which he had just participated.

Bilateral relations between the PLO and the PCT are excellent. The presence of the Palestinian statesman in our country is ample testimony to that fact. So, setting foot for the first time on Congolese soil, the head of the political department said he was very happy to be coming to the Congo and meeting with PCT officials.

He emphasized the very cordial relations that exist between his movement and our country. Also Qaddumi indicated that while in Luanda he held talks with the chief of Congolese diplomacy, Comrade Antoine Ndinga-Oba. That certainly shows what excellent relations exist between the two sides.

The number two man in the PLO noted the many stages of struggle through which his people have already gone in their efforts to create an independent Palestinian state. He added that the "struggle has not yet reached its goal." In other words, until the Palestinian people have returned to their homeland, the struggle will continue. Qaddumi also pointed to the diplomatic successes achieved by the PLO, which has 87 representatives around the world.

We know that in Lebanon, fighting between the Amal Shiites and the Palestinians has resumed. On that score, Comrade Qaddumi disclosed that "the

Palestinian presence is the result of that situation, "because they are trying to get the Palestinians away from their occupied territories."

"There are Palestinians who have been living in Lebanon since 1944," he continued. The Shiites are mistreating the Palestinian civilian population, and the Palestinian people are against this discrimination."

The Nonaligned Movement is of course an autonomous force in world affairs, and Qaddumi gave high marks to the Luanda meeting. For example, resolutions and declarations were adopted on various economic and political issues, including a special statement on South Africa. According to Faruk Qaddumi, the conference was a big success, and all the delegations were satisfied with it.

All revolutions champion the rights of man, and every constitution proclaims them. That is why the Congo is supporting all peoples who are struggling for their independence and social progress. The visit to our country of the head of the PLO political department proves this. Palestinians, black South Africans and others as well are struggling for their freedom and deserve the support of the international community.

9516  
CSO : 4419/2

SAUDI ARABIA

NEW RAILROAD LINE INAUGURATED

Riyadh AL-YAMAMAH in Arabic 11 Sep 85 p 25

[Article: "Express Railroad Line Between Riyadh and al-Dammam Begins Operation"]

[Text] The new express railroad line between al-Dammam and Riyadh was put into operation yesterday, Tuesday, after completion of the preparations and installations for the purpose.

Faysal al-Shuhayl, general director of the Public Railroad Establishment, said that the train trip between the two cities takes 4 hours on this line and pointed out that at the start of operations, there will be only one daily train from al-Dammam to Riyadh and another from Riyadh to al-Dammam and that the only stop will be made at al-Hafuf station.

He added that the train will leave al-Dammam at 0730 in the morning and Riyadh at 0755. The establishment has set the price of a first-class ticket at 60 riyals and a second-class ticket at 40 riyals. Al-Shuhayl also pointed out that 10 new rapid locomotives will be used on this line, in addition to 40 cars equipped with all facilities. He also noted that the new line has resulted in renovations of all the establishment's capabilities, new workshops have been set up, modern equipment and cranes have been purchased and the customs station in Riyadh has been enlarged to enable it to receive more shipped goods and containers. The establishment owns 47 locomotives, 58 passenger cars and 2,165 freight cars.

Al-Shuhayl further pointed out that the Railroad Establishment will continue to use the old stations until construction of the new stations is completed in the next few months.

It is worth noting that the cost of these new stations amounts to 20 million riyals. It is also to be noted that His Royal Highness Prince Muhammad ibn Fahd, governor of the Eastern Province, inaugurated the new line at the end of last Sha'ban when the line's basic installations were completed. The total cost of the new 447-km long line amounted to 1.2 billion riyals.

8494/9312  
CSO: 4404/5

AFGHANISTAN

SOVIET FORCES SAID ESCALATING GROUND, AIR OPERATIONS

Tehran KAYHAN INTERNATIONAL in English 9 Oct 85 p 1

[Text]

NEW DELHI, Oct. 8 (Dispatches) — Soviet forces have escalated ground and air operations around Kabul to ward off attacks by Muslim freedom fighters and seal their escape routes, a western diplomat said Tuesday.

The diplomat said major fighting has taken place in Paghman town, 10 miles (16 km) north of Kabul, and in the nearby provinces of Wardak and Logar, used by the Mujahideen as supply and escape routes.

She said, "the Soviets appear to be mounting another effort to dislodge Muslim fighters from Paghman."

The attack was aimed at enhancing Soviet military presence in Paghman, which has long been a Mujahideen staging area for attacks on the capital.

Another diplomat said 16 MI-24 helicopters bombed Paghman on Sept. 30, and four days later with strong air support, Soviet ground forces encircled the Muslim fighters.

But a large number of Mujahideen escaped the Soviet dragnet and reached safety in the nearby mountainous area of Hazarajat, while others retreated into

Wardak Province.

The helicopters took off from Kabul airport and returned an hour later after bombing villages in the south and Western portions of Paghman, the diplomat said.

The diplomats, who spoke on the condition they not be named, said they had no figures of casualties in the attack.

**Road Between Kabul and Ghazni**

One diplomat quoted one witness as saying, "Mujahideen are largely on the defensive in the face of Soviet armored and air dominance."

She said in what appeared to be a coordinated move, "Soviet forces were engaged in a sizable ground and air operation" in Wardak Province, particularly around the town of Maydan Shahar.

The Soviet objective, said the diplomat, was to open the road between Kabul and Ghazni, 78 miles (125 km) southwest of the capital, and to block supply and escape routes of the Mujahideen.

She said that for the same reason Soviet and Afghan forces were active in the Logar Valley between Kabul and Gardez, 65 miles (105 km) south of Kabul.

**She said rocket and mortar fire is heard in the city almost daily and Soviet troops have been reluctant to leave the heavily-guarded airport and garrison.**

/13104

CSO: 4600/70

AFGHANISTAN

CHEMICALS REPORTEDLY SPRAYED IN EASTERN AFGHANISTAN

Tehran KAYHAN INTERNATIONAL in English 16 Oct 85 pp 1-2

[Text]

NEW DELHI, Oct. 15 (Dispatches) — Soviet jets sprayed an "unidentified chemical substance" in eastern Afghanistan and the attack, apparently aimed at Islamic freedom fighters killed 30 Afghan government troops and an unknown number of civilians, western diplomats said Tuesday.

The diplomats said the Soviets sprayed the chemical in the Maydan area of Wardak Province, about 16 miles (25 km) southwest of Kabul between Oct. 6 and Oct. 12.

"Soviet forces used an unidentified chemical substance in Wardak," said one of two diplomats from separate western countries who briefed reporters on condition they not be named.

"The chemicals were released by Soviet military jets near an Afghan (government army) post and transported by the wind," she said, quoting a diplomat in Kabul "who checked the information."

She said "a misdirection of wind" swept the gas away from the Mujahideen it was apparently aimed at. Both diplomats confirmed the gas killed 30 Afghan troops and

an unspecified number of civilians.

"This may have been a follow-up to the Maydan operation," one diplomat said, referring to a recent large-scale Soviet ground and air offensive near the town which has been used by Afghan freedom fighters as a staging area for attacks on Kabul.

The diplomats said the three-week-old operations in Wardak Province and related offensives in Logar, south of Kabul, and Paghman to the north appeared to be over.

"The tempo of fighting in Kabul (district) has come down in and around the city," one diplomat said. "Soviet and Afghan air activity out of Kabul airport is at a low level," she said.

However, one diplomat said Soviet troops were sent into the Paghman area Oct. 9 after Mujahideen positions were bombed by jets and helicopters.

In Kandahar, Afghanistan's second largest city about 290 miles (460 km) southwest of Kabul, one diplomat said Islamic fighters had gained control of several parts of the city including the main market area.

A convoy of more than 100 armored vehicles loaded with Soviet troops and ammunition left the Soviet base at Kabul airport for the Logar Valley on Oct. 4, the diplomats said.

The next day several smaller groups, 10 to 12 armored vehicles returned to the base, each "carrying tired and dusty Soviet soldiers," one diplomat said.

Most of the vehicles had returned by Oct. 6, indicating

/13104

CSO: 4600/70

AFGHANISTAN

ARTICLE SURVEYS ECONOMIC, SOCIAL CONDITIONS

Kabul HAQIQAT-E ENQELAB-E SAWR in Dari 29 Jul, 1 Aug 85

[29 Jul 85 p 5]

[Text] In order to better understand the issues pertaining to the goals and policies of the People's Democratic Party of Afghanistan, we must briefly explain the essence and scientific connotation of its policies.

First of all, the party's economic policy consists of its extraordinary, responsible, complex, and multidimensional activities, which are carried out in pursuit of all the party's political and social goals. This policy revolves around the three concerns listed below.

First, on the basis of a scientific analysis of current conditions and the clear responsibilities of the national democratic revolution, ideas and results are scientifically evaluated, then theories for economic growth and later plans and duties in this area are specified and compiled.

Second, the application and coordination of the collected theories in the activities, practices, and mutual cooperation of various social groups and classes who have representation in the country's existing economic systems and sectors are duly carried out.

Third, are specific and practical activities by the party, the government, all the related organizations and economic offices, party and social organizations, cooperatives, and other unions which effectively apply economic policy.

In practice, economic policy has two aspects, economic strategy and tactics. These two components of economic policy have their specific characteristics and duties, and both are complimentary. Economic strategy reflects long-term economic structure goals in a specific phase of social growth.

Economic tactics are based on preserving a party's strategic policy for economic growth, and they specify it more precisely with the passage of time. Economic tactics resolve the fulfillment of the most immediate responsibilities, and are the direct methods and means for putting economic strategy into practice in accordance with existing conditions and possibilities. The main point here is determining the most fruitful tactics, fulfilling responsibilities, putting plans into practice, establishing departments and

groups with discretion in economic affairs, while taking constantly changing conditions into consideration, and all of these must logically follow the party's economic strategy.

The essence of the economic strategy of the People's Democratic Party of Afghanistan has been established in the working plan in these terms: The Party's economic strategy is aimed at achieving planned growth for productive forces, the gradual multidimensional renewal of the economic structure, raising the level of worker welfare, and strengthening of national defense.

The fulfillment of these responsibilities constitutes the main front of the party's struggle for a better future and the happiness of the people of Afghanistan.

Planned development of productive forces in all areas of the national economy, the development of material production, which is the basis of all social life and shapes its development and the establishment of a material and technical foundation which befits the progressive national democratic regime are all intended to eliminate centuries of economic and technical backwardness and to recover the great material losses caused by the counter-revolution.

The action program of the People's Democratic Party of Afghanistan maintains: "Afghanistan's backwardness and historical failure to develop are temporary. This situation has come about as a result of the prolonged domination of feudal and prefeudal relationships. Afghanistan has hard-working, talented people, great natural resources, and sufficient amount of productive and fertile land, less than half of which has been put to use."

Our party has complete confidence that, in the near future, our nation can and must be transformed into a developed country economically, with advanced, diverse industries and fruitful and capable agriculture, with contented, prosperous, and happy literate citizens possessing a high level of political and cultural awareness.

Therefore, the party's economic policy is aimed at fulfilling important and major responsibilities, including the establishment of material and technical foundations for a new society.

Since the party's economic strategy is designed to improve the quality of life for the country's toiling people, it is supported by all classes and strata of society. The economic strategy will thus bring about better conditions for work, creative and active productive activity for workers, farmers, businessmen, merchants, and native capitalists who develop the production of goods, the development of transportation, the improvement of working conditions, and the provision of social services, as well as providing a group of producers who will produce the necessary materials which the country needs.

At the same time, the party's economic strategy seeks to strengthen the country's defensive capability and alleviate the negative effects of the

undeclared war of imperialism, regional reactionaries, and the domestic counterrevolution against the people of Afghanistan. In connection with the war, Afghanistan and its trusted friends are making great efforts in the economic domain to take practical steps against economic sabotage, instigation, and destruction. It is necessary to remove the consequences of the damages and losses that have been inflicted on us by this war, and to thwart the enemy's plots to bring more economic losses to the working people of Afghanistan.

Thus, under current conditions, the party's economic policy is a basic means for combating imperialism, regional reactionaries, and the domestic counterrevolution. Moreover, the party's economic policy and strategy is actively and in principle opposed to the counterrevolution's so-called economic program. In addition to having a class-oriented essence, the counterrevolution seeks to destroy the unified national economy and the progressive sector of government cooperative and to discredit all economic relationships in order to ultimately destroy the productive, social, and cultural institutions which have been made prosperous through the toil and creative labor of the country's workers.

Counterrevolutionary bands have destroyed gas pipelines, electrical power lines, other industrial installations, irrigation systems, communications lines, bridges, schools, hospitals, health centers, libraries, and other public facilities and government installations valued at more than 35 billion afghanis. In the final analysis, the counterrevolutionary elements are seeking to return governmental power to the hands of feudalists, profiteers, and the bourgeoisie.

The successful implementation of the economic policy of the People's Democratic Party of Afghanistan must prove the soundness of the national-democratic revolutionary program and its practicality compared to the programs of the counterrevolution, and strengthen the appeal of the ideology of the revolution ever more.

To fulfill these great responsibilities in our country, a series of favorable circumstances, which are listed below, exist:

- The availability of various natural resources and manpower.
- The unblemished and forthright assistance of the Soviet Union and other socialist countries.
- The achievements of the national democratic revolution in all the country's economic, social, and cultural sectors.

All of the above-stated conditions provide a basic and permanent solution to the responsibilities of the revolution in a reliable and coordinated manner, based on democratic thinking in the interest of the decisive majority of the people of Afghanistan. Relying on this foundation, it will be possible to triumph over the counterrevolution and the forces supporting them and succeed in destroying them.

The basic foundations of the economic strategy of the People's Democratic Party of Afghanistan, which have been used in forming the program of work, which in turn is the principal content of the party's strategy, consist of:

"Fundamental attention to the development of the government sector and converting it to an industrial linchpin for revolutionary Afghanistan." This view was well expressed in a statement by comrade Babrak Karmal at a national party conference, who said: Thanks to the planned gradual increase in the government's role and the significance of the government sector, planning in the country's economy, and giving preference to the government sector, all economic interests will be used more completely and effectively in the general area of progress, raising the level of material welfare for toiling people, and social advancement.

The government sector is the economic basis of the national democratic political system, and with the cooperative sector, it establishes society's economic foundation; strengthening and expanding its role in the national economy is the legal economic basis for the national democratic revolution, which has a socialist orientation. Thus, the comprehensive development of the government sector is at the core of the economic strategy of the People's Democratic Party of Afghanistan.

With regard to social economic development based on the People's Democratic Party of Afghanistan's working program, the primary responsibility of the party and our revolutionary government in the economic realm relies on the support and cooperation of the vast masses of people, the struggle to eliminate economic backwardness, and clarifying the intent to achieve national economic growth. It is on this basis that the material and cultural level of life for the toiling workers of Afghanistan is formed.

Therefore, the economic policy of the government of the Democratic Republic of Afghanistan is based on and takes into account various economic systems, and is devised with extensive utilization and understanding of the current economic laws which are necessary for the decisive triumph of the nation's new economic and social system.

The mechanism for the practical implementation of the economic course of the People's Democratic Party of Afghanistan consists of the planned development of the national economy as one of the most important conditions for expediting the drive for national economic growth. However, it is clear that the national economic planning as the most important means of implementing the economic policy of the party in power is done on the basis of partisan principles which are in the interest of the majority of the people.

The point may be made that Afghanistan had an economic planning system even before the revolution, which has been in effect for about 25 years. It must be explained, however, that before the revolution planning was mainly a matter of publicity. Actually, there was only superficial control over development programming and its implementation, and its purpose was to keep former regimes in place and to preserve old relationships of production and its relevant system of control. Only after the victory of the revolution,

and especially its new phase, the triumph of the legal, material, and economic foundations for national development in full coordination with the leadership and reasonable organization of the government plan, and the economic and social development of the Democratic Republic of Afghanistan made possible on the one hand, and on the other the basic elements of scientific planning, in its scientific sense, namely, the nationalization of the means of trade and production, the political leadership of the workers, and a favorable situation for active participation by producers in devising plans for economic and social development, were created.

