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Writer Analyzes Impact of Berlin Events on Middle East

90OL0141A Damascus TISHRIN
in Arabic 28 Nov 89 p 8

[Article by Bassam al-'Usayi: "German Developments, Future Expectations"]

[Excerpts] The world awoke on Friday 10 November, 1989, with a news report cracking like lightening in the skies of the world, "collapse of the Berlin Wall—or the wall of shame, as the Germans call it." Feelings of joy and happiness erupted among the masses of German people in general, and among the masses of people in the German Democratic Republic in particular. This happened while silence reigned over many places in the world, because of their partially negative concerns; partition and borders manufactured mainly from the legacy of World War I (the partition of the Arab Nation and its borders), or World War II (Korea).

Commentaries burst forth from everywhere; they were contradictory, as is to be expected when an enormous event occurs. It is however important to go back to the day before this, on Thursday 9 November, 1989, when East German leader Egon Krenz, in a speech before the Central Committee of the German Socialist Party, announced the crisis of mass migration from East to West Germany. He was quoted as saying: "The reasons for this crisis must be studied in East Germany itself. Those who are migrating are not criminals; they are not anti-socialist. There must be dialogue with all social forces and, consequently, the abandonment of the party's monopoly of power." It is obvious that participation in power, in accordance with what the socialist—or non-socialist—opposition forces demand, only means changing the method of rule, no more than that. [passage omitted]

The collapse of the Berlin Wall, separating the two halves of the historic German capital, was not unexpected nor surprising. Since it was built in 1961, battalions of the German masses have violently and forcibly assaulted this wall, until the wave came to smash it away. It became unreasonable and unacceptable to curb the wave's onslaught, or to change its course. Some 50,000 citizens poured through the night the Berlin Wall was opened. They went into West Berlin and celebrated this event. Then, the next day, they returned to East Berlin. Not more than 1000 citizens stayed in West Berlin, but here is the decisive question: Why was the movement from East Berlin to West Berlin, and not the other way? One could put this question in a clearer and more distinct fashion. What made the masses of people, or those of the masses who were able, leave their homeland, its land and soil, beloved to every citizen to whom it belongs, for the purpose of exchanging their people for another people, their citizens for different citizens, their irreplaceable family for another family? This is how German leader Egon Krenz responds: "The reasons for this crisis must be studied."

The reasons for the crisis are in fact neither unknown nor misunderstood. It might be a grave error to consider the

economic factor to be solely responsible for the crisis, or to consider the nationalist factor as solely responsible, since surely there would have been mutual migration between the two Germanys! Moreover, one cannot link the crisis to the ideological factor, because surely the migration from West Germany to East Germany would have been greater than the migration of East Germans. Therefore, the causes of the crisis are complex and include all these factors. However, why is the crisis being expressed in a negative way, as flight and migration? The reason for the negative expression is also well known. The child who is about to be disciplined, and who cannot stop the hurt he sees coming because of his weakness, resorts to various lies, deceits, and deception to escape from the punishment. This method of running away changes at times—or in many cases—to apparent illness, which psychologists might have trouble treating. Is a grown man greater than a small child, or merely a number, when he faces the giant power of the state? How could the citizenry choose a punishment of exile or emigration, unless they were suffering from something more severe than that punishment? This is precisely what German leader Egon Krenz said, and this is what Soviet leader Gorbachev said even more clearly, and in greater detail, in his statements and communiques, and which he has so far applied, in terms of reforms and "perestroika." However, if the causes of the crisis are well known, and the methods of treating them also well known, then why was the treatment delayed and postponed? Would it not have been better to read the early evidence, which emerged at the outset, and strive to eliminate the factors causing escape and flight? Wouldn't it have been preferable to fortify the citizens with factors that tied them to their country, land and soil, instead of building the wall of isolation? This is what the two German leaderships—according to their statements and communiques—will strive to do in the near future, through free dialogue and calm discussion, in order to build a joint future for the German people. So long as the best interest of these people is the mutual goal, there will certainly be no obstacle in the path of achieving the target. If there are some difficulties, there is no doubt that they will be overcome or transcended. When has the path of reform ever been cleared and free from difficulties and obstacles? [passage omitted]

Certain erroneous interpretations have appeared as to what happened, and what might happen, in terms of change and development. These interpretations or explanations stated that what is happening is a victory for the West German system over the East German system and, consequently, a victory for the capitalist world over socialism. On the other hand, other interpretations were of the opinion that what happened, or what might happen, could be considered a victory for the process of development and renewal, guided and led by the Kremlin, under the leadership of Chairman Gorbachev. The truth is that these developments are a joint victory for the two superpowers in the first instance and, secondly, for mankind and the entire world. It is well known that both superpowers are suffering from heavy burdens

as a result of their international obligations, together with the demands these obligations entail, in terms of financial, economic, and even at times military support. Undoubtedly, the new changes will lead to a lessening of the obligations on both superpowers. Every country will be required to solve its problems and bear its own burdens, without the superpowers—or their systems—bearing the burden of local error or domestic deviation. This does not mean that the two superpowers should abdicate their international role, as much as it means that they should coordinate and cooperate between themselves. This as a consequence will be in the best interests of all countries and their people. At the same time, the economic development expected from these events will support the position of the superpowers and will increase trust in them; that will profit both of them, to the same extent that that will be in man's best interests, who will achieve the development he hopes for, namely, a guarantee of his humanity and existence. [passage omitted]

The events occurred in Germany peacefully and with a minimal use of force. This occurrence is being repeated in the rest of the countries of [Eastern] Europe. Germany was capable of crushing the rebellion, as was done in

Czechoslovakia in 1967. Instead, the leadership promptly anticipated the events as much as possible, and cleared the way for the desired reforms, to which the masses aspired. By doing so, they guaranteed for themselves the right to exist, and to remain side by side with the forces of opposition.

Undoubtedly, it is always possible to deal with all problems—individual or group—through dialogue, a trusting heart, and an open mind. The new developments are considered a model for what can be done by opting for peaceful methods and by avoiding the methods of violence, coercion, and compulsion. Accordingly, the victory achieved by the German people, by pulling down the Berlin Wall, was certainly a victory for the ways of peace and against the ways of violence and coercion. It is a victory for the open and innovative mind, against the closed and rigid mentality. Such mind-sets as that were spontaneously withdrawn from the scene of events in the Democratic Republic of Germany, because of the recognition that its leaders were unable to cope with the demands of the development. They thereby opened the way for advanced mentalities, capable of renewal and giving. This is mankind's destiny on earth: continuous development and constant renewal.

REGIONAL AFFAIRS

Higher Ceiling for OPEC Production Expected

90OL0161B Kuwait AL-QABAS
in Arabic 24 Nov 89 p 17

[Text] Oil sources stated that OPEC may enter 1990 without the approval of Kuwait and the United Arab Emirates [UAE] of a production quota agreement. Kuwait and the UAE have confirmed that they will reduce production if prices drop.

OPEC requires a means to reduce its production when its experts are saying that demand for OPEC oil will likely decline in early April 1990, perhaps by two million or more barrels.

The sources stated that the best solution is to change each member-state's percentile quota of total OPEC production, so that Kuwait and the UAE obtain higher quotas.

Maximum total production during the first half of 1990 was set at 21.5 million barrels per day, or up to 22 million barrels per day.

But the organization is facing problems. Saudi Arabia, OPEC's largest producer, has so far refused to enter any agreement under which it would produce less than its current 24.46-percent share of total OPEC production.

In a related development, the UAE's Petroleum and Mineral Resources Minister, Dr. Mani' Sa'id al-'Utaybah, stated, shortly before his departure for Vienna yesterday, that the UAE is treating the subject of its crude oil production quota according to the policy prescribed by the president of the state, Shaykh Zayid Ibn-Sultan Al Nuhayyan, and that it will continue on this course, with feelings of responsibility toward its people and its status as an active member of OPEC.

He stated that he hopes that OPEC will continue in its Vienna meeting to treat oil market conditions based on a policy that balances the obtainment of a reasonable price for oil with comfortable quotas for member-states. He indicated that this policy has already proved effective and successful this year, inasmuch as all OPEC members have produced within limits that are relatively comfortable and reasonable for them, and have realized revenues that satisfy their minimum aspirations.

He emphasized that he, together with his fellow OPEC ministers, will exert every conceivable effort to proceed on this balanced, reasonable course in order to maintain the stability enjoyed by the oil market.

Kuwait's Quota

Previously, the UAE and Kuwait demanded quotas amounting to 1.5 million barrels per day and 1.35 million barrels per day respectively. However, the two states are currently demanding higher shares, because the demand for oil generally increased in 1989.

Analysts state that Libya is determined to obtain a share equal to that of Kuwait, even though its capabilities perhaps do not allow it to produce more than about 1.1 million barrels per day.

The sources stated that if OPEC fails to reach an agreement to change the quota percentages, it may extend the current agreement.

OPEC has already exceeded its maximum total production limit, although the increase has been distributed in proportion to each member-state's quota. It will nonetheless have to fix a somewhat lower ceiling, assuming that Kuwait and the UAE continue to not adhere to their quotas.

At the same time, Kuwait and the UAE will have to play the role of the "flexible" producer by reducing their production if low demand causes a price drop in early 1990.

The OPEC meetings began yesterday with a session of the price monitoring committee, which includes eight ministers. The committee met to examine predictions regarding oil demand in preparation for a conference of all OPEC members, which begins today and will last, sources stated, four to five days.

OPEC Secretary-general Dr. Subroto stated, in an exclusive interview with the Kuwaiti News Agency, that this issue will be among the main topics examined by the ministerial committee of eight in its meetings, which began yesterday afternoon in Vienna.

A New Ceiling

He added that the general conference and the ministerial committee will also examine the production ceiling level for the first half or quarter of 1990.

In this context, he emphasized that there is room for raising the organization's total production ceiling by 500,000 to 1 million barrels per day for the first quarter of 1990.

An atmosphere of cautious optimism currently prevails among OPEC circles in Vienna regarding the possibility of reaching an agreement on a new total production ceiling for the first half of 1990, especially regarding a reapportionment of quotas, given member-states' clearly differing views on this issue.

Although numerous ministers hastened to warn of the outcome of a failure to reach an agreement and the negative consequences this would have regarding price developments, they underscored OPEC's desire to reach reasonable, acceptable solutions in the current meetings in Vienna.

Observers at Vienna are agreed that the political climate currently prevailing in OPEC is much improved compared to that of the past, especially since the attainment of a cease-fire in the Iraq-Iran war.

In their present positions and demands, the member-states are focusing on economic more than political data and factors.

Among the other external factors affecting the course and results of the current OPEC meetings are the relative stability of oil prices during recent months despite reports stating that OPEC's true production currently fluctuates between 22 and 23 million barrels per day, whereas the organization's official total production ceiling is 20.5 million barrels per day.

Total Production

Oil reports also stated that the total oil production of non-OPEC producer states increased in the past year from 38.05 million barrels per day to 38.25 million barrels per day, and that their oil exports increased from an average 10.85 million barrels per day to 11.19 million barrels per day.

The position of these states, especially the Soviet Union, which is the largest producer and exporter outside OPEC, will also affect OPEC's future production and pricing policy.

The Soviet Union produced an average 12.45 million barrels per day in 1988, i.e., a decrease of 0.3 percent. Despite this slight decline, it continued to be the largest producer outside OPEC. The Soviet Union also increased its exports last year by 11.2 percent to an average 3.06 million barrels per day.

U.S. oil production also declined last year by an average 2.6 percent to 8.13 million barrels per day.

This development indicates to the oil sector in non-OPEC producer states that OPEC will remain the main source for supplying the world's oil needs.

Chamber of Commerce Urges New GCC Economic Strategy

90OL0161A Kuwait AL-QABAS
in Arabic 23 Nov 89 p 17

[Text] The Chamber of Commerce of Kuwait has called on the Arab GCC [Gulf Cooperation Council] states to formulate a strategy to enable them to prepare for dealing with the requirements of the nascent international economic merger phase.

In the leading article of the last issue of the AL-IQTISADI AL-KUWAYTI magazine, the chamber stated that a merger of world financial markets has become a tangible reality that must be handled cautiously and realistically.

The following is the text of the article:

Between 7 and 9 October 1989, under the auspices of His Excellency, the crown prince and the prime minister, a conference was held in Kuwait on the merger of world financial markets and its effect on the Arab Gulf states. Among the valuable lectures delivered at the conference,

the editorial board selected as the pivot of this article a lecture presented by Mr. 'Abd-al-Latif al-Hamd entitled "Financial Cooperation and Coordination Among GCC States and the Arab Gulf States in the Light of the Merger of World Financial Markets."

The merger of world financial markets has become a palpable reality, which is imposing itself on the economies of all states, requiring them, including the GCC states, to reevaluate their economic and financial situations and to formulate appropriate policies for adjusting to the new economic circumstances in the light of the merger phenomenon, which is starting to grow stronger.

Before treating the effects of the merger of world markets on the GCC states, and the measures and policies which these states must adopt to adjust to this phenomenon, it would be beneficial to briefly define the merger phenomenon. The merger of world markets, or the "internationalization" of markets, means the transcending of the geographical, political, and cultural barriers that impede international commodities and capital trading processes.

International financial institutions, like international commercial markets, effect transactions at the international level, benefiting from the linkage between international markets, the growing tendency of many states to eliminate economic, financial, and political constraints, and from modern, rapid developments in communications and information transmission. The merger phenomenon assumes a number of forms, including the establishment of foreign branches, mergers, and acquisitions, and the offering of new financial instruments. These new international circumstances are leading to facile dealings with world markets, an increase in the volume of financial transactions, and sharp competition in world markets.

This lecture treats the circumstances of the GCC states in the light of the worldwide merger phenomenon from three angles, which are briefly as follows:

Geographical location: The link between the economies of the GCC states and international markets has been established for a long time. This link became more extensive with the oil boom in 1973 and the accumulation by the GCC states of surpluses, which they invested in the industrialized states. It is expected that the importance of the geographical location of the GCC states will increase as a result of the role that they can play in commercial and financial relations in the light of international detente and the end of the Iraqi-Iranian war. This geographical position will give the Gulf states a greater role if they can fill the vacuum left by the lessening of Hong Kong's role as a financial market after its annexation to China.

Financial surpluses: As a result of fluctuations in world oil markets in recent years, the oil revenues of all GCC states have declined continuously since 1984, which has affected the balances and financial surpluses of these states. This decline will surely have a negative effect on their economic capabilities and role in financial markets

if they do not pursue new financial policies that enable them to adapt to the new international economic and financial conditions.

The size of Gulf financial markets: The financial market in Kuwait is considered the most organized Gulf financial market, because it is the oldest official market, and has the latest equivalent of stocks in the region. An official financial market opened this year in Bahrain and Oman.

The Kuwait Stock Exchange is characterized as having a small volume of transactions, inasmuch as the market value of shares exchanged in it in 1988 totalled about \$2.4 billion in the official market and the parallel market. It is not expected that the volume of transactions in the two markets of Bahrain and Oman will soon reach the modest level of transactions of the Kuwait Stock Exchange.

The low volume of these transactions becomes clear when it is compared with the volume of transactions in world financial markets, inasmuch as estimates indicate that the market value of stocks exchanged at mid-1989 (not all of 1989) in the Japanese, American, and European markets totalled \$4,400 billion, about \$2,800 billion, and about \$2,100 billion respectively.

If the national commercial banks play an important role in the Gulf financial markets, they are also nonetheless not characterized by smallness in proportion to their volume. The volume of all commercial banks operating in the Gulf states in 1987 totalled about \$148 billion dollars distributed among 43 banks, i.e., an average of about \$3.5 billion per bank, while the assets in each of the largest Japanese, French, and American banks at the end of 1988 totalled \$384 billion, \$211 billion, and \$208 billion respectively.