In view of the above, the 1363 [21 Mar 1984-20 Mar 1985] social and economic development plan was designed. As a result of the effective measures taken in the implementation of the 1363 plan and the observances for the 20th anniversary of the People's Democratic Party of Afghanistan, fruitful results were obtained in the development of the national economy of the Democratic Republic of Afghanistan. Despite the continuation of the undeclared war and the counterrevolutionary sabotage, the results of the evaluation of the implementation of the 1363 plan show that the level of national production for this year has reached the level of the year before the revolution.

The gross domestic product and the gross national product (consumed) compared to 1357 [21 Mar 1978-20 Mar 1979] show 4.7 percent and 12.9 percent growth rates, respectively. National income in savings and consumption grew 16.5 percent over 1357, and national production grew 4.9 percent over the year prior to the revolution.

The gross domestic product and the national produced income for 1363 grew 2.1 and 1.7 percent, respectively, over the year 1362 [21 Mar 1983-20 Mar 1984]. These increases came with an increase of 11.8 billion afghanis, or 7 percent, in the gross national product, and an increase of 1.4 billion afghanis, or 8.7 percent in the consumed national income--with a great role being played in these increases by the unblemished and unreserved aid from the friendly and brotherly nation, the Union of Soviet Socialist Republics.

The gross domestic product of the agricultural, land, and forests sector increased by 6 billion afghanis, or 7.3 percent over the year 1357 and compared to the year 1362, with a slight difference reached an estimated total of 88.1 billion afghanis, which represents 99.5 percent attainment of the 1363 plan.

The implementation of the democratic land and water reform program was accelerated compared to the year 1362. In this year land was distributed to 6,235 needy families, an area of 43,168 hectares of land belonging to 29,033 landowning families was liquidated, and a total of 32,727 official land deeds were distributed, giving increases, respectively, of 20.1, 3.2, 3.3, and 2.8 times over 1362. During this year there was an increase in the creation of village rural councils in some provinces, as well as mapping and surveying activities.

During this year 4,507,000 tons of grains were produced, including 2,867,000 tons of wheat, 798,000 tons of barley, and 479,000 tons of rice.

The production of raw or uncombed cotton and cooked sugar beet were estimated at 68,000 and 26,000 tons, respectively, which is below the level set by the plan, but represents increases of 18,000 and 10,000 tons, respectively, over the year 1362.

With the exception of uncombed cotton and cooked sugar beet, goals set by the agricultural crop cultivation plan were exceeded with 3,829 hectares of land cultivated, with an increase of 2,000 hectares over 1362.

There was a 70,000-head decrease in the total number of livestock over 1362, with a total estimated at 27.8 million. In 1363, 50 consumer cooperatives and 10 handicraft industries cooperatives were established. Approximately 122.3 million afghanis credit were distributed to cooperative members, and cooperative members put 57,600 tons of produce on the market. In the same year, 900 hectares of new land were included in irrigation projects, a 5 percent increase over the previous year; 147 farmers' committees and 17 irrigation offices were established, and permanent water supplies were secured for 7.9 hectares of land.

The gross product in the mining industries and energy sector reached 33.9 billion afghanis in 1362, showing a 4.6 percent growth and achieving 96.9 percent of the projected plan. Its relative share of the total gross domestic product increased to 22.5 percent.

The plan for 31 government sector industrial products was fully met and even exceeded. The objectives of the plan for 12 industrial products were more than 80 percent achieved, and, similarly, between 50 and 80 percent of projected plan for 14 other industrial products were achieved.

In 1363, 150,000 tons of coal, about 2.8 billion cubic meters of natural gas, 114,000 tons of chemical fertilizer, 130,600 tons of cement, 39,100 cubic meters of reinforcing bars, 15,000 tons of combed cotton, 45 million meters of woven textiles, 209,000 meters of woolen textiles, 15,000 tons of wheat flour, 32,000 tons of bread and baked products, 3,720 tons of meat, 3,298 tons of vegetable shortening, 54,000 tons of salt, and 600 tons of sugar were produced, and there was a 6 percent increase in the production of electrical energy.

The value of goods produced in the handicraft industries is estimated at 14.5 billion afghanis, which is 97.8 percent of planned objective.

The volume of transported cargo by government sector transportation facilities increased to an estimated 1.5 million tons, or 398.2 million ton kilometers, representing four times the planned objective and 110 percent of the projected goal, respectively. This was accomplished using 4,221 freight trucks and with the installation of new transport facilities in the cities of Qandahar and Polkhomri and the expansion of activities by the Kamaz transportation facilities.

The plan for communication services income was 104.3 percent achieved with a figures of 410 million afghanis and a 10 percent increase in terms of the plan. The total number of telephone lines increased to a total of 31,000.

With the establishment and expansion of the network of government stores and cooperatives, there has been an improvement in the marketing of goods needed by the people, and price increases for these items were prevented to some extent. Despite market availability of a greater variety of goods needed by the people, the effects of import inflation were not without its adverse result on some items, and the price curve moved upward to some extent.

In 1363 [21 Mar 1984-20 Mar 1985] the number of literacy courses reached 19,536, the number of students enrolled in the courses reached 376,100, and the number of graduates reached 104,000.

A total of 128 new schools were added to the public schools. Fifteen primary schools were promoted to middle schools and five middle schools were promoted to secondary ones: The number of kindergartens and preschools, including those at work places and residential areas, reached 14, and the number of vocational schools were increased to eight.

In addition to an increase in the number of students in universities and institutions of higher learning, more than 2,000 persons were sent to friendly countries for study, and 500 persons returned to the country after completing their studies. The total number of beds in the country's hospitals is estimated at 7,759. The number of pharmacies reached 51, and the number of basic active health clinics reached 70. One medical school was added to the existing number of medical schools. During this year the average production of radio programs reached 51.7 hours, and that of television reached 7 hours, and 51 art and Afghan documentary programs were produced. The number of libraries increased to 52, and with the participation from the great masses of people, roads were repaired and increased, 100 bridges were built, and 144 wells were dug. The volume of development investments in 1363, including that from domestic sources, foreign aid, and credit from the Central Bank, is estimated at 16.26 billion afghanis, or 96.5 percent of the planned objective, and 11 percent more than the previous year. Of the total foreign aid in 1363, the Soviet Union project aid is estimated at 84.2 percent. According to plan, as a result of measures taken and due to crash programs undertaken for the 20th anniversary of the establishment of the People's Democratic Party of Afghanistan, 60 projects were completely or partially put into operation.

The economic and social development plan for 1364 [21 Mar 1985-20 Mar 1986] has been based on the results achieved in the 1363 plan and the experiences gained from it, and in accordance with decisions by a plenum of the Central Committee of the People's Democratic Party of Afghanistan, decisions of the 11th Central Committee of the People's Democratic Party of Afghanistan, guidance from comrade Babrak Karmal, General Secretary of the Central Committee of the People's Democratic Party of Afghanistan and President of the Revolutionary Council of the Democratic Republic of Afghanistan, concerning solutions to the country's most pressing national economic development problems.

In the 1364 economic and social development plan for the development of all areas of national economy, the effective and economic use of the existing

capacities of production installations, repair and renewal of projects in industry, electrical energy, irrigation, agriculture, and services, with due attention to centralizing material, financial, and manpower resources on the primary development projects which can be put to use have been foreseen. In view of what has been said and in order to clarify the economic policy of the People's Democratic Party of Afghanistan, the primary responsibilities of the 1364 economic and social development program for the Democratic Republic of Afghanistan are summarized as follows:

- Continuation of the established policy for greater development, strengthening the various government and cooperative sectors of the national economy with active participation from the private sector.

- Expediting the drive for growth in industry, electrical energy, natural gas, light industries, coal industries, and activities in the government transportation sector.

- Adoption of sound and effective measures for the basic repair and renewal of industrial installations and projects in electrical energy production, irrigation, agriculture, and social services.

- Expediting the implementation of democratic land and water reform programs.

- Increasing agricultural production, especially increasing the production of cotton and sugar beet to fill the need for raw materials in the textile and food industries and to increase exports.

- Immediate operation of activity for complete projects, preparation for operation and completing construction of half-completed projects, and rendering them usable.

- Intensification of the struggle against illiteracy, improvement and expansion of education and training, and services in health care, culture, and the media.

- Increasing the level of training of skilled worker cadres in existing and newly-established technical and vocational schools.

- Reasonable application of the principle of economy in all national economic areas, and greater development of planning system in order to strengthen the national economic foundation as much as possible.

- Buttressing national defense.

- The achievement of 3.7 percent growth in the gross domestic product (produced) and a 2.0 percent growth in the gross national consumed product, which represents increases of 8.6 and 10.2 percent, respectively, over the year 1357 [21 Mar 1978-20 Mar 1979].

- The realization of 3.3 percent growth in national product income and 1 percent in the national income in consumption and savings, representing increases of 8.4 and 17.7 percent, respectively, over the year 1357. We must remind our dear readers that the government planning committee has completed the social and economic development plan of 1364 for the Democratic Republic of Afghanistan in accordance with reasonable procedures and in view of measures for development, and material, financial, technical, human, and environmental resources in the provinces. In addition to development projects, for which economic and technical studies have been conducted previously and for which related activities are now being carried out in the provinces, the said committee has continued operating and establishing a number of small regional projects on the basis of proposals from the appropriate ministries and offices and the results of the study of proposals from those projects, and has accordingly allocated the required funds. Examples of such projects are well digging, canal dredging, repairing of gutters and watercourses, construction, repair, and reconstruction of schools, health clinics and bridges, the establishment of veterinary clinics, the assembly and installation of diesel electrical generators, the extension and repair of electrical power line network, the distribution of seeds and chemical fertilizers, and granting credit for agriculture and other purposes.

It is necessary to mention that under present circumstances the planning and implementation of economic and social development goals in the country's provinces and regions have not been completed according to expectation because of the following problems:

- Economic and technical studies on the circumstances surrounding proposals from the provinces and regions were not previously undertaken, and the physical volume of work and other matters are not clear so that a series of proper steps could be taken and the needed funds could be apportionately assigned.

- Proposals are submitted in groups without establishing an order of priorities and coordinating the sectors of the national economy.

- Stages of work and timetables for construction are not clear in the proposals submitted, and also no consideration is given to the type of construction, its existence and technical capability of the construction units, and other matters.

- The process of estimating, taking of offers, either voluntary or in contract form, and other things are protracted, and this in itself causes loss of time and sometimes even the noninclusion of appropriate regional projects in the development plan.

- Most of the proposals involve issues and problems that entail great expense, and in accordance with the principles of planning, the appropriate ministries and offices must undertake appropriate economic and technical studies. This also delays the schedule for initiating a project and achieving regional development goals.

- Reports on expenditures and work status are not submitted on time in order to be used as a basis for the allocation of funds as required.

- Insufficient financial resources for carrying out promptly proposals submitted by various regions.

- Based on experience, it must be added that sometimes in the provinces there are urgent and top priority needs which call for effective steps.

During the year 1364, the government planning committee will make preparations for the social and economic growth project of various regions. That is, preliminary plans for a region will be completed, and efforts will be made during the year to achieve projected goals in a number of provinces.

[1 Aug 85 p 2]

With the realization of the above-stated results arising from the successful implementation of the 1363 social and economic development plan and the improvement of the military and political situation as a result of enactments of the 11th, 13th, 14th, and 15th plenums of the Central Committee of the People's Democratic Party of Afghanistan and the historic statement of 29 November by esteemed comrade Babrak Karmal, General Secretary of the Central Committee of the People's Democratic Party of Afghanistan and President of the Revolutionary Council of the Democratic Republic of Afghanistan, preparations were made for the government planning committee to establish the basic planning directions for the Democratic Republic of Afghanistan's economic and social development plans for the years 1365 [21 Mar 1986-20 Mar 1987] through 1369 [21 Mar 1990-20 Mar 1991] in the light of decisions by the Political Bureau of the Central Committee of the People's Democratic Party of Afghanistan and the Council of Ministers of the Democratic Republic of Afghanistan. This work will be assisted by the valuable consultation of specialists from the friendly and brotherly country of the Soviet Union. Consequently, the government planning committee has recently established and sent the control figures for the basic course of the Democratic Republic of Afghanistan's economic and social development for the years 1365 through 1369 to the various ministries and departments.

The control figures were prepared with a view to the principles of reasonable economy of government resources and wealth, comprehensive increases in the levels of work output, the effective use of existing production capacities, the utilization of new capacities, major shortening of schedules for new and ongoing construction, the prevention of unnecessary construction of administrative buildings, improved material and technical procurement, reduction of losses through economizing, and the proper use of government resources. The basic and determining factors for the successful completion of projected programs include the normalization of conditions and the use of domestic resources for investment in development projects as far as possible.

It is anticipated that the produced national income for 1369 [21 Mar 1990-20 Mar 1991] will increase 25 percent over 1364 [21 Mar 1985-20 Mar 1986], mostly due to the rapid growth of the country's industry.

The social and economic development plan for the years 1365 through 1369 has been devised to achieve the goals closely associated with the economic policies of the People's Democratic Party of Afghanistan and the Democratic Republic of Afghanistan and to bring about conditions which are favorable to the achievement of the long-term goals of the People's Democratic Party of Afghanistan. With due consideration of the above-stated objectives, and in view of the strategy of the People's Democratic Party of Afghanistan, the country's basic social and economic development goal for the years 1365 through 1369 are the following:

The continued implementation of projected responsibilities based on party policy in order to remove economic backwardness, expediting the drive for growth in national production, strengthening the various government and cooperative sectors, expediting the implementation of the land and water reform program as far as possible, raising the quality of life for the people, strengthening defense capability, achieving growth in the effectiveness of social production, achieving economy, and centralizing financial and material industries and manpower in order to fulfill the first tasks of social and economic development.

The fulfillment of ponderous responsibilities in relieving economic problems and expediting the drive for growth in the national product requires great expenditure of capital and much time and must be achieved gradually. Normalization of the current situation in the country and the use of domestic resources to finance development projects are among the important factors for the successful achievement of the People's Democratic Party of Afghanistan's policy.

In view of the country's potential productive resources, the following basic tasks have been established for the years 1365 through 1369:

1. Centralization of the government's financial, material, and human resources as a first step to revitalizing, rebuilding, and technically equipping the installations and projects which have been damaged by counter-revolutionary sabotage.
2. Greatest possible utilization of existing productive capacity and expediting the production stages of new capacities.
3. Expediting and expanding geological studies and expanding land surveys and mapping activities to prepare the country's mining resources, especially natural gas, for industrial utilization.
4. The full implementation of the land and water reform program, and strengthening the government sector in the area of agriculture.
5. The improvement of the country's financial, credit, and banking system and its money circulation, drawing the maximum amount of the income of private entrepreneurs into the government's budget, strengthening government control over financial transactions, prices in the private sector, and improving customs tariffs.

6. The development and comprehensive expansion of public education, technical and vocational schools, and the expansion of hospitals, clinics, and health care centers.
7. Effective increases in foreign trade and mutual foreign trade relations.
8. Seeking loans from foreign sources and improving the effectiveness of their use.
9. Securing serious economizing measures with government financial resources, creation of material and spiritual incentives for economizing, and raising the profitability of the various government installations.
10. Strengthening the government's defensive capability and fortifying a sound legal system in the country.

With the realization of the above goals, the drive for national, social, and economic development will be hastened to the point that national produced income in 1369 will be 1.3 times that of the first year in the 5-year plan. During the period of the 5-year plan industrial production will grow 50 percent, and its share in the total gross national product for 1369 will be 27.1 percent.

The growth in the agricultural sector will be 11 percent during the period of the 5-year plan, and its relative share in the gross domestic product will decrease from 56.2 percent for 1364 to 48.5 percent by the end of the period. Basic construction, with a small change in its relative share of the gross domestic product, will grow around 48 percent.

The transportation and communications sector, with 75 percent growth for 1369 over 1364, will have the greatest growth during the 5-year plan.

The commerce sector will grow 50 percent, including a 15 to 20 percent growth in foreign trade for 1369 over 1364.

I must mention that the various government sectors will have the greatest growth in their relative share of the total national income, with an increase of 20 to 25 percent during the years of the 5-year plan.

It must be noted in the basic construction sector that the relative share of domestic resources used for construction expenditures in production and communications projects during the period of the plan will reach 60 percent, which will be a basic factor in the achievement of the drive for social and economic growth for the years 1364 through 1369.

In the energy sector, the volume of electrical energy production is expected to be 1.3 to 1.4 times the levels at the beginning of the plan, and in matters pertaining to the electrification of the provinces and industrial areas, the basic goals for development of the energy sector are the reconstruction of the urban power line networks and the reconstruction of sabotaged lines.

In order to better provide light industries and foodstuffs with raw materials, the necessary arrangements have been made for the future expansion and increase of industrial crops.

One of the chief goals of the 5-year social and economic development plan is the implementation of the democratic land and water reforms program, which must be completed by the end of the planned period.

During these years, some new lands will be irrigated through the repair and revitalization of existing irrigation systems and converted to state farms. These lands will be used to produce industrial plants [seeded cotton and sugar beets]. In addition, the land assessment of the projects under construction in Mass 'Ainak is expected to be completed within this period.

Also, the growth in light industries and foodstuffs for better procurement of raw materials through the full utilization of production capacities in present units and installations of the various government sectors, and the completed construction and adoption of the necessary measures to put large new installations into operation is duly given attention.

During the 5-year plan, future growth of wholesale business for the purpose of procuring people's need for necessary goods and better circulation of money has also been given due consideration.

In order to insure the greatest effect over wholesale prices and to provide the people with essential necessities, the development and expansion of merchandise circulation in the government and cooperative sectors has been duly foreseen. Furthermore, the importation of machinery, furniture, equipment and raw materials, and the procurement of industrial goods and foodstuffs needed by the people are of particular importance.

In order to bring about equilibrium in foreign trade, more growth and development is planned for exports than for imports.

Social security, education and training, higher education, culture, art, and mass media will all experience the necessary growth. In the public health sector, in order to provide maximum health care services for the people, increases will be made in the number of hospital beds, the number of medical doctors, and the number of government health clinics. In order to eradicate illiteracy, expand education and training in the schools, train cadres necessary for the national economy, and to train specialists to advanced and intermediate vocational levels, certain measures have been adopted. During these years, increases of 73 percent and 77 percent, respectively, are anticipated in the number of public schools and the number of students. There will be an increase of 110 percent in the number of graduates from literacy courses. There will also be increases of 34.8 percent and twice as much, respectively, in the number of students newly admitted to country's institutions of higher learning and intermediate vocational schools, and in the number of students who are sent to friendly countries. The number of graduates from institutions of higher learning and intermediate vocational schools will increase 43.9 percent and 290 percent, respectively. By the

end of the 5-year plan, the technical and vocational schools will have increased 130 percent.

The attainment of the above control figures for appropriate anticipated economic and social growth for the years 1365 through 1369 will establish suitable conditions for alleviating economic backwardness, developing productive forces, increasing the effectiveness of social work, and strengthening the material foundations of the Democratic Republic of Afghanistan.

The above goals can only be attained if on the one hand the work of all the ministries, departments, and various other social organizations rise to a high level of quality, and on the other, the vast masses of people are mobilized to achieve these goals through party organizations. This is the earnest desire of the revolution and the people. Everything having to do with the People's Democratic Party of Afghanistan's economic strategy and which we have duly enumerated is for the benefit of the people.

No one can deny this matter, but anyone can criticize our work in achieving these goals, because based on the teachings of the leaders of the toiling workers of the world, surpassing backwardness and achieving social advancement requires strict observance of democratic principles and the efforts of all the responsible officials in party and executive leadership organizations in the government.

The order of the People's Democratic Party of Afghanistan is the order of truth and righteousness. Our battle, our struggle, and our direction is towards progress and the achievement of social justice in accordance with the legal process of transcending capitalism to socialism. On this basis, in reality our struggle is the struggle of truth and progress against reaction and imperialism. It is on this basis that we believe in our victory with pride and faith. We will certainly triumph.

9310/13046  
CSO: 4665/3

INDIA

#### MORE FOODGRAIN OUTPUT EXPECTED IN SEVENTH PLAN

Calcutta THE STATESMAN in English 14 Sep 85 p 9

[Text] New Delhi, Sept 13--An additional 4.3 million tons of foodgrain is expected to be achieved in the Seventh Plan through soil and water conservation measures and land reclamation and development which will bring 15.19 million hectares under cultivation.

The working group on land reclamation and development for the formulation of the Seventh Plan has in its report stated that the outlay required under the Central and State sectors during the Seventh Plan period was Rs 5,620.71 crores. Of this, Rs 3,890 crores would be in the State sector and Rs 1,730.71 crores in the Central sector. The outlay suggested for soil and water conservation for the State sector is Rs 3,890 crores while it is Rs 743.5 crores in the Central sector. For land reclamation in the State sector, no outlay is proposed but for the Central sector, it is Rs 987.21 crores.

The outlays are considered essential and pre-requisite for promoting other activities, including input such as irrigation and fertilizers.

According to the working group, 1.50 million hectares will be reclaimed during the seventh Five Year Plan. Of this, 0.925 million hectares will be available for agricultural crops. The increase in production from the reclaimed area will be at variable rates because of the present stage of productivity, availability of irrigation as well as other range of inputs.

The sub group of the panel on forestry and soil and water conservation for the Seventh Plan has said that 20.2 million hectares of agricultural rain-fed land will be treated with various soil and water conservation measures during the Seventh Plan. The actual increase in yield in different crops due to soil and water conservation measures during the current experiments is about 0.2 tons a hectare.

The sub group also indicated that about .35 lakh hectares would be restored and about 1 lakh hectares were likely to be provided with irrigation facilities. The increase in production from these are as in crop production will work out between 3 and 4.13 million tons.

/9317

CSO: 4600/1024

INDIA

#### PAPER GIVES DETAILS OF AMENDED DOWRY LAW

Bombay THE TIMES OF INDIA in English 13 Sep 85 p 1

[Text] New Delhi, September 12--The amended law prohibiting dowry will come into force throughout the country on October 2, and cover all Indian nationals, irrespective of the religion they profess.

Though the relevant legislation was enacted last year the period since then has been utilised to initiate discussions with the state governments and other agencies to facilitate as much enforcement of the law as possible. An intensive media campaign has also been planned.

Rules framed under the law require a list of presents given at the time of marriage to be maintained by the bride and bridegroom. The list will be prepared at the time of the marriage or as soon as possible after the marriage. It will contain brief description of each present.

The approximate value of the present, the name of the person who has given the present, and whether the person giving the present is related to the bride or bridegroom and a description of such relationship. The list will be signed by both the bride and bridegroom.

Where either the bride or the bridegroom is unable to sign the concerned person will affix thumb-impression in lieu of signature after having the list read out.

#### Dowry List

Failure to maintain the lists or failure to enter any present in the list can result in the giver and receiver becoming liable to punishment for giving or taking dowry.

The amended law has made it possible for recognised welfare institutions or organisations to lodge complaints about dowry offences. The court will be bound to take cognizance of such complaints.

Punishment for dowry offences has been made more severe. Giving or taking as well as demanding dowry is punishable by prison terms from a minimum of six months to two years.

The fine for giving or taking dowry or demanding dowry has been increased from Rs 5,000 to Rs 10,000.

In the earlier act, if the dowry was received by any person other than the woman in connection with whose marriage it is given, the dowry was to be transferred to the woman within one year. According to the amended act, this period has been reduced to three months.

The punishment for failure to do so has been increased from six months to two years and fine from Rs 5,000 to Rs 10,000.

CSO: 4600/1022

INDIA

INDIA, UK SIGN PROTOCOL FOR TECHNOLOGY TRANSFER

Calcutta THE TELEGRAPH in English 14 Sep 85 p 6

[Text]

London, Sept. 13 (PTI): India and Britain have signed a protocol which provides a framework for transfer of British technology in a number of fields and for establishment of joint ventures where priority is given to enhancing exports from India and collaboration in projects in third countries.

The Union industry minister, Mr Veerendra Patil and the British secretary of state for trade and industry, Mr Leon Brittan signed the protocol here last night after two days of discussions in the joint economic committee which reviewed bilateral trade ties. Mr Patil described the discussions as most cordial.

A joint forum of British and Indian companies is to be established for increased contact between them. Some leading industrialists from both countries also participated in the meeting of the committee.

Mr Patil told newsmen that potential fields of collaboration identified during the meeting included electronics telecommunications, automotive products, anti-pollution measures,

energy conservation and alternative forms of energy.

Britain had agreed to support an enlarged trade promotion from India which involved product development and adoption, he said.

The two countries agreed in principle to set up an Indian business centre in the UK for which a feasibility report would be prepared shortly. The centre will be responsible for export promotion, he added.

India's exports to Britain in the first five months of 1985 fell by about 20 per cent compared to the corresponding period last year, the figures being £285 million and £253 million respectively. The shortfall was largely due to sharp decline in the exports, both in terms of value and quantity as well as a decline in exports of engineering goods.

At the same time, Mr Patil said that India was looking for transfer of technology in priority sectors, which may not necessarily help reduce the trade gap in the immediate future but which would have long-term beneficial effect.

/9317  
CSO: 4600/1023

INDIA

RESERVE BANK ISSUES REPORT, GOVERNOR SPEAKS

Annual Report Summarized

Bombay THE TIMES OF INDIA in English 13 Sep 85 p 9

[Text] Bombay, September 12--The Reserve Bank of India has warned that the encouraging features of the performance of the economy in the last two years should not lead to a sense of complacency, as the medium-term outlook for growth faces several constraints.

The annual report of the central board of directors for the year ended June 1985 points out that there are infrastructural limitations arising from lower than planned for rates of growth, particularly in the output of power.

It points out that resource constraint is emerging as a serious factor as is reflected in increasing fiscal deficits and the current discussion on the formulation of the seventh plan.

In this context, the report has called for raising the rate of savings and their efficient use. Furthermore, because of debt service obligation and the continuing need for essential inputs, the balance of payments position needs continuing attention, it points out.

Raising the gross savings rate above 22-23 percent of gross domestic product (GDP) would call for very strenuous efforts. Since for a developing country like India the present rate of savings is quite high, tapping potential savings in the rural sector, particularly in the agriculturally affluent areas, merits special attention.

It is felt that there is scope for increasing the net savings rate of the public sector which in 1984-85 was 2.4 percent of net national product (NNP), well below the rate of 3.8 percent achieved in 1978-79.

The report emphasises that every effort should be made to obtain more output with a given unit of capital. It points out that capital-output ratio in the economy has been increasing over the years. Continued improvement in the infrastructure industries, higher capacity utilisation, both in the public and private sectors, timely completion of projects,

avoidance of cost over-runs and reducing the incidence of industrial sickness are essential to improve productivity in the economy.

If the economy is to grow at a rate of around 5 percent in the seventh plan, the agricultural sector would have to grow at a rate higher than that achieved in the sixth plan period. This is necessary not only for pushing up the growth rate of national income directly, but also providing the needed stimulus for expansion in industrial output.

The report points out that while every effort needs to be made to export surplus foodgrains and improve their domestic offtake, it is essential to work a medium-term policy framework which would help keep the growth of foodgrains stocks within manageable limits. Diversion of a part of the irrigated land from foodgrains to oil-seeds and pulses could go a long way in reducing the present crop imbalances.

#### Balance of Payments

The report warns that the balance of payments situation could come under some strain during the seventh plan period. The prospects for concessional external assistance are not good. The short-term prospects for a further major step-up in crude oil production of the order witnessed in the sixth plan period are not bright. Debt service obligations, especially to the International Monetary Fund, would be considerable.

Thus, export growth would be a critical factor in determining the health of the balance of payments. Equally important would be import substitution, particularly in the areas of essential commodities like edible oils. Since there are limits to the inflow of non-resident deposits and remittances, particularly in the light of subdued economic activity in West Asia, a somewhat larger reliance on commercial borrowings may become necessary in the seventh plan.

The RBI feels that recent declines in international interest rates and the consequent orderliness of bond markets should enable India to achieve an approximate mix of fixed and floating rate commercial borrowings at reasonable rates.

Stressing the need for vigorous efforts to achieve improvement in the export performance, the report points out that export promotion and import substitution would depend on the volume of competitive strength of India's output. The rise in imports of fertilisers and edible oils in 1984-85 may not repeat in 1985-86. However, the expected rise in industrial production and the anticipated increased investment would lead to larger imports during 1985-86. On the invisibles side, the expected improvement in travel receipts will probably be offset by the rise in interest payments.

Because of repayments to the IMF, the net receipts of capital account during this year might be lower than in 1984-85. On the whole, given the level of reserves, the year 1985-86 should not pose any serious problem in the management of external transactions.

## Excess Liquidity

It is pointed out that broad money (M3) has expanded in the past three years at an average rate of 17-18 percent per annum while national income has increased at the average rate of less than 5 percent per year.

There is thus an overhang of liquidity in the system. Apart from the demand from government, the credit demand of the commercial sector is also expected to be high during 1985-86.

The report warns that strong demand pressures are likely to emerge in the system with a consequent impact on prices. The RBI has already taken measures to contain credit expansion.

It is felt that aggregate demand is the critical factor in the short run in the management of prices. In view of the direct bearing fiscal deficits have on reserve money and hence on money supply, coordination between fiscal and monetary policies is imperative if money supply growth is to be kept within limits and price stability ensured.

The major task before the banking industry is to consolidate its progress by improving operational efficiency and customer services. The report points out that the recovery position of bank advances in general and of agricultural advances in particular, is a matter of concern.

Overseas operations of banks are exposed to several risks in an uncertain international economic and trading environment. Like other international banks, some branches of Indian banks have suffered a few defaults. The RBI has already taken steps to oversee the operations of foreign branches more closely by introducing a new reporting system and by organising portfolio inspection of the international divisions of banks.

The RBI feels that given the present structure of deposit and lending interest rates, the banks have to raise their profitability through greater cost consciousness, improvement of recoveries, reducing non-performing loans, improving the quality of their loan assets and increasing non-interest income. The capital base of the banking industry also needs to be raised.

Referring to the recovery of agricultural advances by the public sector banks, the report points out that by the end of June 1984 it stood at 51.6 percent against 53.2 percent a year before. This is disturbing in the context of two successively good crops, it points out.

## Economic Situation

Referring to the economic situation, the report points out that in 1984-85, the economy is estimated to have grown by 3.5-4 percent. But this modest performance has to be seen in the context of a high growth rate of 7.4 percent in 1983-84. The growth rate of agricultural production

was negligible, but it should be viewed against the unusually high growth of 14 percent in 1983-84. The growth rate of industrial production recorded a marginal increase from 5.5 percent to 5.6 percent. The wholesale price index on a point-to-point basis showed a rise of 7.4 percent in 1984-85 against 8.9 percent in 1983-84. The increase in consumer price index in 1984-85 was 5.0 percent compared with 11.2 percent in 1983-84. The balance of payments situation showed an improvement, largely because of a pick-up in exports and a slowdown in imports.

#### Governor's Remarks Reported

Bombay THE TIMES OF INDIA in English 17 Sep 85 p 1

[Text] Bombay, September 16--The Reserve Bank of India proposes to continue with its cautious credit and monetary policy. Although broad money (M3) during April-August 1985 has shown an expansion of 5.5 percent against 6.9 percent in the same period last year, this is not seen as a trend.

Narrow money (M1), comprising currency with the public, demand deposits with banks and other deposits with the RBI, has shown a rise of 4.5 percent against 0.9 percent during the same period.

Talking to economic editors in Bombay today, Mr R.N. Malhotra, governor of the RBI said the RBI was keeping a watch on the price situation. He said there would be no squeeze on bank credit and all genuine needs of the industrial sector would be met. He said credit from the sectors outside bank was going up.

Mr Malhotra said while formulating monetary policy, "we do not take a view on deposits and credit."

It has been found that bank deposits are sensitive to interest rate. IF the return on deposits become negative in terms of inflation rate expected, there could be a flight of funds from bank deposits to other sectors. "One has to take a view on long-term rate of inflation while deciding the deposit rate structure." In the past five years, the rate of inflation has averaged around nine percent.

Mr Malhotra said in India the interest rate structure was "sticky" and did not have "flexibility." In many advanced countries, the banking industry did not accept deposits over one year. In India, there was cross subsidisation.

The governor said it was necessary to ensure that a greater part of savings was held in financial assets.

Asked about the possibility of lowering down of the interest rate structure, he said such a policy could be thought of provided "we move into the area of five-six percent inflation rate."