The large size of international financial institutions is surely an advantage, because it allows them to diversify their risks, distribute their activities, and expand different financial services, which gives them a strong, competitive position in world markets. The coordination of the Gulf states' foreign assets, estimated to be about \$300 billion, and the bringing together of material and human capabilities dispersed among a large number of Gulf institutions, are needed to enable Gulf institutions to adapt to world financial markets.

In the face of the above-mentioned conditions in the Gulf states, in addition to the structural weakness of Gulf financial markets, and the world phenomenon of merging markets, including the post-1992 European market, the GCC states must quickly formulate appropriate policies to adapt to world financial conditions, inasmuch as it seems that without such policies, the Gulf states would lose their geographical and financial edge, and they would be relegated to the periphery of main events in world markets.

The new strategy can focus on several pivots, the most important being:

The development of local financial markets: This can be effected by reexamining the organizational structure of financial markets, developing the management of financial institutions and merging some of them, creating specialized organizations, developing human resources to remedy the shortage of qualified Arab capabilities in the financial markets, offering new investment instruments to fulfill and balance the different needs of investors and those seeking financing, creating an investment awareness among investors, and building confidence in financial markets by enacting suitable laws and applying them rigorously.

Cooperation and merger among GCC states: The new international financial circumstances require Gulf financial institutions to cooperate among themselves. This cooperation may assume a number of forms, the most potent being merger, and the simplest being the exchange of information, the coordination of operations, and collective participation in some operations. These new circumstances require the speedy application of the organizational measures established by the GCC states, such as the unified economic agreement, and cooperation regarding monetary policies and exchange rates.

Participation in international markets: Given the limited material and human capabilities of Gulf financial institutions, such institutions could best establish a presence and participate in world markets, not by directly competing with large financial institutions, but by taking over existing small and medium institutions in world markets, and by cooperating and sharing in different operations and activities undertaken by large financial institutions. This method will assure that Gulf financial institutions will acquire expertise continuously and be present in a number of locations, thereby spreading their risks. It will also secure the cooperation of large international financial institutions with Gulf financial institutions.

Coordination and cooperation with other Arab financial markets: The current rapprochement between the Arab countries is an opportunity for Arab financial markets to provide good investment opportunities with higher yields than those available in world markets. It also makes available capital needed to invest in the development of lower-income western [as published] countries. If Arab financial cooperation is linked with economic cooperation, a greater measure of integration could be realized between the Arab economies, thereby strengthening the standing of Arab financial institutions in the sea of merging world financial markets.

Based on the preceding, it can be said that the merger of world financial markets has become a tangible reality that must be treated with all caution and realism, and that the GCC states must formulate a strategy that enables them to prepare for dealing with the requirements of the nascent international merger phase.

Consultant Sees Need for Innovation Among Arab Banks

90OL0161C Kuwait AL-QABAS
in Arabic 27 Nov 89 p 17

[Interview with Dr. Hikmat al-Nashashibi, an economic advisor to Qatar's Oil and Finance Ministry and the head of the Arab Bankers' Association, by Hasan 'Amr; in London, date not specified]

[Text] London—A banking expert in London described the events occurring in Eastern Europe as opening unlimited horizons for banking activity. He indicated that Western banks are currently reexamining their strategy for the foreseeable future, and that the Arab banks must not lag behind in reviewing their own policies and activities.

Dr. Hikmat al-Nashashibi, the leading expert of the Arab Banking Organization in Bahrain, stated that "hesitation in adopting suitable policies at the appropriate time has contributed to the lagging performance of Arab banking nationally and internationally.

In an interview with AL-QABAS, he stated that "we have been late in catching up with the banking revolution that is playing a significant role regarding performance and yield in Western economies. We must not be absent from the horizons currently opening in Eastern Europe, and we must search out new horizons for activity in the Arab arena.

This interview with Dr. al-Nashashibi derives its importance not only from the official posts which he occupies, but also from his extensive expertise in banking affairs, which has qualified him to shape opinion in a series of conferences organized by the Arab Federation of Banks, and to deliver a series of lectures in the universities of Kuwait, the United Arab Emirates [UAE], Qatar, the United Kingdom, and Tunisia.

He also has been elected to head the Association of Arab Bankers for a six-year term, holds the post of chief advisor to Qatar's Oil and Finance Ministry, and previously held numerous posts in Kuwait.

Closing the File on the Past

Dr. al-Nashashibi stated, "The world is currently witnessing a banking revolution, which has multiple roles and effects internationally and regionally. In his view, the banks have abandoned their old, limited role, in which they waited for deposits and borrowers.

"Until two decades ago, the banks were merely an auxiliary element of the production, agricultural, and commercial sectors.

"Banks are currently a specialized production sector having a large share in the total national product in the major Western states, or, as they say, the wealthiest states.

"The share contributed by the banking sector to the national product is estimated at about 25 percent in the United States, 30 percent in Japan, about 25 percent in England, and no less than 40 percent in Switzerland.

"This means that the share of the banks surpasses, in some cases, that of the industrial or agricultural sector.

"The Arab banks are still lagging behind the achievements scored in Western economies, and they are still fulfilling classical roles, waiting for deposits or business persons, redepositing their accumulated capital in other banks, or managing financial portfolios that do not yield large returns."

He added that these limited roles have strong supporters among Arab bankers, who make their case by maintaining that:

"The commercial banks have functions, and it is not necessary to go beyond them. The investment and business banks can share in the accomplishments of the frequently discussed banking revolution."

Transformation of the Equations

[AL-QABAS] We have spoken about a revolution, events, results, and achievements. How did the revolution begin, how did it achieve results?

[Al-Nashashibi] The revolution began almost two decades ago, at the start of the 1970s, when two events occurred that transformed conventional monetary equations. The first is the U.S. decision to revalue the exchange rate of the dollar and to eliminate the dollar's linkage with gold. The second was the floating of the interest rate.

These two developments combined to ignite competition between banks and financial markets, such that newspaper headlines spoke at the time about interest wars, currency wars, etc.

Nonetheless, amid the vicious competition, the banks realized enormous profits.

Before several years elapsed, there appeared on the international scene what was known at the time as the financial surpluses of the oil states. The surpluses were a reason for the sharpening of the competition and wars.

The New Generation

In this phase, banking innovations appeared, all of which aimed at winning the largest share of the financial surpluses.

Until that time, the banking system had issued a limited number of securities, the most important being "investment certificates," which yielded higher returns relative to bank deposits.

A new generation of securities arose from the idea of investment certificates, including, but not limited to:

monthly or quarterly yield deposit certificates, basket-of-currency certificates, certificates which are transferable into shares or bonds or which are payable anywhere in the world, a certificate that allows its holder to acquire property, a certificate secured by insurance on assets, a certificate whose revenues cover life insurance, others with premiums or multiple premiums, and so on.

All of these certificates became successful instruments, attracting deposits, savings, and surpluses, and allowing the banks to accumulate enormous sums.

Not satisfied with that, banking organizations also expanded into financing retail commerce through credit cards.

Two decades ago, everyone used two or three credit cards. Now, more than 100 cards are offered on the market. Every large bank has issued a card in its commercial name. Even some institutions with a banking character have issued cards bearing special firm names. Such institutions include investment funds and housing associations, as is the case in England for example. Banks have also expanded into the bonds game.

Banks no longer wait for depositors or borrowers. Rather, their personnel are deployed throughout the world to pursue and search out opportunities. Loans are arranged for anyone needing them through the issuance of bonds that are marketable in stock exchanges and financial markets.

In the same phase, banks ventured into sovereign lending, in other words, the arrangement of loans and the issuance of bonds to the credit of states and governments. Most of these loans were granted to Latin American and Western European states.

All of these initiatives and innovations led the banks to accumulate enormous wealth in assets or liabilities. And wealth breeds wealth, so it is said.

The Papering of Financial Transactions

Dr. al-Nashashibi added that: The banking revolution has produced three results which have an unlimited effect on all political, cultural, social, and value-related developments at the world level.

First, it produced what is called the papering of financial transactions, i.e., the transference of most financial transactions (deposits, credit, and investment) onto paper, such as shares, bonds, certificates of deposit, and different financial instruments.

Here, we must let the numbers speak for themselves in emphasizing the extensiveness of the papering phenomenon!

The value of stocks exchanged on the Tokyo Stock Exchange is \$3,700 billion, making it the world's richest stock exchange at present, and the stock exchange most extensively engaged in the papering of financial transactions.

It is followed by the New York Stock Exchange, on which stocks valued at \$2,600 billion are exchanged.

The London Stock Exchange is a distant third, with no more than \$700 billion in stocks exchanged on it.

The phenomenon is actively present in all other stock exchanges, including the small exchanges in Singapore, Hong Kong, Bahrain, and Kuwait, and the large ones in Paris, Frankfurt, and Zurich.

Struggle of the Fish

The banking revolution has also produced the merger of financial markets on a worldwide scale, such that tomorrow the entire world will be as one market and one financial arena, in which financial fish will struggle with each other, survival being to the strongest—we do not say to the fittest—perhaps according to the first law of the jungle in some cases.

We see the third phenomenon in the race between the states of the world to remove constraints on the outward or inward movement of capital.

A horizontal review of what is happening in the international arena confirms that only a few states still impose constraints on the movement of capital. At the same time, we find that Eastern Europe is joining the race, after having had the most inflexible system.

Limited Arab Effort

The question at present is: What is the position of the Arab banks vis-a-vis the banking revolution. Are they playing the same roles in the international arena?

An unequivocally negative response is unacceptable and unscientific. Several banks are attempting to catch up with what is happening in the international arena. However, the attempt is burdened with caution, constraints, and fears.

The Arab banks have played a limited role in the process of papering Arab financial transactions.

We see this in the management and marketing of a significant number of Arab loans, whose value totalled \$3.81 billion in 1986—around mid-1986, declining around mid-1987 to \$1.461 billion, and declining further in 1988 to \$1.344 billion.

The largest loans were given to Algeria, which obtained about \$2 billion, followed distantly by the UAE, which obtained \$650 million, then Oman with \$600 million, Jordan with \$453 million, Saudi Arabia with \$218 million, Kuwait with \$186 million, Morocco with \$180 million, Tunisia with \$172 [million], North Yemen with \$170 [million], Qatar with \$100 [million], Lebanon with \$14.9 [million], and finally Egypt with \$11.4 million.

Of course, these loans, which are issued in bonds, represent a drop in the ocean. Nonetheless, they are an attempt which must continue and expand, not disappear.

What Must Be

Dr. al-Nashashibi stated at the conclusion of the interview that Arab banks actually have financial surpluses and reserves as well as skillful banking leaders. They can double their financial standing if they change their policies and strategies, they can paper Arab financial transactions if they so desire, and they can at least profit from Arab financial markets.

They can also interact without wariness in the international arena to obtain for themselves and their states surpluses and profits to add to the total national product.

They can strengthen the Arab presence in the Eastern European arena and be of service to the two parties.

The important thing is that we begin now, immediately, to reexamine strategies and policies. We must not delay, for events and opportunities will not wait!

PALESTINIAN AFFAIRS**Mayor Comments on Events in Bayt Sahur**

90OL0173A Paris AL-YAWM AL-SABI'
in Arabic 25 Dec 89 pp 14-15

[Interview with Hanna al-Atrash, Mayor of Bayt Sahur by Bashir al-Bakr in Paris: "Mayor of Bayt Sahur Talks About Enduring the Siege, Organizing the Resistance;" first two paragraphs are AL-YAWM AL-SABI' introduction; date not given]

[Text] Although Israeli occupation authorities announced they were lifting the siege they had imposed on the city of Bayt Sahur, the city remains for all practical purposes subject to all the measures of a military siege. The mayor of Bayt Sahur provides this testimony about the city's resistance to the occupation.

When Bayt Sahur refused to pay taxes to the Israeli authorities, its experience became a significant milestone on the course of the Palestinian intifadah [uprising]. AL-YAWM AL-SABI' met with Mr. Hanna al-Atrash, the mayor of the city, while he was in transit in Paris, and interviewed him about the experience and its prospects.

[AL-YAWM AL-SABI'] How did the Bayt Sahur operation get started?

[al-Atrash] The Israeli army's raids on the city started on 18 September, but the actual siege took place on the 21st. At noon that day a large number of troops came to the city. Using loudspeakers, they declared a curfew in the city, and they said it would remain in effect until further notice. The troops cut all telephone communications, and they used rocks and dirt to block entrances to the city. They also blocked the city's main roads. The raids on stores and homes occurred after that, and merchandise and machinery were confiscated. Whereas the curfew lasted for 10 days, the campaign and the siege continued for 42 days during which the city sustained

major losses. The infrastructure for industry and trade was badly undermined, and the condition of the city now is poor.

[AL-YAWM AL-SABI'] How would you evaluate the experience of Bayt Sahur and its political repercussions?

[al-Atrash] As I mentioned, the economic losses were undoubtedly significant, but the people who have been striving to win their freedom and independence and establish their independent state attach little importance to making such a sacrifice. That is why we considered our experience to be politically successful. We think that what we gained cannot be measured by material losses. After the siege was lifted, city residents considered what happened to be a major victory despite the losses. And that was why they proclaimed the slogan, "No taxation without representation," that is, political representation. The experience of Bayt Sahur was a successful one and cannot be measured by the amount of material losses.

[AL-YAWM AL-SABI'] What is the significance of withholding tax payments at this time in particular?

[al-Atrash] There are several reasons for that. First of all, the taxes that the occupation was determined to collect were excessive. Taxes have been doubled since the intifadah started because the Israelis are trying to cover their exorbitant expenses. Getting a car license today requires one to spend three times as much time and money as an Israeli would. The Israelis invented a new tax that they call "the imposed tax." Furthermore, since there is no higher authority to watch and control the tax officer or the department director, the income tax is a discretionary tax. The second factor is the general sense of nationalism that accompanied the intifadah. The people of Bayt Sahur abided by the call issued by the Unified Command to stop paying taxes. Everybody stopped paying since the campaign began.

The Model

[AL-YAWM AL-SABI'] Why was Bayt Sahur singled out to become the target of an Israeli attack, when the same thing happened in other areas?

[al-Atrash] Although Bayt Sahur is a small town of 12,000 people, its industrial and commercial activity is extremely important. It is called the Japan of the West Bank. Because it has a highly productive yarn and textile industry, it disposes of its products every week, and it sells those products in the world's markets under different names. That is why the taxes paid by the city were many times more than those paid by any other city of the same size. The second reason why Israel attacked the city was the growth of national awareness and the role that Bayt Sahur played in the intifadah. Let me call attention here to the fact that the People's Committees were exemplary. After schools were closed, they managed to solve the problems of education, from the elementary stage to the secondary one. Medical committees also played an important part in the treatment of those who were wounded in the intifadah. Because of what they

did, moving the wounded to another neighborhood or to a hospital was no longer necessary. While it is true that many physicians were arrested, others were ready to take their place. This applies to committee leaders in other areas. We have been aware from day one that the issue went beyond throwing stones in the face of the occupation. Our city is so well organized, Israel got scared. It considered Bayt Sahur to be "a state within a state" that had to be destroyed at any price. As Yitzhak Rabin, minister of defense, said, "We will use Bayt Sahur to make it an example for other cities."

The State of Siege

[AL-YAWM AL-SABI'] How did you survive during the siege, and how did the town manage the affairs of daily life?

[al-Atrash] This is a long story, but I will give you a few simple ideas. The town was closed: no one was allowed in or out except those who had already paid their taxes, and those people had had their taxes deducted from their paychecks. To get out of the city and come back took the whole day. Those who left the city helped bring some supplies into the city from outside. A few supply trucks were brought into the town secretly through the mountains.

[AL-YAWM AL-SABI'] What was the role that the people's committees played in that regard?

[al-Atrash] Actually, they played a huge role. It is thanks to them that hunger did not become widespread in the town. They supervised everything, and they coordinated all operations. They reviewed the affairs of all families, and they provided essentials and primary materials to every neighborhood or area. In every neighborhood it was the committee that was responsible. When there was a shortage of supplies, they turned to other sources to get supplies.

[AL-YAWM AL-SABI'] Foreigners formed a movement that joined Bayt Sahur in a show of solidarity. What role did that solidarity play, and what are its implications?

[al-Atrash] When the crisis got worse, I extended an invitation to the consuls of foreign countries to come to Bayt Sahur. I told them, "Come and see with your own eyes what Israel is doing to us. The country you are supporting is slaughtering us." A delegation of consuls actually set out on its way to Bayt Sahur, but while they were on the Jerusalem-Bethlehem Highway, they were denied entry. An officer at the Israeli checkpoint issued an order barring the consuls from entering the town, and he signed it on the spot to keep the consuls from entering the town. So the consuls turned around and went back. A second time a delegation of clergymen came to town: it was made up of Greek Orthodox, Roman Catholic, and Armenian patriarchs as well as the guardian of the sacred territory. After they prayed in Bethlehem, Israel prevented the delegations accompanying the patriarchs from going to Bayt Sahur and from using their cars to go there, and it also prevented supply trucks from entering

the town. Then, the patriarchs turned around and went back. They refused to visit Bayt Sahur under the conditions and the control imposed by the Israelis. On their way back, they held a press conference in a monastery and denounced Israel's position.

An American delegation of 120 persons came to Israel some time later. The moment that delegation landed in Lod Airport, the siege on Bayt Sahur was lifted. The town was cleaned up, and the roadblocks and checkpoints were removed. It were as though nothing had happened. In addition, there were many reactions from Palestinians and Israelis to show solidarity with Bayt Sahur. But all this is a drop in the bucket! We endured sleepless nights, raids, gunfire at night, and tear gas bombs. City residents were severely beaten, and people were forced out into the streets to wipe out slogans. (See the boxed insert), [boxed insert at end of article].

[AL-YAWM AL-SABI'] And what is the status of the city today?

[al-Atrash] Stores have been closed since September 21. Anyone who wants to buy anything, even a pack of cigarettes, has to go to Bethlehem. The stores have been closed because most of their inventory has been confiscated. There is one person, for example, who has a plant for processing olives. He cannot go back to work because the machines have been confiscated. How can grocery stores, whose refrigerators have been confiscated, keep primary materials from spoiling? There is one merchant who owes \$10,000 in taxes, but the machinery that was confiscated from his stores is worth \$250,000. And there are many examples. Acting on orders from the military governor, the occupation froze all funds held in Israeli banks for Bayt Sahur residents as well as funds held in the Amman branch of the Bank of Cairo.

[AL-YAWM AL-SABI'] And what is the solution in your opinion?

[al-Atrash] The situation is difficult, but a solution has to be found. This situation cannot go on like this. At any rate, this is a political decision that must be considered calmly and with a sense of responsibility by high-level officials.

[AL-YAWM AL-SABI'] What has become of the confiscated objects?

[al-Atrash] They were collected at warehouses in Lod Airport, and they are now being sold, not on the basis of their original cost, but rather on the basis of the Israelis' assessments. The owners of these objects will lose two-thirds of their value.

[AL-YAWM AL-SABI'] Can the experience that Bayt Sahur went through evolve into total disobedience?

[al-Atrash] Matters differ from one city to another, but this is something that has to be studied fully. I believe, however, that organizing such an operation in a small town would be easier. It would also be less expensive and more feasible. It would be wonderful if Jerusalem were

to be the first such city because of its special status and the fact that the media are located there.

[AL-YAWM AL-SABI'] What is the future of the intifadah?

[al-Atrash] The intifadah will go on until our people receive their full, national, lasting, and legitimate rights. Our people are determined to continue their uprising. They feel no despair, and morale is very high. Anyone who has not seen the confrontations with the Israeli army with his own eyes cannot believe descriptions of these confrontations. Young people continue to struggle, and organization is just fine. Let me mention that this operation is not a matter of a boy who wants to throw a stone. If that were the case, as some people say it is, the intifadah would have ended in the first month of its life. The intifadah is an organized operation for liberation.

[AL-YAWM AL-SABI'] How do you view the Arab position?

[al-Atrash] We are not asking the Arab world to perform miracles. We are making a simple request. We are asking the Arab world to demonstrate a small measure of responsibility. For example, the Arabs can impose a one-cent tax on every barrel of oil to support the intifadah. We are not asking anyone for charity, but we are telling the Arabs not to ignore the Palestinian people because Israel intends to swallow the West Bank and the Gaza Strip. If it does not deport the Palestinians directly, it will do so indirectly over a period of time. Support for Bayt Sahur in its present predicament is not a big deal. It is a matter of a few millions. The Arabs have to examine the suffering of our poor people who have been making sacrifices and getting nothing in return. I would say the Arabs have a duty to support us.

[AL-YAWM AL-SABI'] What do you think about the matter of the elections that are being proposed these days?

[al-Atrash] We are the people who have had a close relationship with democracy. We do not oppose elections in our political and daily practices, but what will be the formula for these elections, and who will be the representative? Will these elections be held to give the Palestinian people a broader form of autonomy, which is exactly what Israel has been proposing, while it goes on managing economic, political, and military affairs and continues building settlements? This would mean that Israel is asking Palestinians to give their legal consent to a permanent occupation. The Israelis want us to sign on the dotted line. I told Israeli officials what I thought. I told them that elections of this kind will not fly. They will not solve the problem of the Palestinian people inside the country and abroad. I also made it clear to them that any solution that rules out the PLO will not succeed. No one will be able to negotiate with Israel without getting the green light from the PLO. And I conveyed that unequivocal position to American officials, telling them that if they want a solution, they know where to find the PLO. And yet Israel is rejecting a

solution because it knows that the day it sits down at the negotiating table with the PLO, the Palestinian state will have become a reality. We do not accept autonomy. It would mean our enslavement and the enslavement of our future generations. We will accept nothing less than our right to have a Palestinian state.

If Only They Could Read! [boxed insert]

The mayor of Bayt Sahur narrates a few instances of irony that he observed during the siege of the city. About one of them the mayor says, "I saw an Israeli soldier one day forcing a Palestinian child to wipe out one of the intifadah's slogans on a wall. An old Palestinian man, who happened to be passing by, asked the soldier, 'Why are you forcing the child to wipe out that slogan? Did you read it?' The soldier replied that he did not read Arabic. The old man then translated the slogan, which called for the establishment of peace.

"Then the soldier said, 'And I am calling for the establishment of peace, but Yitzhak Shamir does not want peace.' The soldier then asked the child to leave the slogan on the wall." Al-Atrash comments on that by saying that a group of people in Israeli society supports peace and opposes the proposals of the Shamir government. At the same time there are other groups of people who hate and resent the Palestinian people."

ALGERIA

Minister Discusses Economic Reform, Foreign Debt
90OA0228A Algiers *REVOLUTION AFRICAINE*
in French 15 Dec 89 pp 26-29

[5 July interview with Minister of Economy Ghazi Hidouci by Yacine Ould Moussa and Djamel Bouatta: "The Reforms and Their Deadlines"]

[Text] [Passage omitted] The work of the special congress of the FLN [National Liberation Front] has put the spotlight on the reforms, which have not always been well-explained in the broadest sense. Nor have they been properly understood in terms of content and scope, most likely because of the stakes involved.

Moved by their desire for clarification in the wake of the recent FLN conference, *REVOLUTION AFRICAINE* correspondents Yacine Ould Moussa and Djamel Bouatta asked the main architect of those reforms, Minister of Economy Ghazi Hidouci, to outline their logic, coherence, purpose, and deadlines.

The meeting took place while the issue was still hot: on 5 July, under the dome of the Olympic Complex, even as the 5,000 FLN delegates were hard at work seriously debating how, without getting off the track, to speed up the process of national renewal that began with the constitution of 23 February 1989.

It will take 7 to 8 months to set up all the instruments needed to regulate and implement the reforms, and if everything is done according to the rules, with discipline and trust, the economic machine will then experience a boost that will revive growth, with all the resulting social and cultural implications.

Consequently, if there is one unavoidable law in the life of a society, it is definitely the one stating that economics always determines everything else. And so it will be, until proved otherwise.

[REVOLUTION AFRICAINE] Since we are in the Olympic Complex on this, the third day of the Special FLN Congress, can you give us your view of the economic program that will emerge from it?

[Hidouci] I believe the Economic Committee finished its work last night. This is a confirmation of the program of economic and social reforms, with a little more stress on demands for social equality and justice in how the issue of income is handled.

[REVOLUTION AFRICAINE] As journalists, we had the impression, upon hearing the reports of the FLN pre-congress and debates during the sessions themselves, that many members have little understanding of economic circumstances and their impact. Briefly, and using overall figures, could you paint a picture of the condition of the national economy?

[Hidouci] As you know and as stated in the government program that was adopted by the APN [National People's Assembly] at the end of September, the economic situation deteriorated gradually but very rapidly starting in 1986 and until the end of 1989.

The people may not understand this deterioration because in economics, the accelerating effect comes into play as soon as all conditions exist. They do not understand why acceleration takes place from a specific moment on. They often say that it is political language that causes one to say that there is acceleration or deceleration from a specific point in time. Actually, however, acceleration takes place quite simply because all indicators work in the same direction, with a reduction in the value of exports, an increase in internal inflation, and an increase in corporate deficits. These three parameters are based on economic organization and an organization of social dialogue that were too bureaucratized and too rigid to be able to absorb all three at once. And it is precisely their rigidity that has further increased deregulation and declining conditions. This was true until the end of 1988.

We stated in the government program that between 1986 and 1988, we could or should have acted—but did not—to reduce the deteriorating effects of which I spoke at the outset. What we also stated is that in 1988, based on progress on the resolutions of the Sixth Congress, we should have developed the economic and social organization.

Throughout 1989, we could also have courageously faced up to this deterioration. Unfortunately, in 1989 we became even more rigid than in the past, which is why the economic and social situation at the end of 1989, September and now, is at what I consider to be the lowest possible level in terms of monetary and fiscal level, prices, commercial organization, reserves, and the foreign trade balance.

In terms of figures, scarcities affect almost all products, scarcities caused, not by the lack of imports or production, but rather, an absence of fluidity in the commercial system at home and abroad. I would say quite simply that today, with surcharges in dinars and foreign exchange and intense mobilization of producers, despite that great effort, there are perhaps only four or five major categories of products: grain, perhaps medicine, water, fuel, and oils, that are practically protected from speculation, scarcities, and administrative management.

As far as the "informal market" is concerned, as we have said, it exceeds 40 billion Algerian dinars. We have to understand that as long as we do not face up to the situation, the deterioration is all the more rapid. Inflationary factors have an enormous effect, as you have seen in Latin America, where they take 3 or 4 years to rise to rates of 5, 10, 15, 20, or 40 percent, but sometimes a matter of months, or then even days, to reach rates of 100, 200, or 300 percent. These are things that are not well-explained and that people do not understand. We have practically reached a situation in which, as a general rule, the conditions for a break practically existed.

The figures cannot be given because declines are almost daily. Concerning foreign payments, in a matter of 2 or 3 years, as we said, the term of credits dropped from 8 to 3 years and a few months, and credit rates moved to an average of 7 to 11 percent. These are all averages, but the facts show that in the final analysis, there will be nothing but short-term credits. I found a situation in which there are CREDOC [expansion unknown] amounting to \$2,000, where there is a near absence of monetary administration or management of foreign exchange, sources of inflation, sources of surcharges, sources of capital drain and worsening of the debt. In short, that is the economic situation.

What I would like to add is that there are enterprises on which we have not drawn and that if we draw on those positive elements, Algeria has domestic and foreign credit potential not yet completely utilized. Despite this extremely difficult situation, the breaking points have not yet been reached and the trend can, therefore, be turned around in a matter of months, domestically and internationally.

[REVOLUTION AFRICAINE] You have outlined the situation in the main, but we should like to take up the debt question in detail in terms of volume, structure, nature, and deadlines.

[Hidouci] About a month and a half ago, it was on the order of \$22.8 billion. These are the last figures we put together and they will soon be made public. We have also said that the debt was not important in and of itself. It represents from 2 to 3 years of exports, which is not enormous. We have also said that the debt has become difficult, unhealthy, and dangerous these past 3 years because we have relied excessively on short-term credits. What is more, we have not been active on foreign money markets and have not made advantageous use of economic reforms. Nor have we used Algeria's place in the international division of labor in a beneficial manner.

Moreover, we have tried to achieve savings based on the production apparatus, short-term savings resulting in indebtedness with surcharges within a year or so and some waste. These are obvious facts that have not been properly understood.

But to get back to the debt, it is basically a difficult debt to manage, covering 3 or 4 years because it has a life span of 3 to 4 years, which means that it is a debt that will die out. It is also a debt that exists even though we have not used all of Algeria's potential and, I would say, any of Algeria's potential on foreign markets to date. We have done nothing but send telexes to people who have managed our indebtedness. That is the situation of which the people are not aware. As Algerians, we have never devoted 5 minutes of thought to the way we should procure money from other countries. That is a fact of which the people should be aware.

Consequently, there is enormous potential and by using these possibilities, we can turn the situation around in a matter of months, as I told you, and restructure the debt, which is somewhat unhealthy, and turn it into something more sound. In simple terms, this would result in a longer term and a reduction in cost. This is normal because it depends on proper management of foreign trade, which is normal in the world. It is neither a request for aid nor an application for restructuration to any organization. If we do this, it becomes a normal debt. I must add that we have the potential to save in the area of foreign trade while providing for the priority needs of our production and consumer apparatus.

This potential for savings is linked to the policy we are implementing, a policy of increased competition in foreign and domestic trade that will be expressed in improved costs and greater potential for savings, which is, in turn, linked to the management of our international finances and development of the active potential of our banks abroad.

With these three conditions, we believe that we ourselves, the contacts we make abroad, and our discussions with other countries show that our long-term assets and the long-term assets of international trade and finance mean that in the space of 7 to 8 months, we have the means to turn our abnormal debt into a normal debt and then begin to manage our country normally without so much pressure.

What I would simply like to point out is that since the combination of factors now has a negative effect, we must unblock all of these factors at the same time. We shall have a difficult period of several months during this unblocking process, and if this is not understood, if one of the many factors is not unblocked, then we shall not be able to move toward normal management of the debt.

The three factors are the ones I previously mentioned: the organization of domestic and foreign trade, organization of the division of labor with other countries to be undertaken so that revenue will not be either outside or inside the informal market and the sphere of currency and foreign exchange, and third, commercial organization. For the three factors, we must obtain discipline, agreements, and implementation at the same time. One cannot dissociate the problem of indebtedness from the other three factors and legally settle these problems.

We cannot solve external problems legally and officially without everyone first going through internal rehabilitation. This difficult equation of comprehension and overlapping of the different reforms is the most difficult problem now confronting us.

We are now trying to understand that the reforms are tied together, and we cannot work on the debt without working on foreign trade, on the treasury deficit. People must understand this and decisions must be made at the same time.

[REVOLUTION AFRICAINE] To revive investment, one apparently relies on foreign savings, whatever the form. Your last trip to Japan apparently fits into that context. We would like to know on what conditions and in what fields the country will resort to these resources.

[Hidouci] We did not say that we are going to base the evolution of indebtedness on foreign savings. We said that we are going to improve the conditions of our debt through a heavier presence of Algerian finances on the international market. This means three things:

First of all, we are going to ask the international market to grant us conditions that will preserve the long-term growth of the country in which the international financial market is interested and that brings in money because we are proposing deals that enable it to finance the 3 or 4 difficult years we are experiencing, as I told you, under orthodox and normal market conditions. That is why we went abroad and why foreigners are coming to see us.