Referring to the foreign exchange resources position, Mr Malhotra said that no major change was expected in the current account deficits, and the increase in this deficit as a percentage of gross domestic product (GDP) was expected to be maintained at 1.3-1.4 percent. However, "we do foresee some difficulties on the capital account."

In the sixth plan period, approvals for commercial borrowings for about Rs 7,200 crores were granted. However, only about half of this amount had been drawn so far. Borrowings of about Rs 3,500 crores were in the pipeline. Such an inflow would help in the near term. Fortunately, India's credit rating was quite good.

Although a somewhat larger reliance on commercial borrowings might become necessary in the seventh plan period, such borrowings would have to be kept within prudent limits. Recent declines in international interest rates and the consequent orderliness of bond markets should enable India, with its very good credit rating, to achieve an approximate mix of fixed and floating rate commercial borrowings at reasonable rates, Mr Malhotra said.

He said the return on our foreign exchange reserves compared well with those obtained by the World Bank or the Asian Development Bank.

Mr Malhotra said while the overall flow of funds from international financial institutions would not be affected, soft loans would have to be substituted by other assistance.

The considerable inflow of NRI deposits, which had acted as a steady element, assumed importance. The total deposits as on July 31, 1985 amounted to Rs 2,967 crores in NRE accounts and Rs 1,200 crores in FCNR accounts (equivalent of Rs 890 crores in U.S. dollars and Rs 387 crores in pound sterling).

Mr Malhotra said the trend in FCNR deposits following the recent reduction in their deposit rates would be watched. Although these deposits were interest elastic, their steady element was expected to be maintained.

Direct investments by NRIs from April 1982 up to August 1985 amounted to Rs 348 crores, including Rs 314 crores under the 40 percent scheme. Portfolio investments by NRIs amounted to Rs 51 crores. The RBI was keeping a close watch on these investments.

Referring to the banking scene, Mr Malhotra said future banks need not grow in terms of branches. The new thrust would be to consolidate banks' position. He said the major task before the banking industry was to consolidate its progress by improving operational efficiency, raising the

quality of loan assets and better recycling of bank resources through improved recovery of advances.

While opening branches, their need and financial requirements of the region would be looked into.

He said the RBI was in dialogue with bankers about consolidation of banks' progress. Shortly, he would meet the heads of individual banks. He said bankers had welcomed this idea.

Referring to the erosion in banks' profitability, Mr Malhotra said this matter was being looked into. For augmenting the capital base of banks, supplementary provision had been made by the Union government. The RBI, being the large owner of capital of SBI, would add to the latter's capital base.

Mr Malhotra said the RBI was keen to update technology in the RBI and banks. Clearance of cheques had already been computerised in Bombay. It would be done shortly in Calcutta. Various departments of the RBI were also being computerised.

He was happy to note that by and large the bank staff had changed its previous stance on computerisation to a great extent. He hoped that the computerisation would proceed speedily after the feasibility of the machines was established. By March 1986, about 1,000 bank branches would get this programme.

Referring to the trends in the capital market, Mr Malhotra said there was a phenomenal rise in the capital raised. Lot of new and small investors were getting interested in the stock market, which was a good sign.

No doubt there were several reasons such as the government policy, shift of savings from other sectors to the stock market and the demand supply position, which were responsible for the sustained boom in the stock market.

He was, however, not happy with all that was happening on the stock market. There was some speculative element and it was being noticed that the stock market was behaving crazy in many ways. He hoped that this would not affect the interests of the new and small investors, who otherwise might be caught napping.

/9317

CSO: 4600/1022

INDIA

JPRS-NEA-85-140  
26 November 1985

## SECOND BATCH OF MIRAGE-2000'S ARRIVES IN INDIA

Calcutta THE STATESMAN in English 14 Sep 85 p 1

[Text] New Delhi, Sept 13--The second batch of Mirage 2000 multirole fighter aircraft has arrived in India from France, reports UNI. The aircraft were flown by Indian Air Force pilots from the manufacturing facility in Bordeaux-Merignac in south-western France.

The first batch consisting of seven Mirage 2000 was received by the Defence Minister Mr P.V. Narasimha Rao, on June 29.

The futuristic Mirage 200 aircraft are being delivered to the IAF under a deal signed with Marcel Dassault in October 1982, when India contracted to purchase outright 40 planes.

France is expected to supply 20 planes by the end of the year and complete the deliveries by mid-1986.

The IAF has designated the Mirage squadron "Vajra," after the mythological weapon of Lord Indra.

Official sources said all necessary ground facilities required for operating the Mirage 2000 have been provided at an Air Force base.

The plane has a maximum speed of Mach 3 (three times the speed of sound) and can climb to 65,000 feet. The F-16 aircraft with the Pakistani Air Force has a speed of 2.5 Mach and a maximum ceiling of 50,000 feet.

The Mirage 2000 has a range of 1,480 km and can carry 250 kg of bomb load while the F-16 has a range of 925 km with the same amount of bomb load.

The Mirage 2000 is fitted with two Matra Super 530-D long-range interception air-to-air missiles and two Magic 2 infrared seeker missiles. It has two 30 mm Defa cannons for aerial dogfight.

The plane has the latest terrain-following and navigation updating radar, the Antilope-5. It has two Sagem inertial navigation platforms, two Thomson-CSF multimode head-down displays and very sophisticated electronic countermeasures equipment. It can carry laser-guided weapons, anti-ship and anti-radar missiles.

The Indian Mirages are fitted with the SNECMA M-53 jet engines but the later versions will be fitted with the new updated M-53 P 2 engines which would give a better thrust to weight ratio.

/9317

CSO: 4600/1024

IRAN

FORMER OFFICER DESCRIBES MILITARY SITUATION

London AL-DUSTUR in Arabic 2 Sep 85 pp 20-22

[Article by Dr Ali Nurizadeh: "A Senior Iranian Officer's Complaints: Israel Sends Us Everything, from Arms and Meat to Medicine for Prostate Problems"]

[Text] "Be loyal to yourselves and your nation, if you are not loyal to your religion. I do not want anything from you except to restore to you your dignity which the Shah and the foreign experts trampled underfoot. Army generals, free officers, you must join the revolution and we will accept you with our arms and pave the ground with our hearts for you. My children, officers and soldiers, come to us so that almighty glorious God will open up the gates of wellbeing and mercy before you."

With these phrases, Ayatollah Khomeyni addressed the Iranian army the day he returned to Iran from France at the end of January 1979, in his famous speech at the graves of the martyrs at Behesht-e Zahra cemetery.

It must be acknowledged that Ayatollah Khomeyni's speech had a broad response in the army, since many officers found that this speech entailed reassurance for their lives of a sort, if they broke their vow to the Shah and joined the cavalcade of the revolution.

Indeed, 80 percent of the military command personnel and ordinary soldiers joined the revolution.

On 11 February, the army command committee declared that the army was withdrawing from the streets and would not take sides in the struggle underway between the fundamentalists under the leadership of Ayatollah Khomeyni and the pro-westerners and intellectuals under the leadership of Dr Bakhtiar.

However, contrary to what the leader of the Islamic republic had declared at the Behesht-e Zahra cemetery a few hours after he came to power, Ayatollah Khomeyni personally ordered the arrest of Iranian army commanders, the officers' elite and military personnel who could have brought the revolution down in a single day, not to say hours, if the military leaders had opted for a confrontation instead of withdrawing from the streets.

Three days later, tribunals called the Islamic revolutionary courts were formed under the chairmanship of Ayatollah Sadeq Khalkhali, and these courts handed down death sentences against 5,000 of the finest Iranian officers and generals. It is worth pointing out that the majority of these trials did not take more than half an hour.

That is how Ayatollah Khomeyni greeted the military personnel who had stood by the people's side. At this stage, because of the brutality by which the liquidations which encompassed the army were characterized, the imperial army, consisting of 400,000 officers and soldiers, started to break up and a climate of tension and fear prevailed within the camps and military barracks. No officer was any longer sure for his life, since someone had only to accuse an officer of having fired on people at prayer for that officer to be liquidated within minutes. This situation reached the point where Khalkhali himself admitted that he had handed down the death sentence for a number of officers and that reports then reached him after their execution proving their innocence. Khalkhali added "We will consider these innocent persons whose execution we ordered to be martyrs, and they will go to paradise, God willing." Had some nationalist officers such as Adm Madani, the minister of defense and commander of the navy following the revolution, and Lt Gen Valiollah Qarani not acted to stop the slaughter of military personnel, Ayatollah Khomeyni would have been able to eliminate the army for all time. However, Madani and Lt Gen Qarani, who was chief of staff after the revolution, issued a military communique in which they threatened anyone arresting army officers and ordered army officers to form revolutionary committees and revolutionary military councils in their camps and barracks to resist all such attempts. This communique was enthusiastically received by military figures and nationalists in Iran and Ayatollah Khomeyni did not protest it, because it was not in his power to confront the minister of defense, his chief of staff and thousands of nationalists who were angry at Khomeyni's violation of his pledge at the beginning of his rule.

A few days after the issuance of this communique, revolutionary military committees and councils began to be formed in the camps, barracks and institutions belonging to the army. One of these councils was the revolutionary military council in the staff of the Havaniru, the airborne units belonging to the land forces, at the Lavizan base. The members of this council were a group of nationalist officers, some of whom sympathized with the National Front and others of whom belonged to a group of people who had pinned hopes on the bright future which awaited Iran and its army. One member of this council, one of its most active and devoted members, was a young officer of the rank of second lieutenant named Mahmud Reza Aminzadeh.

This young officer, who later was promoted to the rank of first lieutenant and became department chief of the first staff of the special forces, came to London 40 days ago.

Ayatollah Khomeyni, in his capacity as the supreme commander of the armed forces, authorized leave for this officer, who had taken part in combat a number of times.

No one knew that in spite of his position in the army he belonged to the secret cell of nationalist officers loyal to the National Resistance Movement led by Dr Shapur Bakhtiar.

This young officer intended to go back to Iran after making his contacts with the National Resistance Movement, but during his absence from Iran, a day before the presidential elections, the regime arrested two of his comrades on the charge that they were connected with the National Resistance Movement. This incident led to the movement's decision that 1st Lt Mahmud Reza Aminzadeh, chief of the first staff in the special forces, should not go back to Iran and that he should stay abroad. The Iranian lieutenant agreed to hold a special interview with AL-DUSTUR, after it had become clear that his return to Iran would cost him his life.

Herewith we present the interview AL-DUSTUR held with this young Iranian officer:

AL-DUSTUR: Before we begin the interview, let us ask you to introduce yourself to the readers of AL-DUSTUR, this podium which you have chosen for announcing your flight from Khomeyni's hell.

Aminzadeh: I am Mahmud Reza Aminzadeh, first lieutenant in the Iranian army. Before my visit to Britain I was chief of the first staff in the Havaniru forces.

AL-DUSTUR: Could you talk to us about the Havaniru forces?

Aminzadeh: The Havaniru forces are a group of special forces consisting of paratroop units, commando forces, helicopter forces and rapid mission forces. These units as a group are called the Havaniru forces, that is, the air forces belonging to the land forces.

AL-DUSTUR: When did you go to military college, and why?

Aminzadeh: I was enamored of the Iranian army since childhood, and it was my hope to join the army. When I graduated from intermediate school in 1975, I took part in the military college examinations and obtained a grade of excellent.

After I had spent 6 months in the military college, they sent me to the Havabard unit in Shiraz to train in the special forces. I spent a number of months in the third brigade and the 55th brigade in Shiraz. They then sent me to Tehran and I joined the 23rd special Nuhad brigade in the Baghshah camp, where I was trained in parachute jumping, military cartography and commando operations.

When I graduated from the military college at the end of 1977 with the rank of second lieutenant, I was overwhelmed with joy because I had realized my only wish.

However, the tempest of strife was not far from us, and only a few weeks after I attained the rank of officer I found myself asking myself a group of questions which started to work on me.

The reading of books and close examination of history helped me discover facts which I had not been aware of in the military college. This is what drove me and a large number of my officer comrades secretly to join the National Front which represented Dr Mosaddeq's movement.

In spite of the risks which hovered over us because our sympathy with the National Front was known to the second staff in the army in the time of the Shah, we never thought at all of the risks.

AL-DUSTUR: What was your position regarding Ayatollah Khomeyni and the Islamic revolution he propounded?

Aminzadeh: I can tell you frankly that there was not a single military person in the army who was familiar with Khomeyni and his Islamic revolution. It is true that there was an opposition in the army, but this opposition was nationalistic, not pro-Khomeyni. Therefore we were on Bakhtiar's side when he came to power, because he represented Mosaddeq's movement. However, the conspiracy which was contrived against Iran and the nationalists far exceeded anything we had imagined. At the same time, we must not forget that Khomeyni deceived the army when he addressed the officers and asked them to go over to the people. Some army officers handed the army over to Khomeyni on orders of the American ambassador Sullivan.

I still cannot describe our state when we heard the communique that the army had surrendered to Khomeyni. I was extremely angry and took up my rifle to fight some evil people who had gone over to Khomeyni and later formed what is known as the revolutionary guard. Some of my friends prevented me from doing that, and we went to the operations room in the Havaniru forces command center, where we swore that we would be faithful to our principles and would not deceive the people. With thanks to God, we are still holding to this pledge.

AL-DUSTUR: What happened after the revolution?

Aminzadeh: The story of the execution of our commanders in the army undoubtedly is known to you. Our grief at seeing our senior officers and nationalist commanders in mock courts presided over by the butcher Khalkhali was extreme. How many nights we spent over the story which reached us of the bravery and dignity of some of our commanders at the moment of death!

A few weeks after Khomeyni came to power, we formed the revolutionary military council in the command center of the Havaniru forces, and our goal was to preserve the structure of the army and stop Khalkhali's massacre. A number of nationalist officers, such as Col Rezania, who became the Iranian military attache in London in 1981, belonged to this council. I cannot tell you all the services he performed for the officers. I was very happy when I heard in London that he had decided not to go back to Iran last year.

In this council, we performed extensive activities to restore moral to military personnel and bring the fragmented army together. My membership in this council was not by my own decision; rather, my comrades in the special forces elected me to represent them in this council.

Because of the special training I had received, in June 1979 Ayatollah Mahdavi Kani, then chairman of the revolutionary committees, appointed me to the position of the military official for revolutionary committee four, headed by Ayatollah Mohammad Mofatteh, member of the revolutionary command council.

After Mofatteh was assassinated by some of our comrades, I was the person who was actually in charge of this committee. Now for the first time I can say that I released a large number of officers and former officials from the committee four prisons.

I also helped other officers flee Iran. No one harbored suspicions, because they considered me a symbol of the revolution in the army and the revolutionary committees.

AL-DUSTUR: Where were you when the war began?

Aminzadeh: I was the revolutionary council member of the special forces and vice chairman of committee four. After the war broke out, I went to the front and spent 8 months on the front line.

AL-DUSTUR: Did you support this war?

Aminzadeh: No, not at all, because the war was between us and Iraq, our Moslem neighbor. However, my duty at that time was to defend my country. Does a military man have any other mission except to defend his country? However, our view of the war was different from Khomeyni's. For example, after the Road to Jerusalem operations, when Iraq declared that it had withdrawn from Iranian territory, there was no more point to the war. For this reason, the military personnel's opposition to the continuation of the war started to appear explicitly here and there in 1981. I would like to say that the Iranian army and 90 percent of the guard are now against the war, because they are well aware that the continuation of the war means in practice the continuation of Khomeyni and his clique in power.

AL-DUSTUR: Can you give us a picture of the losses which Iran has sustained because of the continuation of the war?

Aminzadeh: These losses are countless and innumerable. Actually, we would get top secret reports from the second staff after each battle in order to note the names of the killed, wounded and missing in the army, revolutionary guard and mobilization forces rosters. I can say that we lost 35,000 fighting men in the Khaybar and Majnun Island battle and 37,000 in the battle of the marshes last March.

The number of people in the army, guards and mobilization forces killed by last June, that is, after 56 months of war, came to about 570,000. The number of wounded and disabled came to 498,000, and the number of missing persons and prisoners totals 146,000.

The number of people made homeless by the war has come to 5.73 million.

The number of people unemployed because of the war or its indirect effects exceeded 6 million.

Only almighty glorious God knows the material losses. Perhaps these amount to more than \$750 billion.

AL-DUSTUR: Is there hope that the war might end?

Aminzadeh: If Khomeyni and his regime fall, the war will end in hours. The Iranians know who is behind the continuation of the war, because he, that is, Khomeyni, has repeatedly declared that the war is a bounty and blessing for him and that his regime will fall if the war ends.

I would like to declare from the podium of AL-DUSTUR that 95 percent of the army is opposed to the war and has no dispute with the majority of the Iranian people, who express their opposition to the war in spite of the problems facing them.

AL-DUSTUR: The people are opposed to the war and the army is opposed. Who are the people taking part in the military operations?

Aminzadeh: Three or four years ago the army, the guard and the mobilization forces participated in the war together in spite of their differences. However, the situation is totally different now. The revolutionary guard has lost more than half its fighting men in the war and has only 100,000 soldiers. The mobilization forces, the "volunteers," have lost their effectiveness, now that two thirds of their members have been killed or wounded in the war.

The people taking part in the war now go to the front "by force, not as heroes." If you are a military man belonging to the guard and refuse to go to the front, they will hand you over to military courts, and the execution squad will await you.

AL-DUSTUR: Do you expect that there will be surprises in Iran?

Aminzadeh: Iran is fraught with surprises and the world will soon see, God permitting, how the Iranian people will rid themselves of Khomeyni's regime.

AL-DUSTUR: It has been said that America and Europe have forbidden the export of arms to Iran, and it is also said that the Soviet Union has more than once rejected Iran's requests to buy Soviet weapons and that Nationalist China recently denied news of the conclusion of a military transaction with the Islamic republic. Where, then, do you get weapons from? Who supplied you with the Soviet-manufactured Scud-B missiles, and who sent you the Phoenixes, Sparrows and Sidewinders?

Aminzadeh: You must realize that there is a difference between what is said and what happens. The story of the embargo on arms to Iran is a joke which only the people who involved in it believe. The only arms which we have not got since the war broke out are fighter planes. The failure to supply us with airplanes may be a political decision on the part of the major powers, and that can change at any moment.

AL-DUSTUR: Could you provide us with some details on the arms deals?

Aminzadeh: When the war began, we needed everything, from missile batteries to airplane tires and radar systems. Most of our advanced weapons of the time of the Shah had been ruined or destroyed because of the failure to take care of them or maintain them at the beginning of the revolution. The first signal came from Israel at the end of October 1980, that is, a month after the outbreak of the war. The Israelis sent a military mission, which reached Tehran via Istanbul. In it was a military man named Col Uri, the chief of the mission. The joint command ordered me to go to the airport with a helicopter to take the members of the mission to the Lavizan base in Tehran. I flew to Mehrabad, then we went with the members of the delegation to the Lavizan base. The Israeli mission's visit to Iran lasted 5 days. We must not forget that the American hostages were imprisoned in Iran at that time. If we consider Israel the 53rd American state, we must realize, same as the other Iranians, that America knew of the Israeli delegation's visit to Iran. Three days after the Israeli mission's departure from Tehran, I flew a private Iranian cargo plane to Larnaca, and when it came back there were 400 tires for our Phantom and Tomhawk F-14 fighter planes. Since then our relations with Israel have improved, and now we do not just buy weapons from them; indeed, Israel sends us everything, from chicken to medicine for prostate trouble for the guardian of jurisprudence, Imam Khomeyni.

I must say that the international Mafia is also one of our partners in the sale of arms. I must mention the name of Ayatollah Khalkhali and the role he played in establishing relations between the Islamic republic and the Sicilian group in the international Mafia government. Khalkhali met with one of the leaders of this group during his visit to Rome in 1981. After he returned to Iran and notified the government of the results of his discussions with the Mafia godfathers, 5,000 kilograms of heroin and hundreds of thousands of kilowatts [sic] of hashish and opium were sent to the points of contact with the Mafia in the Mediterranean or the Indian Ocean. A portion of these drugs had been confiscated by Khalkhali from drug smugglers when he was head of the anti-narcotics department. In exchange, the Mafia bought large amounts of American, Italian and Swiss weapons on Iran's behalf.

As regards Soviet weapons, yes, the Soviet Union has not supplied us with weapons directly, but Soviet arms have been reaching us since the beginning of the war via North Korea, Czechoslovakia, Poland, Bulgaria, Hungary and East Germany. The question is, are these countries sending weapons to Iran without Moscow's approval?

Has Libya supplied Iran with 23 Scud-B missiles, strategic weapons, without permission from the Soviet Union?

How can the production of the Sahand Sam-7 and the Yakan Forugh missiles with the contribution of military experts from Czechoslovakia, East Germany and Syria in Esfahan be explained, without the agreement or knowledge of the Soviets? More than that, if the Soviet Union was nonaligned in the Iraqi-Iranian war, why did Moscow agree to the transit of Iranian goods and military equipment through Soviet territory? This agreement offered the Islamic republic new opportunities to import arms, since importing arms from abroad

was very expensive in the past and Iranian ships transporting weapons and military equipment had only two routes: either to go through the Suez Canal and be subject to Egyptian surveillance, or to go around Africa. However, after the Soviets gave agreement last March, the Islamic republic began to import its weapons through the Black Sea, the Volga River Canal and the Caspian Sea. This route is shorter and its expenditures are lower than the two abovementioned routes.

AL-DUSTUR: To what extent is Syria supporting the Islamic republic in the war?

Aminzadeh: I cannot be specific. Syria is not just the regime's ally; it is also its partner and takes part directly in the war. There are 500 Syrian military experts in Iran supervising air defense in Tehran and the central front, that is, the Kermanshah base, where there are ground to ground missile batteries.

There also are 150 Syrian experts specializing in intelligence affairs taking part along with 900 experts from North Korea in training the regime's security agency, the Ministry of Information and Security (SAVAMA). There also is a group of Syrian experts supervising the training of the revolutionary guard in Soviet weapons.

AL-DUSTUR: Today there are many reports and stories about the Iranian regime's role in protecting terrorist activity in the region. What is your information on this subject?

Aminzadeh: Terrorism is the regime's main preoccupation. Since the Islamic republic was established, adventurers have flowed from all areas of the world to take their share from the Iranian treasury which the ayatollahs have taken over.

Now that 6 years have elapsed since Khomeyni came to power, after unsuccessful experiences with the department of world liberation movements which Mehdi Hashemi, the brother of Ayatollah Montazari's brother-in-law, established, with the purpose of exporting strife to all areas of the world, the Islamic republic decided in 1982 to give the responsibility for terrorism and the export of strife to three departments:

1. The joint military intelligence department, which supervises the activity of Iraqis and Kurds cooperating with the regime; all these forces' activities inside and outside Iraq against Iraqi military interests are run by this department.
2. The higher world Islamic council, which supervises and finances the activities of all terrorist organizations and movements in Islamic countries. This is headed by Mohammad Taqi Modarresi.
3. The guard intelligence department (international section), part of whose responsibilities is the planning and assignment of terrorist operations in Bahrain, Lebanon, Egypt, Kuwait, the Kingdom of Saudi Arabia, Pakistan, Qatar and the countries of North Africa.

The Islamic Jihad organization is the cover this department uses in what are called suicide operations.

In Iran there are three terrorist training camps. These are:

1. The Manzarieh camp north of Tehran.
2. The Aliabad camp near the city of Qom.
3. The Kazerun camp in the region of Fars.

In addition to these, there are camps in Iran in the West Azarbayjan area, where Iraqi opposition forces are trained, and a camp in the area of Tus near the city of Mashhad in eastern Iran for the Afghan Shiite faction, the Hazarajat.

In addition, the revolutionary guard unit in Ba'labakk has a desert camp in Ba'labakk for training and brainwashing young people in Lebanon.

AL-DUSTUR: Do you have anything else?

Aminzadeh: A great deal, but at the present time I cannot disclose it.

11887  
CSO: 4604/3

IRAN

PROSECUTOR GENERAL WARNS AGAINST RETURN OF FUGITIVE CAPITALISTS

Tehran KEYHAN in Persian 29 Sep 85 pp 18, 17

[Excerpts] A few days ago, Hojjat ol-Eslam Musavi-Kho'iniha attended a gathering of the revolution judges and prosecutors general and, introducing the economic deputy of the revolution prosecutor of Tehran and announcing the new organization of the revolution prosecutor's office of Tehran, he spoke on the important issue of the return of the fugitive capitalists and the manner to deal with them which follows:

In connection with the revolution prosecutor's offices, there has been some talk among the brothers that the revolution prosecutors' offices seemingly are diminishing and ultimately being dissolved. For this reason, in certain cases during this period in which I questioned some of the problems and shortcomings, one of the common responses was that they all thought one of these days, today or tomorrow, the revolution prosecutor's offices and courts would be dissolved. For this reason, they were not very serious in trying to eliminate the problems. Here I must point out that if this supposition stems from some actions and behavior, if, because of this idea, the brothers do not ask questions, at least it must be said that this idea is quite a mistake. Not only are the revolution prosecutors' offices not being dissolved but with the threats which are sensed from near and far, it is felt that in the future the existence of revolution prosecutor's offices is more necessary than before. For this reason, it is necessary to strongly revise the organization of the revolution prosecutor's offices and eliminate their organizational shortcomings. From here on, the survival of the revolution prosecutors' offices is not only a slogan for us but instead of shouting slogans and saying that the revolution prosecutor's offices must remain, we will act, with the will of God, on this road and so strengthen the organization of the revolution prosecutors' offices that not anyone can simply imagine that the revolution prosecutor's offices were needed and need no longer exist and they must be dissolved. In connection with Tehran, we have started the first move in this direction and we have studied the organization of the Tehran revolution prosecutor's office.

Firstly, we have reached the problem that in Tehran, even though it is a large city, it is not proper to have several revolution prosecutors' offices. Such dispersion, in which for every division of the prosecutor's office there is a separate prosecutor's office, will in itself be a factor the weakening of the

prosecutor's office. In connection with other parts of the country, we are trying to reexamine the organization of the revolution prosecutors' offices. Organizations must be created that are self-supporting, rather than every day shouting slogans or resorting to the statements of the imam and the support of the statements of Ayatollah Montazeri or going to the authorities, once they say that the prosecutor's office must remain and we must keep them. We must establish the foundations so strongly that they will stand on their own feet. If we build a great building of paper and cardboard, no matter how much we pray and blow on it, it will not withstand. It will fall apart even with a mild breeze. From the first day that I began my work, instead of paying attention to all the speeches, interviews and protests that the revolution prosecutors' offices must remain, instead of listening to all these statements and slogans, I thought about why the revolution prosecutors' offices have reached the point that some of the brothers involved in the revolution prosecutors' offices themselves thought that either today or tomorrow the revolution prosecutor's office would be dissolved and they did not feel like working. These problems must be eliminated. A strong organization must be created that they will be unable to dissolve even if they wanted to. In this connection, a new organization was implemented in the Tehran revolution prosecutor's office in which there is only one revolution prosecutor's office with various divisions and there is one revolution prosecutor, because we have a public prosecutor and, due to the responsibilities that exist in the law for the revolution prosecutor's office, it is divided into three separate parts. The political division and the issues of the counterrevolutionaries and minigroups have become one branch of the deputy revolution prosecutor's office of Tehran and the economic part also one division of the deputy revolution prosecutor's office. In this connection, narcotics, because of the particular situation, could neither be placed in the economic division nor in the political division, even though it is both political and economic. However, due to the particular situation of the accused in this division and the quality of investigating their situation, we had to make it one of the branches of the deputy revolution prosecutor's office of Tehran. In this part of the building that you are now, which is the economic division, the guild-related affairs along with that part of the prosecutor's office which was on Shahid Qoddusi Square as well as [the office for] Article 49 and all the economic divisions has become one prosecutor's office.

Here I will speak on the importance of the issue, which is also a reason for what I said earlier, that the revolution prosecutors' offices must exist and we must do something to keep them, not in slogans but in practice. In economic issues, we Muslims believe that in the course of history, economy is not the foundation of human movement, the foundation in the movement of history is not the economy. But I have always said that I accept the principle that the economy is not the foundation for the movement of history; the economy is a platform for the downfall of revolutions in the course of history. In other words, every revolution, every revolutionary movement that has occurred in the course of history or will occur from here on, if attention is not paid to the economy both in the positive and constructive direction and the negative and destructive one and this sector of the society is not improved, this same economy when it is in its negative dimensions is a platform for striking a blow against a revolution and destroying it. Yes, the

economy is not a foundation for the movement of history. Our Islamic revolution was not created by economic issues, but the imbalance and inequity between the forces of production and production relations based on divine and humane values. If after victory, particular emphasis is not paid to the economy both in the positive and constructive dimension and its destructive one, this can cause our revolution to face defeat. It would be simpleminded for us to imagine that our economy is Islamic and divine and since it is Islamic and divine, as it is, then it is by no means vulnerable. This type of thinking is wrong, since people like the Alqanians, the Khayyamis and animals like them can force a revolution like the Islamic revolution of Iran to face defeat, if we do not pay attention to them, do not watch them, and do not stop their breathing. It is not true that this revolution has been safeguarded by God, that no matter what anyone does, the revolution will not be harmed at all. No, this is not so. If we allow our economic system to fall into the hands of persons who do not believe in the values of this revolution, they will certainly destroy it. It is not possible to allow a number of simpletons or odd individuals to think that while this revolution is Islamic, the issue of the economy is not an issue at all and to suppose that we will allow a corrupt or debauched person who has acquired millions and hundreds of millions of rials in wealth by any means and who now has it at his disposal to go on because he cannot do anything to the revolution. It is not so; they will destroy the revolution. They will devour the forces of the revolution from within. They will take away the values of the revolution from us and suddenly we will realize that we only talk about the revolution. It is true that the economy is not the foundation of movement in history, but we cannot say that it is not at all important.

#### The Roots of Unveiling

I am astonished that some, on the one hand, say that economic issues are not the main issues of a society and do not determine the movement of the society, but the principle of ownership is so revered by them, even more revered than the principle of monotheism. I do not know where they have acquired this contradiction in thought: On the one hand they respect the principle of ownership more than the prophet of Islam, but on the other hand, when there is talk of economic issues, they say that economic issues are not fundamental to the movement and that the economy is not the dynamic factor in human beings. If the economy is not the dynamic factor in human beings, if the economy is so unimportant, why is ownership so important to the economy? If ownership in the economy is so respected, as it is respected in Islam, if ownership is legitimate, it is respected and beneficial for the society. This sacred ownership, when it is illegitimate, is an illegitimate element in the clothing of the sacred and is very dangerous. Why are some beings so simple-minded and why do they not want to understand it? If we have an odd person, he is not so dangerous in the clothing of an odd person. But if this person puts on sacred clothing, an odd person puts on the garb of a clergyman, a debauched person puts on the clothing of a guard or the uniform of the police, this is much more dangerous than a debauched person who has not put on this garb. If under the cover of sacred ownership we also make illegitimate ownership legitimate, it will be very dangerous. Today some of us, whether on the basis of the law or conscience, are devoting our attention to the head covers of bad or