The foreigners understood that Algeria had the necessary technical growth potential to continue its revival. They also understood that it was generally in their interest to have Algeria experience difficulties that would threaten its growth potential. We are in the process of discussing technical, solely financial, terms with them relating to the international market in order to help us get through these 3 or 4 years. It is a normal, traditional discussion to evaluate capital investments that we are now undertaking. This is the first time Algeria is trying to be active,

to use the capacities of the international financial market, normal capacities that exist elsewhere and that many countries use. Our goal at the end of 1990 and the beginning of 1991 is to reach a debt rate on the order of 40 to 45 percent.

Foreigners view this as possible, given our potential for savings and production. Our problem is to make this production and savings potential evolve and set up the regulatory systems, essentially legislative, enabling it to operate normally and cause foreigners to take the risks we ask them to take on our market. Such is the context of our contacts abroad.

[REVOLUTION AFRICAINE] One of the forms singled out by the Hamrouche government is the joint venture. But the matter must first be settled in the APN before moving on to define areas for which future partners will be chosen. Do such plans exist and with whom?

[Hidouci] What the Hamrouche government has chosen to do is not to manage the economy from the top. It has, therefore, refrained from choosing the joint venture, national companies, cooperatives, or foreign firms. It simply told the public sector that it should acquire all possible weapons necessary for their development. Among the necessary, possible weapons for the public sector, it so happens that our economy must cease being dependent upon hydrocarbons in 5 or 6 months [sic]. Consequently, starting in 1994-1995, the public sector must export products other than hydrocarbons.

In order to be able to sell products other than hydrocarbons on foreign markets, the public sector is forced to form partnerships with individuals, outsiders, in Algeria, or a combination of both. All forms are possible. This is a problem of balance and business left totally up to the enterprise itself. What we do not want is to stand in the way of enterprises in their use of business and organizational techniques as long as they do not affect strategic problems or decisions of strategic economic policy.

We are placing decisions of strategic economic policy where they have never been placed before. First of all, one truth must be stated, which is that we have greatly protected our national enterprises from foreign competition. We have protected them from the export capacity, but there is only one thing we have not protected, and that is the Central Bank of Algeria.

When anyone says, "We have an unhealthy debt, a debt difficult to manage," it means that in our policy of nonpartnership with other countries, what we have given up is management of our debt. What we want to change in the banking law we shall propose to the APN in a month or two is for the government to recover its investment capacity and allow enterprises to take the risks.

[REVOLUTION AFRICAINE] The reforms of which you are one of the initiators are based on autonomy, economic laws, and regulation. All this costs money. Have the necessary resources been mobilized to get

enterprises back on their feet? Within such a framework, what roles must be played by participatory funds?

[Hidouci] I do not believe it takes money to do good business. One must first have organization in order to do good business and this is true in general. In the particular case of Algeria, the equipment and energy resources exist. There is also a market. What we must do is mobilize those capacities, those energy resources and equipment. When one combines these three resources, one then sets up the financial framework and sees that the financial setup is much weaker, when one poses the problem in this way, than before organizing. What we are asking businesses to do is mobilize that potential and make their calculations. The money can then be found because it is good business. The Algerian treasury will provide it because, like all treasuries in the world, the Algerian treasury is interested in financing good business. National savings will provide it because it is interested in good business, and it will be found abroad because other countries finance good business and shun countries and markets that are no longer sound. That is how the problem is posed.

What is the role played by participatory funds? In the reforms, "participatory funds" means capital. We have said that we are going to transfer assets from the public domain to participatory funds. We must naturally learn how, but I think many people have understood things because the problem of government intervention and instruments has once again been turned into a political and ideological debate. Participatory funds are shareholders who act as owners.

In the final analysis, I would say without exaggerating that it does not take a great deal of know-how to own an enterprise, be on a board of directors, and exercise the owner's prerogative. What we are asking is that they not get involved in enormous complications. Obviously, these owners asked—this was slowed down for a year or a year and a half by apprehension—to be able to go to the financial markets and mobilize money to give to their enterprises when they need it.

This is a problem that arose and it is a problem that is the subject of the law on credits and currency of which I previously spoke. It is the only objective problem, in my view, to be encountered by owners in exercising their powers in the enterprises. Participatory funds must be free of all queries and discussions with ministries. They are the shareholders and they are related to planning and only planning in order to work and exercise their prerogatives as owners.

[REVOLUTION AFRICAINE] You have just mentioned planning twice, and people say there is no more planning.

[Hidouci] In the reforms, the APN obviously passed two laws: 88-01 and 88-02. A law was passed on autonomy, but on that same day, a law was passed on the system of planning so that people would understand that we have changed methods of approaching the economy through

planning, but maintained, in terms of overall prerogatives, the system of central planning, changing methods, "debureaucratizing" and making them more effective. In 1988, we made progress along these lines, inasmuch as the Central Planning Organ is under the tutelage of an interministerial committee chaired by the head of government and made up of five ministers. In the present government, it is made up of three or four ministers, which means that the ministers with important economic and social competencies are, along with the head of the government, responsible for the administration of planning.

When reforms are linked to the constitution, they will go further in the future when all the normal institutions and structures of economic and social organization are in place. The National Planning Council may be expanded to include social partners and legislative representatives as well. That is how we are strengthening planning enormously, and it bothers us that in a system in which the government must be even more powerful, because the reforms are intended to restore the government's powers, in an area where the government must be powerful and hold decisionmaking powers, it bothers us that they tell us that planning must be set up as a ministry when for us, it already involves four ministries, plus the head of government, and it is our ambition that it be expanded to include all decisionmakers in the country.

[REVOLUTION AFRICAINE] The big handicap facing the economy is its excessive liquidity, estimated at over \$50 billion. Frankly speaking, can that money be recycled into transparent circuits?

[Hidouci] There are three vectors we must work on. The first is the banks. The banks must offer conditions attracting savings. Savers must have guarantees. He must know that his money is invested with the best guarantees and it must yield a profit.

Consequently, there is the problem of interest rates, as you say, but there is above all the problem of the efficiency of bank windows and the banking system. The citizen must believe in the banking system, and the banking system must actively go after his money and propose attractive investments. That is the vector linked to all reforms of the banking system. It is not solely a matter of interest rates; there is also the efficiency of the banker. When you are sure that your banker is proposing the best investments, there will be no problem getting you to put your money in the bank.

The second vector is the informal market because today, with the banks not existing, investment possibilities do not exist and part of the people with liquidity are trying to speculate.

The third vector is taxes, taxes on capital mainly, because today very few taxes are collected on capital.

Second, taxes must go after money where it is to be found. When one acts intelligently on the commercial

system, when one modernizes the tax system and at the same time creates investment opportunities, we shall have a real property law in order to revive housing and the PMI [small and medium-size industries] and, at the same time, settle the debt problems. After a few months, those savings can be recycled.

They estimate from 2 to 3 years, 3 years to implement the government's program. There are 7 to 8 very hot months during which anything can happen. People must understand that all the discipline and confidence must act during those 7 or 8 months [as published]. If, in those 7 or 8 months, there are not many difficulties essentially linked to the lack of understanding and the slowness with which changes come about, especially in thinking, then things will happen normally.

For the recovery itself, optimists say 2 years, while pessimists claim 5. But the phenomena are extremely cumulative. In 1967, Algeria solved a certain number of problems, then took off at very high growth rates. We saw it embark upon a second phase in the 1980's and also start off again at very high rates. It is very possible that after 7 or 8 months, it will remobilize and, after 2 years perhaps, we shall have forgotten that both domestically and internationally, we had very serious problems. I do not want to be an optimist in this situation, but when one does one's calculations, one sometimes comes up with astonishing results. The curve is not uniform and there can be major acceleration. But the essential thing is that none of this can occur unless the structures are set up in the months ahead and implemented with discipline.

[REVOLUTION AFRICAINE] The history of the deadline of 3 to 4 years is based on what type of analysis?

[Hidouci] The first is on an analysis of the debt. As I told you, we want to reach a rate of indebtedness of 35 to 40 percent by the end of 1990. For a normal situation in Algeria, the debt rate is 25 percent. To achieve this, we need about 3 years, but with a rate of 40 percent, one can operate and here we are talking about a year or a year and a half. Taxes are something that become truly effective at the same time that domestic trade and prices become effective.

Domestic trade is something that is slow in the beginning and gains speed as one goes along. We are saying 2 to 3 years and it is possible that the acceleration will be greater.

The third factor causing us to say 3 years is the tax techniques themselves, the value-added tax, and so on. These require time because they require personnel training, accounting, and so on, and this all takes time. Rebalancing the domestic dinar based on its international value also takes more time, given the disturbances it has experienced. Therefore, in both cases we have a precise program with precise schedules that we shall make official and present to the National Assembly at the beginning of the year. These precise schedules are spread out over a few years, about 3. But in reality, when one looks at the schedules, there is a whole series of basic

conditions during the first 6 months, as I was telling you, which means that the other schedules may be revised. It is possible that it will take over 6 months or a year, but it would be less bearable socially and economically to have delays of 6 months or a year because we were on a path of progress. It is possible that we will make up 6 months or a year because all the acceleration will have taken place and the market may have responded much more quickly than anticipated.

[REVOLUTION AFRICAINE] But could the social situation not continue degenerating during that time?

[Hidouci] We know that the social situation is difficult and we know that the system of wages and its normalization is a terrible handicap to any social program. We know there is no sense of business yet among the workers and there are no long-term demands. There are only short-term demands. Demands for skills, expanded production, length of employment, and training do not exist. These are difficulties characteristic of the early months. We said we would set up a whole social structure of coordination and do away with the systematic, egalitarian normalization of wages so as to push for production and productivity [as published].

Within that framework, we cannot do everything by ourselves; we can only proceed if we have the workers' understanding. And that understanding on the part of the workers depends on two things: first of all, that demagogic rhetoric cease making the workers dream or believe there are miracle solutions, cease making them believe we can halt international relations, cease making them think there is money somewhere that can be used when the situation has reached the critical level.

Second, it depends on our ability, in discussions with enterprises and workers at conventions, to explain their medium- and long-term interests versus their immediate interests. It may be that in those discussions, we may find a few work places and jobs where demands can be met much more easily than elsewhere thanks to productivity. The solution lies in greater than average duration. I cannot simply say it is essentially a difficult struggle against the surrounding demagogy and that courage would have us take all the risks up to and including that, as we said, of seeing the government's program treated as an austerity program on the backs of the workers, when it is an entire program to fight inflation and informal markets and, therefore, for the purchasing power of the workers. But we are even taking the risk of being unpopular in order to protect the medium-range interests of the workers.

[REVOLUTION AFRICAINE] Can one talk of the next 5-year period? There are 1.2 million unemployed, which shows the investment effort that has to be made. What are the main guidelines for the next 5-year period beginning in 1990?

[Hidouci] There is a 3-year program that was adopted by the National Assembly. It will be clarified. That is a 3-year plan. There will be a plan for 1990 that is the first

installment of that plan. If things go well in 1990, it is possible that the plan will be extended and that we will work on a 4- or 5-year basis, just as it is possible to concentrate the entire effort on 3 years and then draft another plan. But the 3-year plan already exists and has been passed by the National Assembly. As far as investments are concerned, to go from an 80- to 89-percent debt rate today from a rate of 40 percent of exports, that is the wager for us. It consists of freeing up the productive capacity and asking enterprises to develop partnerships so as to develop productive and investment capacities and also make it possible to meet production needs, essentially in construction at the outset. But we must go through that process in order to get started. For us, investments must truly take off in the second half of 1990 rather than wait for a plan defining new investment and employment objectives.

[REVOLUTION AFRICAINE] There is now talk of ending the foreign trade monopoly. That is a misunderstood and misinterpreted notion. People think they will be able to open import shops.

[Hidouci] As I told you, if there is one thing we must recover and for which purpose we shall ask the National Assembly to pass laws at the end of this year or early next, it is the government's full authority over monetary and exchange policy, complete government control over foreign transactions. What people do not understand is that that control is exercised much more by financial and exchange institutions than commercial institutions. Everyone knows there is waste in the commercial institutions. As far as the producers are concerned, we have said that they must compete with other countries in order to reduce prices, to improve import costs, and to reduce possibilities of a capital drain and manipulation occurring when there are few importers. We know of many examples and will see many more in the months ahead.

[REVOLUTION AFRICAINE] That is what we said. Second, as far as the private sector is concerned, people forget that laws and regulations governing it mean that everything goes through the Chamber of Commerce, which is a public agency. This does not mean that government authority must be relinquished. In areas where government authority must be exercised, we shall make no concessions. The government program is a program to rehabilitate government authority.

Where commercial management is involved, it will be up to the producer to assume responsibility for importing and totally controlling his imports.

[REVOLUTION AFRICAINE] Excessive liquidity negatively affects the value of the dinar with many consequences as to the operation of enterprises. In analogous situations, other countries have instituted a double exchange rate in order to sell foreign exchange and drain off the economy's excessive liquidity. Can one expect the same thing to be done here?

[Hidouci] Our policy is to have a single domestic market, one sole type of commerce, halting the informal market and having a single dinar with a single exchange rate. We have fought and shall continue to fight with all multinational institutions that have understood it was a fair policy and that all countries that have followed different policies have failed to date. We cannot be lured by the enticements of the double market. As long as this government program and this government exist, there will be no double market and the fight against the double market will continue.

Agreement With Algeria To Increase Trade

34000294Z Lusaka TIMES OF ZAMBIA
in English 16 Nov 89 p 2

[Text] Zambia and Algeria will soon exchange trade delegations to assess imports and exports possible between the two countries following the signing of an agreement in Lusaka yesterday.

Foreign Affairs Minister Cde Luke Mwananshiku and Algerian ambassador to Zambia Mr Madjid Bouguerra signed the agreement with an appeal for enhanced intra-African trade activities.

Cde Mwananshiku said the signing ceremony was to bring into effect a 1981 agreement already ratified, adding that the two countries should start exploring each other's trade possibilities to identify viable commercial activities.

He hailed Algeria as an ally from 1964, which had consistently supported Zambia's development endeavours.

Zambia regarded Algeria as an important bridge between Northern and Southern Africa capable of boosting links between the two regions.

The political relations of the two nations were "excellent" but the economic side needed to be strengthened.

Mr Bouguerra said the agreement was important and showed the two countries' determination to improve trade ties.

The agreement provided the ministers responsible for trade and industry a framework for active cooperation while doing the same for the private and public sectors.

Meanwhile, Zambia has asked Iran to help in harnessing the abundant water resources in its many rivers for irrigation purposes to boost agriculture.

Prime Minister Cde Malimba Masheke told a four-man Iranian delegation led by director-general of economic cooperation Mr Reza Shahsavari at his office, Zambia looked forward to learning from Iran.

"Zambia has many rivers but it is not utilising this water very much.

"In your country I saw how water is utilised from the few rivers you have using simple methods. We want to see that knowledge transferred here," said the Prime Minister.

He said the visit by the delegation was a sign of blossoming relations between Zambia and Iran.

Mr Shahsavari said the future of Zambia-Iran relations which are only a year old, looked bright judging by the level of cooperation so far initiated.

Despite the distance between the two states, Iran had supported Zambia's fight against apartheid and its role in the liberation struggle.

Iran, he said, had a deliberate foreign policy of expanding ties with African countries.

Representation of Agricultural Workers Reassessed

900A0229B Algiers REVOLUTION AFRICAINE
in French 15 Dec 89 p 21

[Article by Abbes Mouats: "Towards a Farm Union"; first paragraph is REVOLUTION AFRICAINE sub-head]

[Text] "A union for farmers and farm workers, according to the wishes of the rank and file," APS wrote in a recent dispatch. "A confederation of farmers and farm workers," Mr Naimi, secretary general of the UNPA [National Union of Algerian Peasants] corrects.

Once it has been finetuned (at the fifth UNPA conference scheduled for March 1990, which is to decide on the issue), the confederation will supposedly provide an umbrella for sector-based federations. The federations will be consist of "branches that do not have the same skills but that are all working towards the same goal: the promotion of the rural sector." In other words, there might be, for example, a livestock production federation, a vegetable production federation, a forestry workers federation, a hydraulic workers federation, a service cooperatives federation, and so forth.

The members of the National Board with whom we spoke wished to make it clear from the outset that the confederation is only a project under study. While this project has long been close to the hearts of the UNPA rank and file, it only began to be discussed openly with the promulgation of Decree No 88.170 of 13 September 1989, containing the farm service cooperative model statutes, and with the establishment of the constitution of 23 February 1989, which, in article 53, "guarantees the right to unionize of all citizens."

The decree, which, according to whom you listen to, has been either poorly understood or poorly applied, has given rise here and there to apprehensions. "When the cooperatives were reorganized," the UNPA secretary general explains, "there was a hitch with certain offices that were supposed to become service cooperatives, modeled on the OAIC's [Interoccupational Algerian

Grains Offices]." According to the secretary general, "NDLR [expansion unknown] believes that the decree does not deal with the situation of farm workers who are not farmers but only wage earners." Some COFEL's [Fruit and Vegetable Cooperatives], for example, had even begun work stoppages. According to Mr Naimi, they "called the strikes off because the UNPA convinced them that, on the contrary, the decree strengthened the cooperatives." The concerns of workers in the farm support structures have been amplified "by a campaign in various places to make them believe that the farmers are going to chase them out of the cooperatives."

With the unrest that has shaken and continues to shake the farm labor world, "the UGTA [General Union of Algerian Workers] has gone into the cooperatives to organize the workers at Ain Temouchent and Hamman Bouhadjar and at the BADR [Bank for Agricultural and Rural Development]. Does this mean that the UNPA had not fulfilled its role? "No," the officials say, "because the faoudj [local agent?] defend the workers' interests at the cooperative level." They go even further: "We sensitized these workers. We explained to them that the farmers and the farm workers are a single family." "It is quite true that the faoudj represent the workers on the administrative boards, but do they do so effectively? "UNPA statutes are not very clear on the workers," Mr Naimi says.

Faced with these lucubrations and in order not to be left behind by the reforms, "the National Board has decided to establish a national commission to find out how the workers want their situation and that of their union to be handled. This will open the union to the entire farm community." The commission has already learned that "the workers want to have a place in the UNPA and to enjoy, in an organized fashion, all the rights enjoyed by their brothers in the other sectors of the domestic economy, such as the right to unionize and fair labor practices."

According to Mr Benyahia, the national secretary, "farm reforms have created an apparently ambiguous situation, with the farmers on one side and the farm workers on the other. While the two groups have different demands, they share the same objective. They must form a single organization." Is the UNPA thumbing its nose at the UGTA? "We have no intention of doing that to the UGTA, but we are a powerful organization (1 million members), and we can operate for four or five years on our own resources." Mr Naimi faults those who "say that UNPA leadership is not representative. Quite to the contrary, we mean business, and the proof is that our membership is growing."

However, these apparently straightforward statements must still be checked with the organization's rank and file.

To Be Continued.

Coming Soon, a Chamber of Agriculture

The farm world is on the move. There is talk in farm circles of establishing a Chamber of Agriculture, modeled to some extent on the Chamber of Commerce. A national commission is putting the finishing touches on the project.

We have already learned from Mr Tatai, director of regulation for the Ministry of Agriculture, that this chamber will be organized in a pyramid system. In other words, there will be an umbrella structure over regional, wilaya, and even local offices. "All these structures will be elected," Mr Harfouch, the ONPA [National Office of Agricultural Products] national secretary, told us. Why have a Chamber of Agriculture? According to Mr Tatai, "it will be involved in organizing farmers by sector in order to defend their positions when it comes to marketing, acquisition of equipment and seed, import or export of goods and products (...)." The idea, which has been favorably received all around, comes in the wake of further reform of the farm sector under the law of December 1987.

By working to make his job easier, the Chamber of Agriculture will also make the farmer more aware of his responsibilities. The goal is to improve production. The farmer must also be convinced that he is not an agricultural wage earner but very much the owner of the means of production. Mr Tatai is categorical on that point: "The law has never said that the farm worker is a simple wage earner."

EGYPT

Shaykh Kishk Says Applying Shari'ah 'Easier'

90OA0224A Cairo AL-NUR in Arabic 20 Dec 89 p 1

[Article: "Shaykh Kishk to Editorial Family of AL-NUR, 'Applying Shari'ah Is Easier Now Than at Any Previous Time'"]

[Text] The family of the AL-NUR newspaper met in the broad Islamic world with His Excellency Shaykh 'Abd-al-Hamid Kishk. The meeting lasted about four hours, during which the shaykh responded to all our questions about the most important domestic and foreign issues of the day.

His Excellency said that applying the *shari'ah* [Islamic law] in Egypt is easier now than at any previous time, because we possess modern means that enable us to apply the *shari'ah* more easily than the Muslims encountered difficulty in applying the *shari'ah* in the early period of Islam.

His Excellency indicated that the only thing we need in the matter of applying the *shari'ah* is the announcement that we will apply it. The *shari'ah* has already been codified by scholars of the four legal schools and has been set down in laws in accordance with modern times. However, it is being kept locked up in desk drawers.

His Excellency Shaykh Kishk said, "Egypt now is ready to apply the *shari'ah*. It is illogical for us to call to prepare the people first. The people are sick, and their treatment lies in applying the Islamic *shari'ah*."

His Excellency indicated that two are responsible for applying the *shari'ah*. A prophetic tradition specifies

them, as the Messenger of God (may God bless him and grant him peace) said: "If two are sound, the community will be sound; if they become corrupt, the community will become corrupt. They are the scholars and the rulers." When the scholars neglected the call [to Islam], the community became neglectful, and that neglect found an echo among the rulers.

His Excellency asserted that the general climate for Islamic action now is completely different from the seventies. In the seventies there were beacons for guidance to be found everywhere. Loud voices were raised to speak the word of truth, and there were gatherings dedicated to this.

Now, however, we hardly hear any reference to applying the Shari'ah in any of the government's communiques. I can say that there is now a kind of setback and obstinacy among scholars and rulers. Its effect is to prevent Islamic Shari'ah laws from seeing the light of day.

The conversation touched on the criticisms that Shaykh Kishk's adversaries level at his preaching style—that he has exploited the pulpit to revile rulers and representatives. It also touched on the accusations that are leveled against the Islamic tendency—that it declares rulers to be infidels and leans toward violence.

Shaykh Kishk said that the Islamic call is a peaceful, public call. Lies will never succeed in defaming the serious Islamic movement and committed Islamic youth.

His Excellency Shaykh Kishk spoke about the Islamic tendency's entry into the People's Assembly. He also spoke about the marriage problem affecting Muslim young people and offered a proposal to solve it.

Shaykh Kishk expressed his opinion about the disunity of the Islamic groups. He offered his suggestions for coordination between their leaders in order to promote Islamic action.

Shaykh Kishk indicated that he felt an overwhelming desire to return to his pulpit. He said, "I miss my pulpit as a lost child misses its mother's bosom."

Sociologists' Union Leader on Refusal To Work With Israel

90OA0201A Cairo AL-AHALI in Arabic 29 Nov 89 p 4

[Article by Misbah Qutb]

[Text] The board of the Sociologists' Union in Cairo decided in its first session not to deal with Israel until it recognizes the Palestinian state. The board decided to create a committee to defend freedoms and rights, a precedent for the sociologists, and it decided not to require any dues for all members, and to open the sessions to all members so they could observe them.

These developments came immediately after Dr. Sa'd-al-Din Ibrahim, professor of sociology, won the post of

union head, at a time when the union is suffering from complete paralysis because of the conflict between the technocrats who have controlled it since the sixties, and Dr. 'Abd-al-Hadi al-Jawhari, who enjoys the approval of the sociologists, except that he made a mistake of choosing the Ministry of Social Affairs as the way to the union chairmanship, so they say. Amid an atmosphere that warns of social eruptions and divisions that would overwhelm the professional unions and parties in Egypt, AL-AHALI asked Dr. Sa'd-al-Din whether the sociologists might be able to avoid that. He said that all the signs of division and conflict are an indication of something else in society, namely the outbreak of social, intellectual, and political debate in the unions in particular, as the voice of party action in this respect fades. He said that the current "awakening" in union activity, like every awakening, must be mixed with moments of unrest.

Concerning the current Arab changes, Dr. Ibrahim said that the real indicator is the extent of the people's acceptance. He stated that the Arab vanguard rarely resorts to other than peaceful means to bring about change, in spite of everything that it outwardly "brags" about. Thus he explained the recent increased involvement of large numbers in political and union activity, and the success of the unions in several political experiments in Morocco, the Sudan, Tunisia, and Jordan.

Concerning the obstruction of union initiatives in Egypt, as happened recently in the engineers' and doctors' unions, he said that he does not approve of such a course, indicating that those in charge of the unions act only within objective, legal limits, local as well as international.

Dr. Sa'd-al-Din Ibrahim added that the unions in the Third World have become a container for what are called modern forces, which are an expression of a post-traditional society, and are found in diverse class sections.

He said that a state which does not permit a true party life commits a double error by thwarting the unions, except that the unions will remain more firmly committed to legal, social, and professional activities that cannot be done away with. Otherwise, the state would crush the individual in the absence of intermediary organizations.

On the role of the sociologists' union, which had been founded as a technical office of the Socialist Union, Dr. Sa'd-al-Din said that the burden of studying and analyzing society, and helping to promote the instruments of change and development in it, falls upon the union, in addition to its regular union duties. He revealed that the union's course was to study current social phenomena, including the problem of drugs and the return of Egyptian workers from Arab states, in addition to the agreement with the universities and to prepare a program for training sociologists.

He called upon sociologists, who exceed 30,000 in Cairo alone, to undertake to join the union and pay dues so as to benefit from the services which it is determined to

offer in the areas of goods, housing, and recreation. He said that two weeks ago the governor of Cairo had agreed to give the union a new apartment in the middle of Cairo. Also, a weekly publication will be issued to provide information about its activities. Dr. Sa'd-al-Din concluded his remarks saying, "Coordination among the professional unions is now being studied so that in the future a general union of professional unions might be achieved, just like in the workers' unions.

Methods Suggested To Reform Public Sector

'Marriage' of Public, Private Sectors

90OA0193A Cairo AL-JUMHURIYAH
in Arabic 12 Dec 89 p 4

[Article: "Dr. Samih Ibrahim: An Invitation to a Legal Marriage Between Private and Public Sectors; 49 Percent of Shares To Be Subscribed"]

[Text] Dr. Samih Ahmad Ibrahim of al-Zaqaziq University's College of Commerce responded by mail to AL-JUMHURIYAH's call for an open discussion on developing the public sector and liberating it.

Dr. Samih advocates a wedding of the private and public sectors. The private sector has been traveling the road to productivity with leaps and bounds while the public sector was floundering and stumbling to such an extent that demands for its reform have been loudly voiced.

Dr. Samih says there are those who would maintain the public sector as is, provided controls are instituted to stimulate it and revitalize it in order that it may play its role fully. Others believe that it must be sold to the private sector to assure its proper performance in the quest for development.

Dr. Samih suggests that the two sectors be legally married by selling the private sector 49 percent of the assets of all public sector companies and institutions. The public sector would retain the remaining 51 percent of the assets. This allows the private sector to share in all public sector rights and obligations to those companies.

He says his proposal has the following merits: to instill private sector vigor in the public sector, helping to activate it and stimulate it; and to collect a large amount of funds paid by the private sector for the purchase of public sector companies and institutions. These funds would be reinvested in new projects, also to be jointly owned by both sectors. Those two main advantages would generate desirable consequences that include, but are not limited to, the following:

- 1) Realize a substantial percentage increase in profits;
- 2) Stimulate substantial growth in all kinds of investment in direct proportion to the volume of investment in the public sector;
- 3) Create many job opportunities and help reduce unemployment;

4) Increase the potential for collecting actual taxes, due payment since the private sector would not in that case be in a position to evade them;

5) Attract Egyptian, Arab, and foreign capital to this type of investment because of adequate guarantees that their rights would be fully protected;

6) Double aggregate production as a result of doubling the volume of investment;

7) Build factories that produce goods for export and for import substitution.

Banker on Steps Toward Reform

90OA0193B Cairo AL-JUMHURIYAH
in Arabic 11 Dec 89 p 4

[Interview with Isma'il Hasan, head of the Egyptian-American Association and member of the board of directors of the Egyptian Bank Association, by Isma'il Badr: "How To Develop the Public Sector; Changing the Nomenclature From Organization to Holding Company Is Not Enough; Ownership Must Be Determined; Role of General Assemblies Must Be Modified"; first two paragraphs are AL-JUMHURIYAH introduction; date and place not given]

[Text] Today AL-JUMHURIYAH resumes exploring the issue of liberating the public sector as opined by businessmen and expert economists.

AL-JUMHURIYAH welcomes all viewpoints, comments, and experiences of former or present public sector leaders. It also welcomes all viewpoints with proposals to treat current public sector ailments through real reform that serves national economic interests.

Isma'il Hasan, head of the Egyptian-American International Bank and member of the board of directors of the Egyptian Bank Association, envisions an economic and banking avenue to liberate the public sector. The solution, in his view, is not in nomenclature, be it organization or holding company. Emphasis should be placed on the economic management of companies, on correcting financial structural flaws, on planning for short and long-term financing, and on devising new financing techniques.

[AL-JUMHURIYAH] There is a proposal to create holding companies.

[Hasan] The intricacies of holding companies and their legal structure aside, the objective is to develop the public sector. Holding companies are but a means to that constant objective. I am afraid that the issue may in the end turn out to be nothing more than a mere change in organizational form that takes its turn in the string of previous formations—general and specific organizations, secretariats general, authorities, and finally holding companies. Emphasis in development must be on increasing the operational efficiency of public sector

companies which would lead to an appropriate return on the huge investments involved.

[AL-JUMHURIYAH] But restructuring public sector companies is a necessity!

[Hasan] The complete restructuring of those companies from time to time becomes a national mandate regardless of whether it is called liberating the public sector, shaking-up the public sector, qualifying, or developing. All are slogans whose banners have been hoisted in the past. Restructuring is necessary under any nomenclature but it should always target the factors that cause economic indicators to be inferior to those of similar companies.

[AL-JUMHURIYAH] How would one implement a plan for public sector reform and liberation?

[Hasan] There are organizational, legal, and funding considerations.

First, organizational considerations. There must be a clear definition of the public entity that owns the company's capital wholly or partially. It must be granted all the ownership rights that an investor has in a stock company, such as the right to select management representatives.

The relationship between the owning public entity and the unit that belongs to it or is owned by it wholly or partially must also be clearly defined by the general assembly of stockholders and in the overall framework it devises for company operations and policies.

The chairman of the board of directors and its members must discharge their duties as stockholder management representatives governed by the ramifications of their relationship with owners as agents but not as employees of the company. Every company would have a chairman and one or more members of the board who are not to be considered in its employ.

The company must also have a real general assembly, in fact and not merely in form, to which the board would be accountable for its activities and accomplishments. The assembly would exercise its right to annually vote confidence in the board or withhold it.

[AL-JUMHURIYAH] How about the legal framework for the proposed structuring?

[Hasan] There must be a uniform legal framework that governs all units of the business sector in the nation, be they in the public sector, in the private sector, or jointly owned. Disparate ownership is no cause for legal disparity.

[AL-JUMHURIYAH] How about the proposed financing aspects of reform?

[Hasan] Public sector companies must be managed in an economic fashion. Subsidies on certain goods, should it become necessary, must be offered at distribution outlets. Economic units must be run in an economic fashion in order that their true performance may be gauged and their management held to account.