careless women, some of these young people and our bothers go on the streets and shout slogans against unveiling. This is simplemindedness and misguiding the issues of the society. Of course, these brothers do not know what the problem is. We have analyzed why unveiling has appeared. Why the women's head covering were removed. Who are these people and where do they come from? How have they dared to be so impudent? How gangs of corruption appear in houses. How they have dared to do so? Why is this so? Have we analyzed this issue at all? If we are permitted to carry out street demonstrations against unveiling, we must have street demonstrations against the corruption of the wealthy; if they were to come and take over today, the head cover of that woman would be moved back, tomorrow the same situation as before would occur. The roots of unveiling, prohibited acts, moral corruption, all of these are in these illegitimate ownerships, that some of us are returning to the society simplemindedly. When there is a great deal of money and no religion, such corruption will ensue. Has the sister of the young man who is on the front moved her veil back? Since the day they became bold and impudent and returned, unveiling began. Otherwise, the people do not suffer from mental disorders so that they have veils one day and no veils the next. Those with veils continue to have veils and there are a number of unveiled people who had removed their veils as a result of the anti-Islamic monarchical atmosphere and there are a number of people who are sick. If you go around and within the circle of fighting prohibited acts and unveiling, instead of giving lashes, do what I say, that is, take those who are unveiled, ask them questions, record their biographies, ask about their family situation and their family ties, then show the data to the officials who want to fight unveiling. They will show in which families the roots of unveiling are to be found. They belong to the first or second group of families with ties to the fugitives who have just returned. It is they who have returned and are spreading unveiling in the country and some of us are not noticing it at all. That is, we are unable to analyze it. On the one hand we are very angry because of these incidents of unveiling and on the other hand we shout about ownership and that ownership is being violated and so on. A person like this does not know that the shouts about ownership have caused the increase in unveiling and is unable to analyze it. This person does not understand that this slogan about ownership is the cause of creating houses of corruption. He is unable to understand this. The economic division of our revolution prosecutor's office is very important for us. In other words, it is more important than the political division. If you prepare data on the situation of the minigroups in the political division, determining where the members of these minigroups are from, we shall see that they are mostly from the lower level families, of course, not all of them but most of them. And most of them have sentiments against injustice. But instead of us acting and giving a direction to them so that they move on a correct path, we have become so involved in beaurocratic problems in the country. The counterrevolutionaries acted and with a few deceptive slogans attracted them to a deviant path. This deviation began with a correct motivation but was misguided. The counterrevolutionaries took advantage of their mistakes and made them oppose the Islamic Republic. It was due to the unskillful acts that we carry out that a corrupt element who is corrupt because he and his whole family are corrupt, has spend corrupt nights and even more corrupt days, we returned these people by saying, for instance, "Of course, this person is an owner and his debt to the bank should not deprive

him of his ownership." We have read all of these statements and know them. But saying that a person's debt to the bank should not make us take away the factory from its owner and that he is able to manage his factory and pay his debt, when we return the factory to him, from the next morning we will have 50 other unveiled women added to the number that exists. Then you who have issued a religious decree, become frustrated because unveiling cannot be prevented. Is the way to prevent unveiling to send a number of agents to arrest every unveiled woman on the street and give her lashes? This action will itself become a motivation for the unveiled women to do worse. If so far the woman was unveiled because of not being a believer, her family attitude, or just wanting to be a debauched person, by doing so, which is legal too and the agent must carry out his duty as the law instructs him, since this is not the correct way to fight, once we give lashes to that woman and she has been given lashes by the Islamic Republic, she is motivated to oppose the Islamic Republic. Then, from the next day she will be unveiled because of her opposition to the Islamic Republic. We must see why they have unveiled. Are not these the same people who went to the streets and shouted slogans? All the unveiled women veiled themselves. What did we do to cause them to unveil, to become unveiled again? We must also measure our own sins and give a few lashes to ourselves. The economic sector is very important for us throughout the revolution. I warn the brothers in connection with Article 49, this is a jugular; and you must grab the counterrevolutionaries by the throat and squeeze it. Do not ever think that caution means that we must have considerations. Caution is in taking possessions into consideration for it to become a reason. Why do you not take this side of caution into consideration? Now the issue is in the situation of the rights of a large number of people in our society being trampled and the possessors of rights are even struggling in hunger. Take them into consideration and then see whether caution is to observe their rights? Because if we want to take away someone's property in accordance with Article 49, do we want to put it in our own pockets? If this is the case then we must be cautious. Because if we are taking it out of his pocket and putting it in ours, well, it is better to leave it in his pocket. He is corrupt and condemned to hell, so another person will not become like him. But the issue is that we take it away from him and give it to the person who has the right. Should we be cautious in taking the side of the person who is hungry or naked, has given martyrs, has handicapped people, has people in captivity, has people missing or the other way around? Caution is to stop the breathing of this people so that the society becomes purged or corrupt. In the opinion of the simpleminded person who thinks the most important corruption in the Islamic Republic is that the head cover of a woman has moved back, admitting that this action is sinful and she must observe veiling, but the sin of revitalizing a wealthy sinful element, giving him new life once again in the society, allowing him to laugh at us. The sin of this action exceeds the women whose head cover has moved back. We must watch for this. Our brother Mr Ramazani must note that he is in a position that if he is negligent and tries to be cautious in regards to the wealthy--I do not say the capitalists, because capitalism is not prohibited by Islam, you buy a car and give it to a few people to work and make a profit in accordance with an Islamic contract and so do they. This is called capitalism. Capitalism is not prohibited. But allowing a person to accumulate wealth so that with every rial added to his wealth, he takes a step in sin, and I wish it was he by

himself, for he takes the society along in committing sin and drags it into hell. So many young people are killed on the front. And with a decree that you issue and return the person to the country. Why did he not dare to come back before? Was the Islamic Republic going to cut off everyone's head? If he had not committed a crime, why did he escape? If you do not know, you must ask him what he had done to have to escape. Did the office for fighting prohibited acts think of why these Mercedes Benzes march in the streets? Is this not among the prohibited acts? Why did these things not exist early in the revolution but now have gradually appeared? Who are these people who brought these Mercedes Benzes and ride them in the streets? Well, we are a number of them, and God damn those who have made us involved in such things. In this regard, I have severe objection to the brothers in the Guards Corps. They do unnecessary things and threaten our reputation as well as their own. I always have an argument with the brothers who accompany me. Well, this is a different issue and I hope we will be able to rid ourselves of this infamy. But how is it that when a head cover of a woman moves back, our religious sentiments are hurt, but when these Mercedes Benz 450s march in the streets we have not questioned where they come from and who owns them. Are these not the same people who propagate such unveiling? Is it my sister or yours who propagates unveiling or they?

The economic division in the revolution prosecutors' offices is very important. If this revolution suffers a blow at the hands of these wealthy people, the revolution prosecutor's office and revolution court will be responsible before God. If they are negligent, they will be responsible for the blood of all the martyrs, if a young man in the mobilization is killed. The father of a martyr came here a few days ago. There was a group from Mazandaran: the son of one of them had been martyred, one was disabled and needed care, one had been captured or was missing and another one was on the front. Now, who has made a complaint against this person that the godless court has ruled against this poor person? A person who has thus far been a fugitive, did the court and the judge not ask him once out of conscience where this person had been? His ownership is legitimate and permissible. But where has this corrupt, debauched person been so far? What was he doing in the United States? What was he doing in Europe? Supposing his ownership is legitimate. In my opinion, such person's property must be taken in accordance with the ruling of the Guardian. The administration of the country with four . . . [as published].

Is the measure of truth and falsehood today not the Islamic revolution for us? If you issue a ruling that harms the revolution you cannot be excused before God for any reason. The economic division is very important. Both our brother Mr Ramazani and the brothers who are with him in the prosecutor's office as well as the honorable people in the revolution court should pay attention. In this discussion there is no difference between the prosecutor's office and the court, but we are talking about the revolution, whether it is its court or its prosecutor's office. And with the help of God we will take steps in this connection and with such revolution-overthrowing justifications and reasoning we will not allow our revolution and everything we have to be thrown to the wind and ridiculed. After this ruling that you issue and this person goes and retrieves his property, the very first night he goes and holds

a drinking party, insults your imam, insults you, insults your martyrs and tells himself: What stupid people; thank God I returned after five years. If this man had not escaped on the first day, the workers would have finished him off, would have killed him, and then he would have been more at ease and his sins would have been less; and we would have been rid of him as well. The Islamic Republic has taken possession of the factory. It has said: No, from her on the factory is ours. And the Muslim worker who has lost his heart to the revolution simple-mindedly believed that, well, thank God, the factory belongs to the Islamic Republic, from here on we work twice as much because it belongs to the Islamic Republic. If the owner of the bankrupted factory would have shown up on the first day, the workers would have chopped his head off in front of the factory. He escaped from this country. If it were not for the supervision by the government, this factory would have been destroyed. No one would have come to manage the factory. The poor worker would have had no money and if there had not been anyone else, he would be like the owners who did not dare to come. Who was to come and manage it? He just left. The government, with the money and foreign exchange of the Islamic Republic, with this oil which is exported with so much difficulty and so many problems to obtain some foreign currency to manage the factory, has moved it to the level of profitability, and even the government manager has taken the products of this factory and has sold them on the open market, that is, from the factory which was controlled by the government. He has committed a violation. Why? Because the factory had losses and he wanted to make it profitable so that a bunch of negative people would not sit and say that any factory which is managed by the government operates at a loss. That government manager wanted to say: No sir, it will not show a loss, because it is operated by a government manager. It has losses because the hands of the government manager are tied. Leave the hands of the government manager open, let him take his product and sell it on the open market, then you will see that he makes twice the profit that is made when the factory is in the private sector. We are not talking about the private sector. I want to say that the manager of a factory which is operated by the government, in order to make the factory profitable, has sold the product on the open market. In any case, now that the factory, at the cost of using government currency and calming the worker who thought the factory now belongs to the Islamic Republic, and at the cost of selling the products of the factory at high prices on the open market and while the price of the land and the factory has reached 50 times what it was worth in the beginning, the gentleman shows up. He is brought in with respect. And the instructions are that this is ownership. The gentleman had a debt to the bank, had taken out a loan with thousands of tricks. He had taken out a loan and he is in debt for it. Debt cannot be a cause of confiscating anyone's property. He says: Sir, I will pay my debt. So let us give the factory back to him. He ridicules both you and the Majlis. He both insults the imam and takes the revolution lightly. Besides, brothers, this is not where it ends. The same corrupt, ungodly individual first of all tells everybody to come back because the situation has improved very much and the forecast is sunny. He informs all the beasts to gather. And this is how unveiling begins. In other words, there is another factor. When you put together elements who had escaped because they were afraid of the revolution, now, for whatever reason, even wanting to give him his right, the right that is more deserving to him than his mother's milk, this giving him his right alone prepares the

atmosphere for counterrevolutionary elements. Tomorrow you will see that they laugh at a woman with a veil in the streets. Tomorrow in the university you will see that a woman who is improperly veiled is more respected by the professor than a veiled woman. Tomorrow you will see that the professor who would not dare to come is now even wearing a tie and coming to the university. Do not think that you will only issue a ruling to return the property of a person. With this ruling, you will provoke dozens of other corrupt elements. See if you can assume the burden of the sin of this ruling, then issue it. Do not be afraid of a bunch of trash saying that these revolution courts have no precepts at all, no regulations at all. Yes, having no regulations and precepts means that we will not allow these corrupt persons into the country. We want to be without precepts and regulations. Curses upon the judicial branch that wants, with regulations and precepts, to do something that will cause the number of unveiled women to increase, the number of alcohol drinkers to increase, usurers to become bold and begin to operate in the streets, women to be insulted and our mobilization members to be reprimanded tomorrow. If this is to be the situation that will occur, what law is so respected by us that in respecting that law we lose the revolution and the values of the revolution. I am one of those who has been supporting the slogan of law from the very first day in the judicial system, and you may know that I have prevented many unlawful acts. But let no one think that I am so simple-minded that because of my support of the law on my own behalf and in the name of the judicial system where I am, I will let the revolution and the values of the revolution be cast to the wind.

Brothers, the sound of this threat can be heard from a distance. In other words, some have come and retrieved their property thinking that spring has come, thinking that the power of the revolution has diminished, thinking that they can do anything they want. They have also told their families and told their friends. They have also informed the others and from tomorrow, the little woman also will come out unveiled, when she realizes that a factory owner who has brought so much calamity on the people walks down the street without being afraid and is even respected. Besides, the next day he will come to register a complaint. Now, you in the courts, do not think that you will issue a ruling and he will drop his head and like a good human being go back to his production. No, from tomorrow morning, he and his lawyer will come to the Justice Department and register a complaint that if they had been there, the factory would have shown a profit of 5 billion rials. Who is responsible for the lack of profit? Who took the factory on the first day and issued its seizure? Who told the government to manage it? All of those Hezbollah members who went and kept the factory until today, all of them will be charged with preventing the profits that this person claims. He will complain that if he had been here, he would have made the profit. Do you think that they will keep those complaints under a blanket in this Justice Department? They will set all of the complaints in motion. If counterrevolutionaries are given a chance, tomorrow they will register a complaint against the imam. Do not think that if these people return, they will behave like human beings and live like human beings? The economic division is very important for us. Strengthen this prosecutor's office wholeheartedly, brothers, by working hard. Do not become bureaucrats; I have heard that this is sometimes the case. I had gone somewhere for a visit.

Suddenly, I saw that everyone left at the official hour. They said that everyone had gone. I asked why; is this an office or one of the past institutions? They said: No, it is the official time. If you become so bureaucratic, other bureaucratic problems will also ensue. Strengthen the revolution prosecutor's office with your work, with correct and compassionate work. Do not think that it is now over and you have become a government employee to sit behind a desk like other government employees, to respond to clients and work for promotions, extra pay, vacations and deserving a vacation which is being discussed. If you become like that, the revolution courts and prosecutors' offices will weaken. The revolution prosecutor's offices cannot be strengthened only by shouting that the revolution prosecutors' offices must be established and revitalized. We must ourselves become revolutionaries. Those brothers are on the front and we are here. Well, what will happen even if we stay here until 9 o'clock and work, what will happen? What will happen if we think that it is the beginning of the revolution? And it is the beginning of the revolution, brothers.

They are returning, and if we move too slowly, all of you will be tried tomorrow in this Justice Department. If we move too slowly, all of those who went to the streets against the shah will be tried. These people are so important. Do not think that they have become human beings and [that is why] they have returned or that they are afraid. Do not think that they will return and only go to the factory, then go home, and that their work will only be going to work and going home. This is not so. Tomorrow they will go to the seaside. Tomorrow corruption and prostitution will begin in cinemas. Tomorrow a thousand other calamities will begin. If we work properly in the economic division we will see that it is more important than the political and minigroups division. They place a few bombs and bomb an office, killing 72 people at once, one of whom is the late Beheshti, and one of whom is Mohammad Montazeri, the likes of whom we will not find very soon. Perhaps some of you do not know how valuable he was to the revolution and how effective he was, not only in our revolution but in today's revolution of Afghanistan. There are fewer of the personalities of the Islamic Republic as influential as he was on the Islamic revolution of Afghanistan and in many other countries. He has planted seeds in the Islamic countries that will come to fruition in the future. But this explosion which killed 72 people is less dangerous to our revolution than the threat of these people who are returning.

They bombed that place and killed 72 people. But the revolution succeeded. The revolution in this country was revitalized. But these people will return and strangulate everyone. And no one worries about the oppressed strangulated people. They will return and give hell to the workers. They will say: It was you who said those things in our absence. Every day they will dismiss a poor worker from the factory for one excuse or another. Then this poor worker who is dismissed from the factory will have no one to support him. Who will be responsible for these oppressed workers if they are dismissed from the factories tomorrow? This worker would say: We came and supported God, Islam and the revolution. That person was irreligious, a drinker, corrupt and polluted and committed prostitution. We had seen with our very own eyes what he did. Well, then we used to say the shah protected him. How is it that the Islamic Republic protects him? If you were in the place of this worker,

thinking about these things, could you be blamed for turning away from religion? You who are in the prosecutor's office, put yourself in place of this worker. With this ruling, if tomorrow that worker despises the Islamic Republic, who will be responsible? Can you justify it? Was it the owner? You go and investigate. I am talking about the wealthy, not the capitalist. In other words, I am talking about the wealthy who commit corruption with the wealth of the society. Some think this is a discussion about capitalism. No, it is not a discussion about capitalism at all. Capitalism is permitted in Islam. A wealthy person who drags everything into corruption is not a capitalist. When the family of a martyr gives all its belongings to buy a taxi and they give it to someone to work and both the person and the family make a living at it, this is called capitalism. The accumulation of wealth is different from capitalism. It is those who accumulate wealth who not only leave religion but make the society leave religion. In which societies do you see corruption? Are corruption and prohibited acts revitalized with the money of the poor? Is this possible? Wherever you go, it is the wealth of the wealthy that spreads corruption and prostitution. Where has the money of the poor spread corruption? The money of the poor goes to the religious mourning ceremonies. That is where their money goes. Which cinema like those of the shah have the poor like those in Khaniabad built? Which cabaret have the poor in Shahr-e Rey made? Where does such a thing exist? Every center of corruption that you see in the society is made with the money of the wealthy. Is it not enough for us to understand that we must sever the hands of those accumulating wealth? Otherwise, God forbid, they will cut off the arteries of the revolution. And we must fear the day that such a situation occurs, when we sit and mourn the blood spilled and this revolution. It is not only mourning it in this world, but we are also responsible in the next.