[AL-JUMHURIYAH] How do we handle flaws in company financing structures?

[Hasan] This can be accomplished in various ways: [First,] write off whatever losses might have accumulated in order to reveal the true growth of capital. [Second,] revolving bank credit, which may have been used to finance the purchase of fixed assets or substitution operations, should be converted into long-term financing either in the form of additional paid capital or in the form of long-term loans covered by financing bonds. [Third,] study company financing needs over a reasonable period of time, 5 years for instance, by preparing estimates on the basis of cash flows then planning to provide financing for terms that correspond to net company inflows. Short-term financing can be arranged through public, joint, and private banks according to customary credit controls.

[AL-JUMHURIYAH] How can long-term financing be provided?

[Hasan] Financing needs can be met in various ways:

1) Long-term loans through one bank or joint loans from a consortium of banks;

2) Issuance of long or medium-term bonds on the basis of sharing in the future profits of the project financed or on the basis of predetermined fixed rates not tied to company performance. Subscribers to profit-sharing bonds should have access to proper economic feasibility studies with evaluations of anticipated returns and the potential for timely redemption of the bonds. Subscription to this type of bond would be open to international institutions. The bonds would be offered for public subscription and would be registered and traded on the stock exchange;

3) Increasing company capitalization by issuing additional shares for public subscription. This issue must be considered rationally and irrespective of slogans. Subscriptions do not by any means constitute a sale of the public sector. Rather, they are a way to provide necessary financing without completely selling the company. The public entity would maintain its ownership in the company to the extent of its current holdings which should be maintained at a level high enough to assure for it a majority of votes on general assembly resolutions and board appointments. This is a point to be kept in mind when determining the value of shares to be offered for subscription in order to increase capitalization.

Editorial Sees Rescuing Middle Class as Road to Reform

90OA0224B Cairo AL-AHRAM in Arabic 21 Dec 89 p 9

[Article by Atif al-Ghamri: "Crisis of the Middle Class in Egypt"]

[Excerpts] An expression in the book, "The Decline and Fall of the Middle Class," by the British writer Patrick

Hutber attracted my attention while I was researching the condition of the middle class in Egypt now. The expression was like a point of light for me in the dark corners of the ordeal of the middle class in Egypt; for it is no longer possible for our society's political, economic, and cultural movement to proceed aright without stumbling or straying unless this class, above all, is psychologically healthy and actually able to move.

Patrick Hutber says, "Without the contribution of the middle class, our society will certainly be a poorer society in all senses, not only in the material sense of the word."

In light of these few, but telling words, I almost believe that to remedy the imbalance between imports and exports, for example, to disentangle many social and psychological weaknesses, and to raise the production issue to a level that makes it a national issue, one must begin by bringing the middle class out of its present ordeal.

The middle class is the backbone of society. It has been the moving force for all of society's progress and advancement since the last century. It vitalized in society's consciousness and embodied before society's eyes the people's main demands during the last 100 years. When frustration overcomes it and the flame of its energy goes out, it is the cause of a halt to progress and of disturbance and anxiety.

This class used to be characterized by a sense of belonging, loyalty, and commitment to community spirit, but the ordeal has impelled it toward individualism, introversion, and an avoidance of participation in public issues.

Components of the Middle Class

As defined in the comprehensive study of the National Center for Social and Criminal Research, the middle class is composed of white-collar workers, wage-earning skilled craftsmen, managerial groups in factories and companies, and most service-sector workers, such as teachers, engineers, doctors, clergy, artists, owners of workshops and businesses employing fewer than five workers, and medium landowners.

Most of the intellectuals belong to the middle class and are its vanguard. They possess the knowledge and discernment needed to formulate the practical concepts to spur the process of political, social, economic, artistic, and literary progress.

Thus, progress itself is bound up with the existence and flourishing of the middle class. The years of cultural vigor in Egypt testify to the flourishing of this class during those years, even as the years of stagnation, lethargy, and apathy testify to the connection of all of this to the subjection of this class to tribulations and crises.

Evidence for this lies in the history of the last 100 years of the life of Egyptian society. [passage omitted]

Years of Middle-Class Withdrawal

However, this exuberant movement produced by the flourishing of the middle class at certain periods was followed by stagnation, negativity, apathy and, withdrawal from participation, when prevailing conditions crushed the middle class.

This happened when its ambitions suffered a cruel blow in the age of Isma'il because of the accumulation of foreign debt, foreign influence, and the collapse of the economic situation.

The middle class is by its nature ambitious. Its self-affirmation comes from its talent for production and achievement.

This also happened after the 'Urabi revolution was crushed and an organized attempt was begun to destroy its leaders from the middle class. Egypt entered years of fixity and slumber economically, socially, and culturally. This ordeal ended only after Egypt's conscience was moved by its educated leaders, who poured all their energy into the cause of the nation. Foremost among them were Mustafa Kamil and Muhammad Farid. As a result, Egypt regained its initiative in the revolution of 1919.

After the class fragmented following the revolution of 1919, with its vanguard entering the arena of power and becoming absorbed by its tasks and worries, the majority from the class divided among the various political organizations and parties in the thirties and forties. The class began to express itself through university student movements and through the newspapers that proliferated during this period. Through its varied activity, it was preparing all the conditions for the day of the 23 July 1952 revolution, which was led by a vanguard of officers from the same middle class.

The ambition of this class revived with the victories of the first years of the revolution; but with the years of retreat it began to be frustrated, until its back was broken with the defeat of 1967. It found itself sliding toward an abyss of political and psychological confusion. That was the beginning of the fall into the midst of the great ordeal it is now experiencing.

Imbalance in Income Distribution

With the transformation of income distribution at the beginning of the seventies, the malaise of the middle class reached the point of crisis. Part of the class detached itself to try its hand at opportunities for easy wealth. In its behavior, it followed conflicting models, some from the class that became rich before the seventies, others from the lower orders that had made huge wealth without effort. These people together constituted a kind of "discordant class," upper class materially, but lower class in behavior and values.

According to reports of the World Bank, the distribution of wealth in Egypt has become more unbalanced in favor of the new upper classes. An enormous gap appeared

during the seventies between the income of the new classes and that of the middle and poor classes.

The redistribution of wealth caused a kind of uneasiness and disturbance. The parasitical capitalism that appeared during the seventies formed its wealth from activities not related to production and without exerting any effort to produce. The value of capital came to be above any other value, while the values of the middle class revolve around the class's need to be productive and to interact with others for the sake of achievement.

Living standards declined. The purchasing power of wages weakened. The social structure became unbalanced. The social and psychological climate was affected, as well as the pattern of social relations and the development of art, in response to the ways in which the newly rich spent their money, although there remained powerful literary and artistic pockets that clung to their positions and values, armed with their sense of superiority and commitment.

The ordeal of the middle class finds practical expression in the fact that the highest salary, no matter what its amount, has become insufficient to provide the necessities. As a result, the class has become introverted, striving to obtain its daily bread and maintain its respectability. It has withdrawn from the things in which it ought to participate. Its young people have been weighed down by the frustration of economic anxiety, so that they too have withdrawn. It has been difficult for there to be a practical, effective, and general response to any call to respect productive values, whether by raising efficiency or by transforming the problem of desert land reclamation into a quick and dazzling achievement as other countries have done; for the gear that drives the machine has been touched by rust.

Tool for Moving the Whole

All this does not negate the vital, essential, and authentic role of society's other basic components—workers and peasants. They are the numerical majority, but this majority normally moves and carries out its role in the production process in the context of the course that the government sets.

However, the middle class and its educated vanguard are able to determine how far the government plan will reach—whether it reaches the goal, or whether its momentum will be drained in midstream, so that there will be a shorter or longer distance between what we say and what we do, what we desire and what we realize.

The middle class is the tool for moving the whole by consciousness and by ability to mobilize and bring the other two classes to the goal. But the middle class is in a crisis from which it is unable to emerge. Leaving the class to solve its crisis by itself, which it cannot do, will utterly waste the strength of the nation in all of its classes to rise or free itself from its problems.

Furthermore—and this is something we must understand in all its implications—when the middle class is strong, it absorbs major shocks and prevents defeat from turning into destruction. In short, the continuance of the ordeal of the middle class is an unbalanced situation. Society with all its classes will pay the price for it from its hopes, ambitions, and plans from the future, and from its ability to realize its economic development plans and its aspirations to resolve its complex social problems and to achieve material and intellectual prosperity and progress.

ISRAEL

Israel Preparing for European Unity

44230071D Tel Aviv YEDI'OT AHARONOT
in Hebrew 12 Dec 89 p 2

[Article by Moriah Avnimelekh]

[Text] When the organizers of the Jean Kirkpatrick Forum at the University of Tel Aviv decided to devote the annual conference to an examination of the prospects and dangers for Israel as a result of the process of full economic unification of Western Europe in 1992, they did not imagine that the meeting would be held in the shadow of dramatic events precisely in Eastern Europe. At the last minute, the director general of the Forum, Dan Patir, decided to add a special session to examine the implications of the developments in Eastern Europe to the process of 1992. Hungary's minister of trade, Tamas Beck, agreed to extend his stay in Israel by 1 day. Claude Cheysson, the former French foreign minister, and Dr Niels Hansen, the former German ambassador to Nato, came straight from Strasbourg. The presence of the three on one stage, in Tel Aviv, in the company of Assistant Prime Minister Shimon Peres, was in itself an event, which up to a few weeks ago would have been at most a wild fantasy.

The Europeans left no room for doubt: The events in the East will have a tremendous impact on what transpires at home, and they grasp the greatness of the hour. The institutions of the European community—which generally conduct long and tedious sessions on every decision and regulation—succeeded in passing in less than a month a resolution to establish a bank for development and assistance to the countries of the former Communist bloc, with a capital of 10 billion dollars. The countries of Eastern Europe will be granted the status of favored nations in their trade with the Community, before the United States, Japan, and any non-European country receives it.

The European readiness to open the purse strings to the countries of the East is conditional upon the continuation of the democratic process. The European Community is today more political than ever before, and here the finger is pointed at us. Our diplomatic path, our progress in the peace process, our political image—these

will open to us the door to convenient economic agreements with Europe, or will bring Europe to slam the door in our faces.

When politicians such as Shimon Peres or Yosi Baylin warn that if we don't achieve a political settlement, we will pay an economic price—the words are recognizable. In the discussions of the Forum, this view was supported also by diplomats—Avi Primor, the Ambassador to the European Community, and Gwen Morgan, the Community's Ambassador to Israel. These two stated that our position in the Community will be influenced decisively by our diplomatic moves. The words of the French minister Claude Cheysson were clear: "The degree of responsiveness of the European Community to your requests depends on the role that you play in the political process in the region."

And until we arrive at a settlement with the Palestinians, it will be difficult for Israel in Europe. Israeli imports from Europe come to about \$7 billion, and its exports to Europe are only \$3.5 billion. In Western Europe, they are still afraid of the Arab boycott: They buy agricultural products, chemicals, and other goods from us that have no mark of origin. In order to export to Israel, European companies hide behind the names of straw companies.

They do not love us today in Europe, but we are lucky that we saw what was coming, and we tied ourselves to the Community with a preferential agreement as early as 1975. It's hard to believe, but we do not even use the advantages that this agreement gives us. While the government ministries fight among themselves over who will lead the move of 1992, and the industrialists demand that the government give in to the Europeans, we are still trying to learn the Community's regulations. Prof Yosef Weiler, an expert on European law, and Attorney Barukh Gross, showed in their lectures to the Forum how Israeli exporters can defend themselves against trade restrictions with European tools, if they only took the time to become acquainted with these tools. The lawyers are not impressed by the curtain of mystery that the Europeans bring down over the status of third countries in regulations, for example. A company that registers in one of the countries of the Community will enjoy equal status as do other companies, even if its mother company is Israeli. An Israeli manufacturer who meets the standards of one of the countries of the Community, will be recognized automatically throughout the Community. All that it will have to do is to begin to learn the rules of the game in the market that it is trying to enter. And that is a laborious story, without the glamor of diplomatic negotiations.

Today Europe is not giving us anything for free. The principle of reciprocity is the basis for any agreement between Israel and the Community. In the face of complaints from Israeli industrialists, Europeans have serious complaints about Israel. We are taking down walls and you are building up walls, we are going towards mutual recognition of standards, and you are creating

new standards, we are observing agreements, and you are violating them, argue the Europeans.

While the industrialists find it difficult to digest these complaints, and argue—justifiably—that the Europeans have their own "routines," the importers have adopted the vision of the sovereign consumer. "The winds that blow in the world are passing us by. In the world, the consumer is being protected, here we defend the manufacturer," says Dani Gillerman, president of the Chamber of Commerce, eliciting an enraged and emotional reaction from the representative of the industrialists, Uri Menasheh. That goes to show that the polite discussions under the auspices of the honorable Forum do not succeed in hiding differences of opinion. Thus, the director general of the Foreign Ministry, Re'uven Merhav, clashes with Assistant Finance Minister Yosi Baylin over jurisdictions, and the chief of the Foreign Trade Administration in the Ministry of Industry is aroused to defend his God's little acre from the Ministry of Finance. On the governmental level, no fewer than five ministers, including the Prime Minister, are fighting over the right to lead the 1992 move.

What the government doesn't do is being done by industrialists, bankers, businessmen, economists, and attorneys. In Israel, as in Europe, 1992 has become a profession. Companies such as Elbit, Scitex, Israel Aircraft Industry, Teva, and Israel Chemicals have not waited for ministers and government officials. Law firms and advisors are specializing in the subject. The club of those interested in 1992 is growing. Hundreds of them filled the conference hall of the Kirkpatrick Forum yesterday and the day before, business cards were exchanged, experiences were compared. Whoever knows this forest, would do well to walk in it, and he who is not acquainted with it will get lost.

Shaykh 'Ubayd's Kidnapping Reconsidered

44230069A Tel Aviv HA'ARETZ
in Hebrew 8 Dec 89 p 2B

[Article by Uzi Benziman: "Metamorphosis of a Kidnaping"]

[Text] On the morning of 28 July 1989 an elite IDF [Israel Defense Forces] unit carried out a perfect military operation: It penetrated the village Jibshit in southern Lebanon, identified the house of Shaykh 'Abd-al-Karim 'Ubayd, the Hizballah leader in the area, kidnapped him and two of his aides, and brought them back to Israel. The operation proceeded without losses and without a hitch, precisely according to plan.

The scenario began to go wrong 2 days later: U.S. President George Bush reacted with reservations. The "Oppressed of the Earth," an extremist Muslim organization, announced that it had executed American hostage Colonel William Higgins. U.S. Senate minority leader Senator Robert Dole accused Israel of being responsible for Higgins' death. Shi'ite organizations threatened to kill two other hostages, Englishman Terry

Waite and American Joseph Cicippio. The successful military operation unexpectedly became a source of friction between Israel and its western allies and placed the leadership in Jerusalem under pressure.

A few days later the tension relaxed: The threat to execute western hostages was not reported to have been carried out, and doubts arose about the date of the picture showing Higgins' body. U.S. press showed some understanding for Israel's action and the administration changed the tone of its public pronouncements on the kidnapping. The international arena allowed Israel to derive gains from the operation. Now, 4 months later, we feel justified in assessing whether the action brought any benefits and whether the results measured up to expectations. Such an assessment may throw light on the decisionmaking process among the top Israeli leadership.

A few weeks before the operation, a dozen cabinet ministers were presented with a general staff proposal to kidnap Shaykh 'Ubayd. Chief of Staff Dan Shomron and Operations Branch Chief 'Amnon Sahaq presented the situation before the ministers: All efforts to bring Shi'ite organizations to release information about Israeli prisoners in their hands (the missing are soldiers Rahamim Elshayah and Yosi Fink and navigator Ron Arad) had failed. Through its various arms, the state had made overt and covert, lengthy and complex efforts to contact the Muslim factors apparently holding the missing, or who had information about them. That failed because Israel had no favorable bargaining position in relation to Hizballah. Consequently, the general staff worked out a plan to kidnap Shaykh 'Ubayd, the Hizballah leader in southern Lebanon and a rather big fish among the entire organization, who was thought to be the spiritual leader of Muslim fanatics in the area and responsible for serious attacks against Israel.

The IDF leaders' arguments at the discussion were not along the line of—we have been presented with an opportunity that must not be wasted—but spoke of a move worth trying, in view of the fact that all other possibilities had led nowhere. Most of the cabinet discussion revolved around the practical details of the operation: what forces would be involved, what access route would be used, and what escape route was proposed.

Two-thirds of the cabinet members are former members of the military or the security forces (Shamir, Rabin, Weitzman, Bar-Lev, Sharon, Peres, and Arens, while Moda'i, too, talks about such things like a retired general). The civilian side of the cabinet is in the minority (Levy, Nisim, Navon, and Shahal). This balance of forces determined the nature of the discussion at that meeting (as on other occasions). The generals (Reserves) inquired after the details of the operation, put forward suggestions about tactical considerations, and gave it their blessing. Shamir said a few words in favor of the action, Rabin energetically recommended that the proposal be endorsed (it is assumed that he had previously agreed with Shamir that the plan be presented to the cabinet), Peres was content with one short question,

Sharon welcomed the initiative, Bar-Lev asked to ensure the safety of the members of the raid party, and Weitzman and Moda'i voiced some views in favor of the plan (as far as I was able to ascertain, Arens was absent from the discussion).

Moshe Nisim among all cabinet members stood out by his silence. David Levy asked a few questions but supported the proposal. Yitzhaq Navon asked questions and expressed support.

The man who disrupted the harmony was Moshe Shahal. He claimed that there was no certainty that the operation would bring the hoped-for results.

The meeting also discussed possible reactions to the kidnapping. No one talked about possible international repercussions or sharp disapproval on the part of the United States. No one foresaw Shi'ite retribution in the form of killing an American hostage. The proposal was put to a vote and all the cabinet members, except Shahal, supported it.

When cabinet members are now asked about the correctness of the decision they made 4 months ago (not all of them agreed to answer), they resolutely state that they would vote exactly the same way today. The most frequently cited argument is that it is still too early to judge the results. Israel owes it to itself and to its troops to do everything in its power to implement the rule that comrades are not abandoned on the battlefield. When the general staff proposes a plan designed to improve Israel's bargaining position in its endeavors to implement the above rule, it cannot be turned down. The negative outcome regarding Israel's status and image in the world was not serious. The tension created between Israel and the United States around the affair eased up after a few days. The decision was not a mistake, say cabinet members. It was in keeping with reality. The Operations Branch chief talked about some chance of exchange of prisoners.

But there is one undisputable fact that cannot be ignored on the other side of this self-assessment: The desired outcome was not achieved. No prisoners were exchanged in the wake of Shaykh 'Ubayd's kidnapping and no real change occurred in Israel's bargaining position in this matter. The navigator is not in the hands of Shaykh 'Ubayd's organization, and it is doubtful whether information on the fate of the other two soldiers improved to any considerable extent.

Even those who recognize that the cabinet's decision on Shaykh 'Ubayd's kidnapping belongs to the category of dim-witted decisions resulting from discussions marked by uncertainty, cannot show lenience for the quality of the top leadership's discussion. The cabinet members, as well as the general staff and heads of intelligence branches did not foresee the strong negative international reaction and did not anticipate the retaliation of the "Oppressed of the Earth." They did not consider seriously enough the implications of Israel's decision to join the kidnapping arena. They also failed to consider

the question what was to be done with Shaykh 'Ubayd if negotiations did not materialize for exchanging him.

'Ezer Weizmann who, according to NBC, voted at the time against the attempt to eliminate Abu-Jihad in Tunis, was the only cabinet member who agreed to be quoted in explaining his support for the plan to kidnap the shaykh: "My vote was entirely subjective. I sent pilots across the border with promises that everything would be done to get them back, so I viewed the proposal put to us from the angle that it should be carried out if it presented even 1 percent of a chance of getting our soldiers back. I realized that there were considerations against it, but they were not decisive to my mind. Maybe this affair is not yet finished. I'm talking out of hope rather than knowledge, but the kidnapping may still turn out to have been useful. I'm sorry, but looking back, I could not have voted differently. Given the same data as presented to us then, I would vote the same way today."

'Ezer Weizmann was the first defense minister who conducted a prisoner exchange that was viewed as expensive: Soldier Avraham Amram was taken prisoner by terrorists in the Litani operation in March 1978, after he and four of his comrades mistakenly crossed the line (his friends were killed). One year later he was returned home in exchange for Israel's agreement (under Weizmann's guidance) to release 76 terrorists, some of whom had been accused of murderous terrorist attacks.

Yitzhaq Navon, who this time supported the kidnapping operation, was at the time the only cabinet minister who sharply opposed the prisoners-exchange agreement with Ahmad Jibril's organization. Shmu'el Tamir, who represented Israel at the relevant negotiations, agreed with Navon, who voted against the deal that, while returning three soldiers home, released 1,150 fanatical terrorists to the area, some of whom subsequently became involved in serious terrorist attacks.

All this may well serve as a reminder of the limitations of force, which the cabinet decision of 4 months ago did not recognize.

MK Denies Political Solution to Intifadah

44230070C Tel Aviv YEDI'OT AHARONOT
in Hebrew 8 Dec 89 p 17

[Article by Knesset member Ge'ula Kohen]

[Text] This won't do them any good.

They being in the first place our enemies. After and in spite of 2 years of obstacles, mistakes, and delays in our handling of the intifadah, the intifadah as a popular uprising is now in a process of despair and withdrawal. The PLO not only did not achieve its main goal of pushing us back, but in these 2 years of the intifadah—yes, precisely during these 2 years of the intifadah—the Jewish settlers not only didn't flee from the territories, but many more Jews elected to settle in Judaea, Samaria, and the Gaza Strip.

Jewish settlement of the territories is not only growing in strength, but its population increased by 50 percent in these past 2 years. And here we must remember that this population is predominantly made up of families with children.

And no, there are no parents there who don't suffer knowing their babies are driven on Judaeen, Samaritan, and Gazan roads to school every morning between stones and hand grenades; there have been 60,000 such trips in the 2 years of the intifadah, and the end is not in sight.

If awards are ever given out to soldiers who bravely fought on the intifadah front, among the first to receive them must be the pioneering settlers who did not forsake wounded parts of Greater Israel and did not abandon them to their murderers.

And perhaps among the first of the first to receive the orders should be the mothers who, like every other Jewish mother, carry fear in their hearts and a tear in their eye not only for their own children, but for the fate of all Israel, like our ancestress Rachel.

It won't do them any good.

They being also those among our people who think that there can be a political solution to the intifadah, or at most, as Rabin said, a two-prong solution, political and military.

If this concept drags and limps under our very eyes today and will collapse altogether tomorrow, it is because it doesn't have even one prong, let alone two.

The truth is one and only one: The intifadah is a war that continues, in different form, previous wars against us, which also had the same political root and objective, to uproot us from here. And if war is war, then this complex, complicated, and sophisticated war is still war.

As far as we are concerned, there is no political solution to the intifadah. A political solution to the intifadah can be only, God forbid, the final solution to the State of Israel.

And if it won't do the holders of that concept any good it is because in the final analysis, if of course we don't want to commit suicide, we will find ourselves dealing with the intifadah as with a war whose results will influence every future battlefield, and taking it by assault with a view to defeating it and the enemy.

And every bit of delay and every bit of price we have to pay is a waste.

And a word to those among our people who did and continue to do everything possible to justify the intifadah, defame the IDF [Israel Defense Force], slander the country in the world, bring upon us forced solutions, and scare us with war in general, and civil war in particular.

It won't help them either, it won't help them, even in their great hour of need, to assume "Messianic" poses

and hang on to the skirts of the East European Messiah who brought down the Berlin wall, in the hope that he will help them rebuild the wall in the heart of Jerusalem, so that a Palestinian State can be born behind it.

And no, it won't do any good to those who are waging an intifadah against us from the inside; the nation that has survived in its life not only 2 years of the intifadah, but 2,000 years of intifadahs, will survive this, too.

Situation Assessed on Intifadah Anniversary

44230070B Tel Aviv YEDI'OT AHARONOT
(Supplement) in Hebrew 8 Dec 89 pp 8, 9

[Article by Ron Ben-Yishai: "Stalemate in the Field and Political Freeze"]

[Text] The second year was a bad year for the intifadah and for Palestinians.

Since November 1988, when the intifadah was at its peak and 'Arafat hastened to announce that it was "quarter of an hour to a Palestinian State," Palestinian actions lost much of the elan and initiative that characterized it in the first year of the uprising. In many areas there was even a loss of prior achievements:

Most of the Palestinian population in the territories, who in the first year came out into the streets enthusiastically and ready for sacrifices and actively participated in the uprising, in the second year stayed home and was content with passive resistance;

The intifadah leadership in the territories failed to consolidate into a representative body and its control is loose. The local "popular committees" and the "strike committees" that were supposed to be its strong executive arm frequently emerged into a monster that turned against its master;

The effort to separate from the Israeli administration and the civil rebellion harmed Palestinians more than they did Israel;

The international media lost much of its interest in the uprising, and the dialogue with the Americans, together with pressure brought to bear by Europe on Israel, did not yield the fruits that the PLO expected to reap.

The only important Palestinian achievement was attained this year, too, by the inhabitants of the territories. At a heavy cost to themselves and out of a collective willingness to suffer and sacrifice, they succeeded in institutionalizing the uprising and turning it into a permanent phenomenon—an active volcano within the political body of the Middle East that Israel cannot quell and international public opinion cannot ignore. Each additional day of the intifadah causes to grow deeper in world awareness and in the awareness of the Palestinians themselves the recognition that they are a people entitled to self-determination and to liberation from the yoke of foreign occupation. However, in all other areas the

Palestinians in the territories and outside them failed, as we noted, to advance their cause even one small step.

Government officials in Jerusalem will note this fact with satisfaction and will not fail to add that in the second year of the uprising the political pressure on Israel has eased and its status in international public opinion has improved beyond recognition. To a certain extent this was because world media centers became saturated with images of the intifadah, but mainly because the Israeli Government managed to fill the political vacuum created after the demise of the Shultz initiative with its elections plan.

The defense forces, too, achieved a considerable victory when they recently regained considerable control and some of the deterrent factor they had lost in the territories in the first stages of the uprising.

At first sight this is a very positive summary of the second year of the intifadah from Israel's viewpoint; nevertheless, Israelis have no cause to celebrate.

In spite of the weariness detected among residents of the territories, the passive rebellion is not fading, nor is it losing ground. On the contrary. The IDF's policing actions, in which suspects and passers-by sometimes get the same treatment, and the terror of the strike committees have brought about a situation in which the uprising continuously encroaches on groups and individuals who tended to stand on the side.

It does not take more than a child dying every few days from a plastic bullet or a baby being blinded by a rubber bullet fired in the course of dispersing a demonstration to keep up the motivation of the inhabitants and to maintain resistance to Israel in public opinion.

Against the background of the events in East Europe and the new world order that is taking shape, we have reason to worry about the continued erosion of Israel's image as a freedom-loving democratic state. The big powers, international public opinion, and even broad strata of diaspora Jewry will not remain indefinitely silent about a situation in which Israel uses military force to deny self-determination and freedom from about 1 million Palestinians.

As noted, the IDF and SHABAK [General Security Service] have learned to deal successfully with the violent aspect of the intifadah. As a result, civilian violence and Palestinian terrorist actions against Jews (uniformed or civilians) have dropped to a more or less acceptable level.

Traffic along main roads in the territories is now incomparably safer than what it was only a few months ago, and even Jewish settlers are no longer raising Cain about attacks. The civil administration is managing to hang on and to function in the territories, thereby preventing a break between the population and the Israeli Government. Israel, however, continues to pay a heavy economic price by having to allocate considerable reserve

and regular forces for policing the territories, and because of the disruption of trade and economic relations with their inhabitants.

Also, the IDF's training for future war and its preparedness to repel a surprise attack have suffered protracted and accumulating disruption.

The second year of the intifadah has strengthened and deepened the Palestinian identity of Israeli Arabs and stirred up their frustration and dissatisfaction with their social and economic discrimination. As a result, there has been an increased number of nationalistic attacks in which Israeli Arabs were involved, including Bedouins from tribes who had always been known for their loyalty to the State, and whose members had served in the IDF.

However, the most significant developments resulting from awakening Palestinian identity and identification occurred in the political arena:

The Committee of Heads of Arab Councils, which until 1 year ago was an influential and important municipal body, became the almost official national and political leader of Israeli Arabs. It currently fulfills a very similar role to that of the leadership of the Jewish Agency among the Jewish settlements before the establishment of the state. Among other things, this body is endeavoring to conduct an independent foreign policy of its own.

Similarly, parties that derive most of their voters from the Arab sector are now close to establishing a united and independent political bloc that will be able to send 10 to 14 Arab members to the Knesset. Such a bloc, which by definition will not be Zionist, will be in a position to topple governments, disrupt coalitions, and exercise blackmail—just like the religious parties, and may become even more determined and united than they are.

And there is yet another development, namely the increased power of Muslim fundamentalists. For the first time in the history of the State they are participating in the leadership of the Arab population in Israel.

Nevertheless, Israeli Arabs are still sitting on the fence. They no longer take for granted their integration in the Jewish State as a minority, but they have not yet reached the stage of an all-out intifadah within the Green Line.

In the second year of the intifadah challenge, it is still too early to assess the damage that has been caused to the society and to the image of the Israeli individual. But there is almost no doubt that the soldiers serving in the territories are internalizing the brutality and forcible approach that has been seeping into them while pursuing stone-throwers through casbah alleyways and refugee camps. And it is not difficult to detect the norms of behavior of Israelis in Jabalyah and Bayt Sahur creeping into Dizengoff and 'Ofaqim. And what is even worse, at the end of this second year it has become clear to the most hawkish of hawks that the law does not provide any

military means by which to suppress the intifadah altogether or to bring it to an end any time soon. And a rescuing political solution is not in sight, either.

In point of fact, the defense forces have already completed 80 percent of their mission, giving the government the time and opportunity to maneuver free from pressure from the field. The trouble is that the Israeli political leadership, split, constrained, and paralyzed as it is, is not capable of taking advantage of these valuable assets in order to enter negotiations with the Palestinians and take some risks from a position of strength. All that the Israeli Government can do is to barricade itself within its traditional positions and demand from the IDF, SHABAK, and the civil administration to do the impossible, and to hope that the Palestinians will in the end break.

The Palestinian leadership is in a similar position, if not worse. The "field" is not managing to produce a new representative or strategic leadership as an alternative to what the PLO offers in Tunis. The Israeli Government has contributed more than a little to this by sending to one of its "Ansars" everyone who showed signs of being a potential leader. In so doing it torpedoes chances of producing an independent leadership with whom it can sit down to talk, without the PLO.

In Tunis, too, there are signs of weariness. Extremists Hawatimah and Habash are continually denouncing 'Arafat's pragmatic political approach and calling for intensified armed struggle. If they continue to listen and support "Abu-'Ammar," it is because even they recognize the fact that the Soviet Union, sunk as it is up to its neck in its own problems, is out of the game as far as they are concerned. The United States is now the only lever with which anything can be moved at all.