We will follow this discussion, God willing, in other places. This is the line of the revolution prosecutor's office. Brothers, pay attention to it and do not do anything else. It is not acceptable to me personally and I will tell the public too. Let it not get to a point that problems are no longer solved with private recommendations and talks and that those roots revitalize certain currents which question our revolution and our imam, making us expose those currents.

In the division of the deputy revolution prosecutor's office of Tehran, which today our brother Mr Ramazani, the revered cleric who has long experience in the revolution prosecutors' offices, works despite the fact that he is much needed in the Shiraz revolution prosecutor's office, but because the divisions of guild-related affairs, Article 49, and the branches of the former prosecutor's office located at Shahid Qoddusi Square are combined, it was felt necessary to invite Mr Ramazani to come to Tehran as the deputy revolution prosecutor of Tehran. Here he is in charge of this prosecutor's office and both the brothers who know him and those who do not know him will become aware of his competence in the future. Cooperate with and consult each other. In addition, exchange views in regards to official business. Find the ways of the infiltration of the counterrevolutionaries and close them. I must also say that we can make use of these legal methods against the counterrevolutionaries.

This is because with the support of the revolution and the people we would not feel the need to resort to the law and we do not feel that we do. We have only acted in accordance with the standards of the revolution so far. Nevertheless, the counterrevolutionaries would attack us through legal channels and then we suddenly would realize we were facing four articles of the law. Use these laws to find ways to prevent the counterrevolutionaries. I must say that for any reason, even lawlessness, having no laws or the law being in the interest of the counterrevolutionaries, ruling in the interest of the counterrevolutionaries is not acceptable to God and we will all be responsible.

God willing, you will cooperate. The prosecutor's office is a strong one, awesome to the counterrevolutionaries and a place of hope for the oppressed, the Hezbollah and the supporters of the revolution. God willing, this and other prosecutors' offices will regain the power of the early days and years of the revolution throughout our country and this dangerous sound of the counterrevolutionaries which is heard from a distance will, God willing, turn into despair. In our country, the high officials and many of the brothers are sympathetic and support you. The imam before everyone supports this course of action, the revolution prosecutors' offices, and every action that destroys the roots of the counterrevolutionaries. Rest assured that the revolution prosecutors' offices will not dissolve, but, God willing, will become more powerful every day. With the verification of the Majlis, the competence of the revolution courts and the prosecutors' offices must be increased. Investigate the cases of competency before those involving the law. Essentially, the main foundation of the judicial branch in our country must be the revolution prosecutor's office, God willing.

10,000

CSO: 4640/54

IRAN

COUNTRY'S WEALTH NOT TO BE RETURNED TO 'USURPERS'

Tehran KEYHAN in Persian 10 Oct 85 pp 1, 2

[Text] Hojjat ol-Eslam Morteza Moqtada'i, a member of and spokesman for the Supreme Judicial Council took part in a press conference yesterday and expressed his views on the return of the fugitives, dealing with the mini-tyrants and the position of the Supreme Judicial Council regarding them and explained the work and the latest decisions of the Supreme Judicial Council this week.

First, concerning the return of the property of the fugitives and the supporters of the tyrant and the dealings of the revolution courts with such individuals he said: In order to retrieve the legitimate rights and the plundered wealth of the suffering and oppressed nation from the plunderers and the dependents of the Pahlavi regime and to punish their infamous acts, in accordance with the instructions of the exalted imam, the revolution courts and prosecutors' offices were established and a number of virtuous persons who were committed to and loved the revolution as well as a number of faithful Hezbollah brothers assumed this responsibility. Now that seven years have passed since the Islamic revolution, it can be claimed and witnessed that they truly carried the burden of their responsibility well, were able to accomplish their task completely, and decisively dealt with those roots of corruption. They punished some of them for their actions or condemned them to prison and some were able to escape their punishment in this world by fleeing abroad. Some of these supporters of the tyrant might think, now that seven years have passed since the revolution and the heat of the revolution has subsided, that by making excuses or feigning innocence in order to escape and visit this or that person or by telephone or other means contacting the courts, they will be able to retrieve the illegitimate property and wealth that they had accumulated by violating the rights of the oppressed and sucking the blood of the destitute and thereby repeat their shameful domineering actions of injustice, corruption and prostitution. Hence, I openly declare and warn them that not only has the heat of the revolution not subsided but the brave nation of Iran has become more revolutionary every day in order to understand the truth of the revolution and become more aware of its fundamental and Islamic positions. By becoming more united, it has stood against greater enemies and by no means will permit them to return to once again begin their shameful acts.

Emphasizing that the revolution courts and the Shar' magistrates and judges have the same position as they did early in the revolution, he said: The courts, the Shar' magistrates and the honorable judges continue their work with more care and discipline and sufficient experience and will not allow through their ruling one rial of the wealth in the treasury of the oppressed nation which has been plundered by the usurpers to be returned to them. This position of the Shar' magistrates and courts has always been endorsed by the Supreme Judicial Council and the efforts and self-sacrifice of these brothers deserves praise and gratitude.

The spokesman of the Supreme Judicial Council added: More than two years ago, we heard that a number of these usurping oppressive fugitives or a number of individuals who, after the victory of the revolution as a result of having committed violations, injustice, corruption and torture against the farmers, had crept into some hole to hide, have gone in person or through their lawyers to the Justice Department courts and, presenting ownership deeds, have demanded the eviction of the beloved farmers from the agricultural lands, causing anxiety for this council. Even though such deeds are not valid because the lands were either barren or were distributed and were revitalized by the farmers, such individuals have evicted them by force, usurped their rights and registered the lands in their own names or have taken possession of such lands by plundering the treasury. Such deeds are not religiously valid. Hence in order to prevent misuse by the usurpers and to prevent chaos, disorder and disruption in the regulations, the laws which were contrary to religion and the decree of the imam were nullified. On the other hand, the Supreme Judicial Council sent a circular letter instructing the courts in this regards. Following it, according to the statements of the central headquarters of the seven-member commissions and also the Ministry of Agriculture, more than 850,000 hectares of agricultural lands were cultivated and prevented from being idle.

Hojjat ol-Eslam Moqtada'i also said: Investigating the property of the fugitives and the supporters of the tyrant and returns, confiscations and seizures are the responsibility of the revolution courts and the Justice Department has no role in this regard. Sometimes, the revolution courts that have each issued hundreds of confiscation, return and seizure rulings reach the conclusion that in regards to some people, their whole property does not deserve to be confiscated and has been acquired through inheritance or legitimate means, or that as a result of similarities in names mistakes were made in seizing property. In this case, they have a religious duty to return the property. It is very natural that among dozens and hundreds of rulings, sometimes a mistake is made and some property is confiscated without just cause or, concerning property that should not be retrieved after confiscation, the person deceives the court by thousands of tricks and bamboozlements, presenting forged deeds or other deceptive means and obtains a ruling to retrieve seized or confiscated property. In this regard we have had examples, as it is known, where the judge requests an appeal and with the permission of the Supreme Judicial Council issues a confiscation ruling. Or the Supreme Judicial Council realizes the mistake of the judges and arranges for the confiscation of the property by the concerned judge or other courts. Hence, we ask the martyr-nurturing nation that if they know of cases of property that

has not been confiscated or has been returned to report them. They will certainly be investigated and the public will be informed. We thank the press for having written about this issue, which certainly will be investigated.

According to the KEYHAN correspondent report, the spokesman of the Supreme Judicial Council then said concerning the latest steps and decisions of the Supreme Judicial Council this week: The general proposal of the organization of the Islamic revolution prosecutors' offices, which was discussed in several sessions and sent to the committee on executive and organizational affairs, was ratified as follows:

The responsibility of the revolution prosecutor's office of Tehran is conferred on the revolution prosecutor of Tehran, who can have a deputy. The revolution prosecutor's office of Tehran is divided into three sections on the basis of six articles which, in accordance with the law on the limits and authority of the revolution prosecutors' offices and courts ratified by the Majlis, are within the jurisdiction of the revolution prosecutors' offices and courts. At the head of each section one person will function as the deputy prosecutor and supervisor of that section.

The first section concerns the affairs of the counterrevolutionaries and minigroups which are subject to Paragraphs 1, 2 and 4 of that law and whose supervision is conferred on the deputy prosecutor for counterrevolutionary affairs.

The section on economic affairs which are subject to Paragraphs 5 and 6 and the follow up of Paragraph 3 of that law, which invests the affairs concerning the plunder of the treasury, smuggling and trade affairs as well as affairs concerning Article 49 of the Constitution and its supervision, is conferred on the deputy prosecutor for economic affairs.

According to the section concerning the fight against narcotics, which is the subject of Paragraph 3 of that law and whose supervision is conferred on the deputy prosecutor general for fighting narcotics, there are assistant prosecutors and interrogators in every division who attend to the issues concerning that division. Each division will have a general office of financial and administrative affairs.

He then said: In the meeting of the council it was also decided that all announcements will be carried out through the Supreme Judicial Council.

Continuing this interview, Hojjat ol-Eslam Moqtada'i said: In one of the Council's sessions this week, the commission for investigating the transference of the lands of the former municipal court presented a report on its two years of operation, announced the completion of its work and sent the details of all the cases that it has investigated to the council. According to this report, as a result of the hard work of this commission and based on the plans and standards which were given to them, of the 25,157 cases that were sent to the commission, 17,423 of which concerned the members of 74 housing cooperative companies, the remainder consisting of 7,734 individual cases, 9,349 members of the housing cooperatives and 4,357 individuals were

considered to have met the requirements for land distribution. Those considered ineligible included 8,074 housing cooperative members and 3,377 individuals, for reasons including being bachelors, having homes, not being residents of Tehran, not having their names on the court ruling, lacking the original of the ruling, announcing their change of mind and replacing themselves with another person, lack of clear boundaries for the land in the ruling, not having a file, an overload of cases or their delivery after the deadline, violations of the file and inaccessibility of the individual, the issuance of the ruling after the dissolution of the court, and other issues; and thus, the work of the commission concluded.

10,000

CSO: 4640/51

IRAN

GOVERNMENT APPEALS AGAINST SCHOOL CLOSINGS

Paris MOUVEMENT "IRAN LIBRE" in French No 2, 16 Sep 85 pp 3-4

[Paris IRAN LIBRE in French; weekly published by daughter of Azadeh Shafiq Pahlavi]

[Text] The school problem is becoming more alarming everyday. Twenty-eight schools have been closed down and 35 others will follow in the days to come. Ten thousand school children have lost their places in the schools they attended and cannot be enrolled elsewhere. Thirteen thousand others will soon find themselves in the same situation. On many occasions since the beginning of the revolution, we have underscored the continuing deterioration of education in Iran but, by the government's own admission, no one had foreseen such a catastrophic development. Mr Hossein Khoshnevisan, national education official in Tehran, recently stated to the Keyhan: "On the morrow of the revolution, we were faced with a massive population increase in Tehran, particularly in some neighborhoods, that reached 50 percent in some cases. The number of existing schools therefore proved insufficient. It was necessary to use the same classrooms to teach a course to several groups of students in succession, the teacher having to repeat the same course several times a day. In addition to this problem, there is another, especially serious one: School owners, not having been paid, prefer to close down their buildings, rather than continue to deal with a government that does not pay them rent. Of course, the government is making an effort. It has already allocated 80 million rials to settle rent payments. But it is not enough and the owners are no longer satisfied with promises." Deeply concerned, the Majlis will meet in the next few days to study a bill that would prohibit future school closings. But the situation is a difficult one from the legal point of view. Owners of buildings have an absolute right to refuse to allow their buildings to be used if no payment is made to them. The minister of national education therefore made a desperate appeal: "Owners having rent due them, let the administration know who you are. The state will do its best to reimburse you. Do not forget there is a war. Some, of course, will not be able to collect the amounts owed them. But, extraordinary compensation awaits them: Their schools will be named after them. Those who, in the past, were refused this honor, now have a special opportunity to receive it. Therefore, do not be selfish. Show solidarity and, above all, sacrifice."

12413

CSO: 4619/2

IRAN

JUDICIAL POLICE COMMENTS ON CLOSURE OF SCHOOLS

Tehran KEYHAN in Persian 10 Oct 85 p 3

[Text] KEYHAN cultural service. Rather than reporting on the eviction of schools, it is better to report the facts in order to provide locations for the evicted schools, which do not exceed 30 cases, in a city with a population of several million, the newspaper asks the people to aid education.

This is a part of the response of the public relations office of the judicial police organization to issues and reports in KEYHAN concerning the implementation of the eviction rulings against schools and educational centers which we have witnessed in the past months.

The complete text of the response, which deserves our reminders, follows first and then the explanations by KEYHAN in this regard will be offered in conclusion.

In regards to the issues published in KEYHAN on Wednesday, 17 May 1984, pp 1 and 3, I inform the martyr-nurturing nation of Iran that generally the judiciary work and retrieving the legitimate rights of the people involves three issues.

Law, Judgment and Implementation. Today, a fourth element can also be added to it, which is the role of the press and the mass media, and the school evictions are not outside these boundaries.

The law on relations between landlords and tenants was ratified after the magnificent Islamic revolution of Iran by the honorable representatives in the Majlis, which has necessarily been a good law. Even if as a necessity they have anticipated and ratified the stoppage of a part of it, it is a two priority proposal in one of the recent sessions, it has again been a good solution added to the previous law and must be implemented.

As regards judgment, considering that the judges have been selected by the honorable Supreme Judicial Council on the basis of the law ratified by the Majlis, judgment cannot be bad. There remains the implementation of the

rulings issued which we implemented with correct judgment and in accordance with the law ratified by the Majlis.

The tone of the report published concerning the exceptional school eviction was contrary to the facts. This school was not cleared by the judicial police, the officials of the school cleared it themselves and merely delivered the key to the owner in the presence of the judicial police.

The publication of such reports indicates the expectation that the court rulings and the laws of the Majlis must be nullified and disregarded according to the feelings of the judicial police, in which case it is not clear how we are to expect the desirable judicial security.

In any case, the position taken in the above-mentioned reports in provoking public sentiments against the implemental police officials has had certain effects and it is appropriate that the fourth element, that is the news media, rather than having an emotional reaction to the realities, the possibility of misguiding public opinion, and the use of phrases such as "simultaneous with investigating the problem of the issuance of school eviction rulings" and the like, by reporting the facts, the people were asked to help education in providing places for the evicted schools, the number of which in the city of Tehran with a population of several million in the past year does not exceed 30.

In conclusion, the action of the judicial police in regards to not allowing the reporter to enter was in accordance with the law because the official himself would not have the right to enter the school without the permission of the honorable prosecutor of Tehran. The official's refusal to give an interview is also justified because he cannot give an interview as a representative of the organization or the judicial branch. Naturally, if the decisive and nondiscriminatory implementation of the final rulings of the courts of the Islamic regime are criticized, this organization is prepared to respond in any form or shape.

KEYHAN: One of the duties of the newspapers is to bring the news of the society to the people. In this way, they must make use of all of their existing resources. Obviously the organizations and institutions of the society, because they consider themselves as belonging to the people and for the people, must help the press in preparing the reports.

The news of the eviction of schools which attracted public attention this summer is among such subjects that naturally had to be reported in the newspapers, as it was. In the course of the reporting of this news, in addition to education, the judicial police was also one of the agencies involved in the issue. The reporters of the newspapers when going to the schools which were being evicted, naturally expected the legal cooperation and help from the representatives of this revolutionary institution; but, unfortunately, in none of these cases was such cooperation observed. But concerning this response, there are also certain points made by the honorable judicial police, a brief reminder about which seems in order.

The letter states: /"**The publication of such news indicates the expectation that the rules of the courts and the laws of the Majlis and the determination of the judicial police nullify . . .**"/ [in boldface]. Here we hoped that he would mention an example of the reports that have provoked such sentiments in the authorities of the public relations office of the judicial police so that we would also learn a lesson and avoid publishing such issues.

Another part states: /"**It is very appropriate that rather than showing an emotional response and misleading public opinion, by reporting the facts, the press ask the people to help provide places for the evicted schools, the number of which in Tehran, a city of several million, does not exceed 30**"/ [in boldface].

Here it must be pointed out that reporting the facts cannot be considered misleading public opinion. Secondly, if from the viewpoint of the judicial police authorities, 30 cases of evictions in a city with a population of several million is considered insignificant, it must be said that under the circumstances of the country facing a severe shortage in terms of educational environments, such that the (Ministry) of Education has been forced, after making the schools two or three shifts, to resort to rickety buses, we believe that the eviction of even one classroom will also cause problems. Thirdly, why dig a well that we will only have to find a way to fill? The main issue, that is the eviction of schools, is the point which is objected to. Why should a school be evicted so that we must ask the people to help find a new location?

Also, another part of the letter states:

/"**The action of the judicial police in regards to not giving permission to the reporter to enter has been in accordance with the law**"/ [in boldface]. It is not inappropriate to point out that there is no law that states that reporters do not have the right to enter a school and if such an issue has been stated in a law we are not aware of it. It would be better for the honorable authorities of the judicial police to point it out in order for us to be aware of it.

In conclusion, he states: /"**The refusal of the official to give an interview is also justified because an official cannot give an interview as a representative of his organization or the judicial branch**"/ [in boldface].

We do not know how the judicial police brothers got the idea that the reporter intended to interview the judicial police official because none of the reports stated that the judicial police official refused to hold an interview with the reporter. In fact, reporters know that such an expectation is unreasonable and would never have such an expectation. However, it is noteworthy that we had stated in one of the reports that our reporter requested an interview with the landlord of the school building being evacuated and the judicial police official spoke for the landlord and said that he had nothing to say.

IRAN

PRODUCTION PROJECTS GET MOST OF AGRICULTURAL BANK CREDITS

Tehran KEYHAN in Persian 1 Oct 85 p 18

[Interview with Director General of Agriculture Bank Seyyed 'Ali Milani; date and place not specified]

[Text] Seyyed 'Ali Milani, the director general of the Agricultural Bank, provided information concerning the activities of the Agricultural Bank, the insurance fund and compensation for damages in a press, radio and television interview.

The director general of the Agricultural Bank first said: By carrying out Islamic contracts as a very valuable change in implementing the laws of the sacred religion of Islam, the Agricultural Bank in 1985 is more prepared to provide for the credit needs of the farmers on the basis of Islamic contracts. The objective in dealing with the procedures of the implementation of Islamic contracts this year was for the transactions of the bank in providing credit to be precisely based on Islam and the laws and regulations that have been devised in this area. Efforts were made, based on the past year's experience, to ensure that there would be no chance for deviations or considerations.

He said: With the implementation of Islamic contracts, new tools were placed at the disposal of the bank, one of which is the issue of a great deal of attention to the supervision over credit consumption because in every contract the banks are present as one party in the contract. Hence, with the implementation of Islamic contracts, the issue of supervision over the use of loans is given a great deal of attention. The second issue was the elimination of unnecessary and conventional loans.

Hence, a significant number of loans that in the past were paid in the conventional manner and were less productive were eliminated. In this manner, the agricultural bank in the current year, except for the credit to the cooperative sector, has tried to pay about 30 percent of the funds that are paid to the agricultural sector for production for current expenditures and 70 percent of the credits for investments. In other words, practically 70 percent of the funds will be spent either for large production projects or for providing tools in needed investments and providing such procedures as well as digging, purchasing tractors, and leveling land. In this manner, the

Agricultural Bank succeeded in the first 5 months of the period 21 March 1985-20 March 1986 in providing about 46.3 billion rials in credit needed by about 100,000 agricultural producers on the basis of Islamic contracts. Of the 46 billion rials in credit paid in the first 5 months of this year, 31 percent, that is 14 billion rials, was paid for current expenditures through the cooperative companies or directly to individuals. Fifty-four percent of this credit, that is 25 to 26 billion rials, has been paid through interest-free loan contracts for procuring agricultural machinery and in certain cases for raw materials for the production units. In this manner, in the area of purchasing machinery alone in the first 5 months of this year, about 50,000 villagers succeeded in receiving about 23 billion rials in credit. The remaining 7 billion rials were used through such contracts as wage earning, prepayment for goods, civil partnerships, and share cropping in agricultural production. Along with payment credit, the issue of collection in the Agricultural Bank has been very important for the purpose of providing resources. In this area, the Agricultural Bank in the first 5 months of this year has collected about 45 billion rials in funds paid in the past years, which compared to 39 billion rials in collected funds in the first 5 months of the period 21 March 1984-20 March 1985 has shown a growth of 4 percent. Of the total payment credit, about 7.7 billion rials were paid in the month of 23 July-22 August alone, and considering that from early summer on, it was the season of harvest and sale of agricultural products, in the one month of 23 July-22 August the bank succeeded in collecting about 12 billion rials of its loans from the loan recipients in the past years.

He added: In addition to the collections, the banking system and the monetary and credit council decided to place about 150 billion rials of the collected interest-free loans in the banking system at the disposal of the agricultural sector through the Agricultural Bank this year. Of this 150 billion rials, 103 billion rials has a legislative source which in accordance with Note 4 of the budget law will be paid through the cooperative companies and 47 billion rials of which will be paid directly to individual farmers through the branches of the Agricultural Bank. We hope that by providing the rest of the funds needed by the Agricultural Bank, this bank, in addition to the 103 billion rials of funds which will be paid through the cooperative companies, will be able to pay at least 100 billion rials this year to farmers who have individual agricultural activities. In this way, the bank will be able to respond as much as possible to the credit needs of the agricultural sector under the present sensitive conditions.

Considering the agricultural policies of the government of the Islamic Republic of Iran, the Agricultural Bank is prepared to provide primarily in dealing with the production projects the needed credits for these fundamental projects and projects which will result in production increase. In addition, considering the valuable and successful production units at its disposal, in addition to providing the necessary funds and technical help to its own production units in terms of trading, ultimately the Agricultural Bank, in implementing the agricultural policies of the government, will give priority this year to preparing lands, procurement of water, production of red meat, production of strategic products and creating industries affiliated with agriculture to change agricultural products. Also the Agricultural Bank has

begun independent studies in the area of the possibility of investments in fisheries and forests and it is hoped that with the help of the fisheries and the forests and pastures organization it will be able to get involved in investments needed by the agricultural sector.

In connection with the activities since the beginning of the imposed war, the bank has succeeded in various activities from 1980 to the middle of August to pay 881 billion rials in credit to agricultural producers. Along with these payments, from 1980 to 22 August of this year, about 681 billion rials of the bank's credits have been collected as revenues and from 1980 to date, the bank has succeeded in paying about 118 billion rials in credit to the agricultural producers in the areas of the war-stricken provinces.

Then, concerning the activities of the fund to compensate for damages of the agricultural producers in which the Agricultural Bank began activities in 1981, the director general of the Agricultural Bank said: During the period 21 March 1985-20 March 1986, considering the drought in some areas of our country, the bank placed about 1.4 billion rials at the disposal of provinces which had suffered from the drought. In addition, in connection with [such natural disasters as] freezes, floods, and hail, the bank helped farmers from these funds.

10,000  
CSO: 4640/53

IRAN

## GOODS, SERVICES INDICES INCREASE COMPARED TO LAST YEAR

Tehran KEYHAN in Persian 2 Oct 85 p 17

[Text] Economic service. The office of economic statistics of the Central Bank, publishing a summary report for mid-summer of 1985 of the price index for consumer goods and services in the urban areas of Iran, announced that this index decreased by 0.9 percent compared to the previous month.

According to this report, the index on the price of consumer goods and services in urban areas compared with a similar month last year indicates an increase of 2 percent. The average index mentioned increased by 3.3 percent in the first 5 months of this year compared to a similar period last year.

In the month reported, the index of the goods group decreased about 3 percent, affected mainly by the reduction in the price of fruits and fresh vegetables, which, due to the season and abundance of supplies, amounts to 18 percent, is the most important factor in the decrease of the price of consumer goods and services in all urban areas.

Among other food items, the price of various kinds of rice produced domestically increased by about 1 percent, but the practical price of breads studied did not change significantly.

According to this report, the index of the tobacco materials decreased by 2 percent. The discussion of the government concerning the elimination of the share and the open sale of cigarettes in early summer was very effective in reducing the index of the tobacco group.

Among nonfood items, the price of most clothing items follows a slight declining trend but a slight increase in the price of cotton and woolen fabrics along with the increase in the wages for sewing services caused a slight increase in the index of the clothing group.

The record of the carpet transactions continued in this month and the decrease in price played a very valuable role in neutralizing the increase in other items of the furniture, household goods and services group.

The index of the health and treatment group, due to the increase in the wages in some of the medical services, increased by more than 1 percent, and the price of gold coins also increased by 3 percent.

Compared to the 23 July-22 August period last year, the index of the clothing group shows an increase of about 1 percent; construction services, 4 percent; construction materials, 2 percent; rent on residential housing, 13 percent; urban transportation costs and travel, 6 percent; health and treatment, 9 percent; entertainment, education and studies, 15 percent; personal expenses, 18 percent; and tobacco, 48 percent. But the index of the food group decreased by about 2 percent; household furniture, goods and services, 3 percent; and gold coins, about 10 percent.

10,000

CSO: 4640/53

IRAN

BRIEFS

SYRIA SAID BUYING OIL FROM SAUDI ARABIA--After a 4-day wait in Damascus, Mr Hossein Nemazi, minister of economic affairs and finance of the Islamic Republic, met with President Assad to transmit a message from Mr Khamene'i. Two questions are raised in the letter: the repayment of sums owed to Iran by Syria and Syria's rapprochement with Jordan, and consequently with Iraq and Saudi Arabia. For 4 years, Iran has supplied Syria with 1 million tons of oil free of charge and has sold to it another 5 million at half price. But the government in Damascus has not paid off its debts and the total due Iran now stands at 1 billion 100 million dollars, which includes 700 million dollars loaned in the days of the imperial regime. Syria does not appear to be in a hurry to reimburse these amounts, since--if we believe certain well-informed sources--Syria seems to want to obtain the oil it needs from Saudi Arabia in the future. Given the current economic state of affairs, Damascus' "desertion" would be a hard blow for the Islamic Republic. [Text] [Paris MOVEMENT "IRAN LIBRE" in French No 3, 23 Sep 85 pp 3-4] [Paris MOVEMENT "IRAN LIBRE"; weekly published by Azadeh Shafiq, daughter of Ashraf Pahlavi] 12413

AUSTRIA MAY GET METRO BID--If we are to believe a commercial attache of the Austrian Embassy in Tehran, his country, represented by two public works and five architectural firms, will be chosen by Iran over France to build Tehran's subway. According to this diplomat, the choice is explained by excellent relations between Austria and Iran which stem from the fact that neither one of the two is close to a super power. At the present time, Austrian exports to Iran, which include chemicals, paper and electrical machinery, represent 4 percent. Iranian exports represent 1 percent of the total. They include oil (60 percent), rugs (35 percent) and dried fruit and vegetables. The level of trade is still low, but rapidly increasing. An increase of 50 percent over last year has already been observed this year. [Text] [Paris MOVEMENT "IRAN LIBRE" in French No 2, 16 Sep 85 p 4] [Paris MOVEMENT "IRAN LIBRE" in French; weekly published by Azadeh Shafiq, daughter of Ashraf Pahlavi] 12413

KORDESTAN WHEAT PURCHASE--The Central News Unit reports that up to now more than 183,000 tons of surplus wheat has been bought by the rural cooperative organization of Kordestan Province from that province's farmers. Compared with a similar period last year, this figure shows a 20-percent increase. This report says that 176,000 tons of the purchased wheat has been delivered to government silos and storehouses in Bijar, Sanandaj, Hamadan, Zanzan and Saqqez and the purchase of surplus grain from farmers all over the Kordestan Province is continuing at 58 purchasing centers. [Text] [Tehran Domestic Service in Persian 1630 GMT 31 Oct 85 LD]

/6091

CSO: 4640/59

PAKISTAN

EFFORTS TO FORM COMMUNIST PARTY REPORTED

GF041121 Lahore NAWA-I-WAQT in Urdu 29 Oct 85 p 8

[Text] Karachi 28 October--Reliable political sources have stated that although a communist party does not officially exist in Pakistan, many communist groups are trying to form an underground communist party. The sources indicated that C R Aslam [not further identified] is actively involved in establishing an arcane communist party and has contacted various political parties in Pakistan in this regard. The sources added that from the legal point of view, no party can be formed which is not in accordance with Islam and Pakistan's ideology, but a communist party can be established only if it conforms to the terms and conditions already spelled out for the formation of parties in Pakistan. The annual report of the CPSU as broadcast by Moscow radio and its mention of a particular communist party and an opinion on it is nothing more than mere propaganda. [not further explained] In any case, some circles are trying to group together those who hold radical or socialist opinions.

The sources added that the manifesto for the party of Khan Abdul Wali Khan [leader of defunct opposition party], the National Democratic Front [NDF], was prepared by Sardar Sherbaz Khan Mazari and others who specified in the first clause that no law would be acceptable to the party which is not in consonance with the Koran and the traditions of the prophet. The sources stated that only the Pakistan People's Party and the NDP had specified in their manifestos that the Koran and the legal traditions of the prophet be adhered to, but that clandestine groups are working to enlist those who hold strictly radical or non-Islamic views.

/6091

CSO: 4656/19

PAKISTAN

## INCREASE IN WATER RATES IN KARACHI CRITICIZED

Karachi AMN in Urdu 1 Oct 85 p 2

[Editorial: "Increase in Name of 'Moderation'".]

[Text] The Sindh cabinet has increased the water rates in Karachi by about 25 percent, but they call this increase moderate. The immediate reason for this increase is said to be the need for a loan from the World Bank. This conditional loan will be used for a water project that will increase the supply of water by 50 million gallons. The World Bank sanctioned the loan on the condition that, first, the deficit in the water and sewerage system be ended and steps be taken to give this department its own means of income. The board is said to have an annual deficit of 111 million rupees. The board is at present spending Rs 240 million rupees on the water supply. After the increase in the water rates the income will rise to 129 million rupees. Nobody, however, has explained how they are going to eliminate the remaining deficit of Rs 119 million rupees. And how about the money that will be spent on distribution of the 50 million gallons of extra water that will be coming as a result of the new project?

It is claimed that the increase in the water rates will not prove a burden for the common people. When we study this claim deeply we discover the following facts: The smallest house on which the water tax can be levied will have an area of 60 square yard. To date, the water tax for such houses has been 6 rupees per month, which in the future would be increased to 7.5 rupees per month. It means an increase of 1.5 rupees per month and 18 rupees per annum. The water tax for a house of 500 square feet used to be 8.25 rupees per month, or 99 rupees annually. Now this tax will be increased to 10 rupees per month of 120 per annum. It means an annual increase of 21 rupees. The owner of a 60 square yard house will now have to pay 90 rupees instead of 72, which means an extra burden of paying 18 rupees annually.

Now let us come to bigger houses. In the past, the owner of a house with an area of 1500-2000 square yards had to pay 125 rupees per month, or 1,500 per annum. Now they will have to pay 156 per month, or 1,872 per annum (31 rupees more per month or 372 more per annum). The water tax on a flat of 1,500-1,800 square feet used to be 60 rupees per month or 720 per annum. Now it will be increased to 75 rupees per month, or 900 rupees per annum, an increase of 180 rupees per annum.

On the other hand, the commercial and industrial consumers who buy water on a wholesale basis have paid only 6 rupees per 1,000 gallons, which will now be increased to 9 rupees per 1,000 gallons. It means an increase of only 3 rupees per 1,000 gallons. It is hard to find any definite formula underlying these tax increases. If, as claimed, the purpose was to make the taxes moderate, why were they only increased? Could not a decrease make them moderate? It is said that the increase is very small. This claim is made by people of a high income group, who look at things from their own standards. Let these people live in houses of 60 square yards or flats of 500 square feet and try to make ends meet within the income that the poor have. Only then will they realize whether the tax increase has been very high or just "moderate." There is no principle underlying these tax increases. Everything has been done in a haphazard manner. The wholesale consumers of water have not been taxed highly enough. The total effect of all this is rather disconcerting. Besides the water tax, the property tax is soaring as well. As a result, the prices of houses and real estate will escalate. The industrialists will increase the price of their goods to pay the extra taxes. That will lead to another wave of inflation which will lead us who knows where. Our experts in economics, who cannot see beyond foreign loans and tax increases will never be able to solve this problem.

12476/12951  
CSO: 4656/10

END