The rise of Hamas [Islamic Resistance Movement] and even more militant Islamic fundamentalist organizations in the territories (especially in the Gaza Strip) is also contributing to consolidating the split and torn PLO ranks. It is exacerbating the fear that the PLO has experienced since the beginning of the intifadah that an alternative, independent leadership may emerge in the territories and may negotiate with Israel over its head and without it. People in Tunis realize that, if they do not soon manage to translate the intifadah gains in the field into political results, the ensuing frustration and despair will push many more people into the arms of extreme Islam, whose political plans leave no room for concessions, neither to the nation of Israel nor to secular Palestinians. In particular, Fatah is concerned that today it may be the dominant organization in the territories, but who knows who may replace it tomorrow.

Paralyzed and constricted, riddled by rivalries and power struggles, the PLO leadership is also digging in its heels in the political line it mapped out 1 year ago and is incapable of seizing the opportunity offered by Israel's elections plan and Secretary of State Baker's proposals.

The stalemate in the field and the political freeze have engendered a war of attrition in which both Israel and the Palestinians are now stuck. The Israeli strategy to defeat the intifadah accepts this attrition as a given within which one has to maneuver and try to make the best of it.

The defense apparatus leadership assume that targeted actions carried out by various units will succeed in containing and perhaps even subduing the hard core of intifadah activists and separating it from the passive majority. The rest of the population will slowly be forced to accept, albeit unwillingly, the idea that it cannot force Israel to negotiate with the PLO and that, if it wants to improve its condition, it must accept what Israel is offering.

The Palestinians do not have a new strategy either, and they are feverishly seeking means to restore the momentum of the uprising in order to stir up public opinion in the United States and the world to bring pressure to bear on Israel.

The extremist organizations preach renewed armed struggle. There are weapons in the territories and men to wield them, but the Palestinians themselves admit that what they have is not enough to start a general guerrilla war against the IDF and SHABAK. What can be done is to escalate attacks from Lebanon and stage isolated but resounding attacks in the territories and within the Green Line. Such attacks can serve as a shot in the arm to fighters in the territories and recapture the interest of international media.

Another line of action designed to achieve the same ends is general, comprehensive civil rebellion including: total boycott of the civil administration and of Israeli products, refusal to pay taxes, staying away from work in Israel, and protracted trade strikes. However, this is probably not feasible; the recipe has been tried already, and failed. The uprising leadership realizes that in the course of the intifadah the Palestinians' economic dependence on Israel increased and, despite the population's willingness to suffer, there is a limit to what it can endure. What is possible, is specific civil disobedience, including lengthy trade strikes around anniversary dates and local passive resistance along the lines of Bayt Sahur but in greater numbers.

In the political arena there is a possibility that Jordan may come back into the picture. The results of the elections there impelled King Husayn and his Court to reconsider their relationship with the territories. They find themselves under pressure from both Palestinians living in Jordan and from the Muslim Brotherhood—the rising political power in the kingdom—to renew links with the territories. It is possible that the PLO, too, in its hour of need, will turn to Jordan and ask it to reenter the political process.

Which means that the third year of the intifadah will probably be characterized by an increased mixture of

attempts to stage resounding attacks and fierce outbreaks of civil disobedience. It is also possible that extremist organizations within the PLO will resume terrorist activities abroad and that Fatah will resume actions from Lebanon. In the political arena, both Israel and the Palestinians may try to court Jordan.

Although all the above will contribute to increasing international and U.S. pressure on Israel, it will not bring about real changes in the political arena or in the field. Judging by the way things look today, only a large scale catastrophe can compel all the factors involved to change their policy and move things along in the third year of the intifadah.

Hamas 'Likely' To Intensify Strength

44230071F Tel Aviv HA'ARETZ
in Hebrew 28 Nov 89 p 1

[Article by Eytan Rabin]

[Text] Among the security authorities and the senior officers of the Southern Command, it is judged that the intifadah, in its third year, will attempt a transition of the population to a mixture of limited civil revolt in those spheres in which they did not previously fail. Here is the estimate of senior military sources that was given to HA'ARETZ.

- A trend of continuity of the intifadah in the areas of civil disturbances, responsiveness to leaflets, and to such passive actions as the flying of flags, the painting of slogans, and the like.
- An institutionalization mainly in the area of civil disturbances, together with their decrease, due to the weariness of the population and intensive activity by the IDF [Israel Defense Force].
- Institutionalization in the forms of passive protest in the areas of leaflets and graffiti, though it appears that the population is completely obeying only general strikes. In other areas, a great decline is seen in responsiveness to the demands of Hamas [Islamic Resistance Movement] and the unified command.
- Differences between the first and second years: In the second year, internal liquidations increased, with a noticeable loss of control by the unified command over the popular committees, as well as the phenomenon of the masked persons. But the activity of the IDF succeeded in thwarting this phenomenon, and they went over to nocturnal activity, while being much more cautious and acting in areas which the IDF doesn't reach. However, an increase was noted this year in the characteristics of organizing for civil revolt, both in graffiti and, in a new phenomenon that was limited to Gaza, which was mentioned several times, graffiti that called for the establishment of a Palestinian police force.
- An increase in organizing for civil revolt, which was expressed in three types of action: 1. nonpayment of taxes; 2. a struggle against the magnetic ID cards; 3. lengthy strikes. But military sources judge that the

command of the intifadah has failed miserably in its attempt to move the intifadah into the stage of limited civilian revolt.

- The increase in attempts to smuggle money into the Gaza Strip. In this sphere, both Hamas and the PLO have been successful, and for the first time they also tried to use UNRWA [United Nations Relief and Works Agency for Palestine Refugees in the Near East] personnel. The phenomena of the theft of monies and their passing into private pockets has an impact on morale that lowers motivation.
- A recovery in Hamas activity, after the arrest of hundreds of its activists, including the leader, Shaykh Ahmad Yasin, in May 1989. It seems that since the success of the Muslim Brotherhood in Jordan and in the absence of a political solution, Hamas will increase its activity. This greatly frightens the PLO leadership.

Senior military sources told HA'ARETZ last night that, according to estimates, with the beginning of the third year of the intifadah, the IDF will be able to liquidate totally the masked persons, to make it tough for the population, and to bring about a situation of general calm in the territories.

IDF Predictions for Third Intifadah Year

44230071E Tel Aviv HA'ARETZ
in Hebrew 28 Nov 89 p 1

[Article by Dan Sagir]

[Text] Summaries now being prepared by the IDF [Israel Defense Force] on the handling of the uprising, 2 years after the outbreak of the intifadah, give a long list of achievements in the lowering of the level of violence, and commanders in the various regions point to the population's great weariness. Nevertheless, in contrast to the past, they are careful in the IDF about declaring the imminent end of the uprising given the drop in the level of violence.

The estimate for the coming year is that the leadership of the uprising is striving to find different ways to renew the impetus of the activity and to put the intifadah back at the top of the agenda of the media in Israel and the world. Possible directions are the use of prominent dates such as 9 December (the second anniversary of the intifadah) and 1 January (the day the Fatah was founded), in order to increase friction with the authorities. These attempts will be made, despite the resounding failure that they suffered on 15 November, when they tried to mark the first anniversary of the Palestinian declaration of independence.

Other methods are the determination of foci in the field that will serve as symbols and gimmicks, around which it will be possible to incite events; lengthy strikes and "semirevolt" of the population; continuation of attempts at struggle with the Civil Administration in various spheres, such as a tax boycott; a turn towards more violent and extreme terrorist activity; and, on the other

hand, a search for political and diplomatic ways of advancing the interests of the residents of the territories and the leadership of the intifadah.

In the IDF they say that the intifadah's main achievement up to now, aside from driving the political process, is the continuation of the passive civilian revolt of the majority of the residents of the territories. Against these things, the achievements claimed by the IDF for its activity in the West Bank in the past 6 months are:

- The arrest of about 100 "most wanted" persons, who committed many murders and sowed terror in the areas in which they operated (about another 40 are still at large).
- The entry of IDF forces into all the regions of the West Bank, including those far from major arteries.
- The reduction of the phenomenon of marches, processions, and villages that declare "independence."
- The increase in security on the major arteries, following the construction of 41 IDF strongpoints in sensitive areas.
- The halting of the phenomenon of tax revolts in the territories and better collections. (In the IDF, the case of Beit Sahur is not seen as a failure.)
- The capture of groups involved in dangerous hostile terrorist activity, including the eight kidnappers of Sha'ul Mashaniyah in the Tulkarm region.
- The increase in the feeling of security of the settlers in the various regions.

They note in the IDF that during the second year of the intifadah, about 60 percent of the attacks were against Arabs in the territories who were suspected of collaboration with Israel, and only about 40 percent were against IDF soldiers and Jewish civilians. The opposite was true in the first year of the intifadah. In response to the question why along with the decrease in violence, there has not been a decrease in the number of casualties among young Arabs, a senior military source said that this was connected with the change in the instructions on opening fire concerning masked persons and the confrontation with them, the vigorous actions to capture wanted persons, and the IDF's policy of arriving at and entering every place where the friction is increased. According to his judgement, the continuation of the present activity could in the long run bring a decrease in the number of casualties.

Arabs Released for Lack of Jail Space

44230070A Tel Aviv HA'ARETZ
in Hebrew 15 Dec 89 p 2A

[Text] Dozens of young men from the Gaza Strip arrested for disorderly conduct and brought to the detention facility known as Ansar 2 are immediately released because of overcrowding. This has been causing unrest among IDF [Israel Defense Force] troops serving in the area.

Senior military sources in Gaza Strip told HA'ARETZ that, indeed, because of lack of space at the coastal

detention facility, the IDF is forced to release dozens of detainees before they are charged.

In recent months the coastal prison commander, a lieutenant colonel, has been refusing to accept detainees brought there. According to him, there is no space to accommodate more than 1,300 detainees at the coastal prison, and anyone arrested above and beyond that number is immediately released.

A military source at the coastal facility said: "It's like a traffic jam. There are hundreds of detainees here and we are full. We can't take in one more prisoner. But if dangerous rioters are arrested anyway, they are transferred to Qetzot prison in the Negev. We definitely refused to accept dozens of men brought here under arrest."

Other sources in the Gaza Strip said that in fact, commanding officers in the area have for months been aware of the immediate-release phenomenon, and so has the higher southern command, including its commander. According to the same sources, senior commanding officers are putting off dealing with the matter because of fear of having to admit to IDF failure to deal with rioters and bring them to prison. "The situation now is that people are arrested, brought to the temporary facility at Khun Yunus, and from there transferred to the coastal battalion, where the facility commander refuses to accept them because of lack of space. So then they get 'slapped around' a bit and are sent home. This is causing dissatisfaction among the police, too, who suggested that some of the detainees be brought to them for questioning and release on bail. But when men are arrested at night, there is nobody at the police station to receive them," said a reliable military source.

Reservists were surprised to find out that youngsters were arrested, released, then arrested again, something that gave rise to unrest.

In the Gaza Strip there is one IDF detention facility, namely the coastal battalion facility (Ansar 2). An additional facility was recently built at Khun Yunus, but it is only a temporary facility. There are also police detention cells in the Gaza Strip.

Influence of Intifadah on Consumer Trends Described

90OL0175A Nazareth AL-SINNARAH
in Arabic 15 Dec 89 p 7

[Interview with Michael Strauss, chairman of the Food Department in the Association of Industrialists: "Because of Intifadah, Consumption of Israeli Products Drops From \$100 Million to Zero, or Maybe to 10 or 15 Percent;" date and place not specified]

[Text] [AL-SINNARAH] You made two statements that were quoted by the media, and we would like you to touch upon them. In the first statement you said that Palestinian industries were trying to conquer Israel and

that their goal was to deal a blow to Israeli industry. In the second statement you said that Arab citizens in Israel were boycotting Israeli products from a nationalistic premise.

[Strauss] I am an industrialist: I do not deal with politics, and I do not wish to touch upon the subject of politics. Of course I have personal opinions, but these are irrelevant. As industrialists we have to draw the line and we have to make a distinction between the political and the industrial. However, when politics affects industrial strategy, we have to take that into account with regard to our future administrative and industrial considerations.

On the other hand, I would like to make a clear distinction between Arab citizens of the state and citizens of the West Bank and Gaza Strip. This distinction is important, and it was clear in the statements you referred to.

[AL-SINNARAH] Let's go to the heart of the matter. What has been the effect of the intifadah [uprising] on Israeli industry?

[Strauss] I am speaking only about the department for which I am responsible: the Processed Foods Department. Before the intifadah we exported foods worth close to \$100 million, and that did not include fresh vegetables and other foods. Today we export only a very small amount of dairy products, candy, frozen foods, oils, margarine, and canned goods.

[AL-SINNARAH] Only \$100 million? Did you not go across bridges to export to Arab countries?

[Strauss] No, not in a major way. There is a wave of nationalism now which is not confined to the West Bank and Gaza Strip. The sympathetic reaction which manifests itself in the fact that products from outside the Green Line are purchased shows that there certainly is some kind of influence. But this influence should not alarm us because it is secondary and marginal, and it could be the start of something.

[AL-SINNARAH] Please elaborate on that a little bit. Have there been cases in which Arab citizens have preferred West Bank and Gaza Strip products?

[Strauss] Some areas, like al-Muthalath and al-Nasirah, have many products from the West Bank and Gaza Strip. In such areas West Bank and Gaza Strip products have a growing presence. We have no major objections to the sale of West Bank products, given the fact that Israeli products are being sold there. What we are claiming, however, is that, first, while there is an absolute boycott of Israeli products in the West Bank, West Bank products are being sold in Israel without any trouble.

[AL-SINNARAH] What products to be specific?

[Strauss] Those which I already referred to, especially candy, cigarettes, oils, shortening, margarine, macaroni, and pasta. We are not talking here about sales per se, but rather about an imbalance between products. That is, there is the boycott first of all. Second, there are Israeli

laws which have to do with product composition, product promotion, and the issue of kosher products. There has to be equality and balance in all such matters.

The same thing applies to wages. Wages which are paid in the West Bank are between \$100 and \$200, and that is one fourth of what Israeli workers earn in Israeli food processing plants. In our opinion, this is considered unfair competition.

[AL-SINNARAH] Do you have figures on the volume of sales of West Bank products in Israel?

[Strauss] We do not know exactly what those figures are, but I don't think they are considerable. Today, it is difficult for us to determine exactly what that figure is because there are no controls and because customs fees and taxes of all kinds are not always paid and are not always paid in full.

[AL-SINNARAH] You spoke about branding and labeling products. Do you now do the writing on your products in Arabic in accordance with the law? The law requires that, if I'm not mistaken.

[Strauss] No, the law does not require it. There are companies which do this for marketing considerations. This is something which has to do with the marketing strategy of each firm. The law of the state requires us to use Hebrew only.

Arab Citizens Prefer Palestinian Products

[AL-SINNARAH] Let's ask you another question. You are ultimately speaking about commercial competition for a large market, a market of between 700,000 and 800,000 Arab citizens. Did you take this matter into consideration in your marketing strategy?

[Strauss] There are companies which take such matters seriously, and there are others which take them less seriously. This is evident in advertisements appearing in Hebrew newspapers and in promotional displays in stores where the products are sold. Our products, for example, can be found in Arab markets. So far, we have had no problem with Arab consumers, but the Arab public in Israel is making one mistake. Let me say here once again that I do not wish to discuss politics, but when politics has an effect on the economy and when West Bank products are preferred for political reasons, I have to say that in the final analysis the Arabs are living in this country, and they are working in factories which, ultimately, they may be boycotting. The result of that is unemployment. Workers are laid off, and they may find themselves joining others who are unemployed like them. This is a certain aspect of the situation they may not have considered.

[AL-SINNARAH] You speak as though Palestinians were actually boycotting Israeli products.

[Strauss] I have no doubt that they are. I am not talking about our plant, but I am talking about companies like

the candy company, which has felt the impact of that boycott in local Israeli markets.

[AL-SINNARAH] But this may be because of the price, the packaging, or the taste. Maybe the quality of West Bank candy and chocolate is better.

[Strauss] No, I believe that it is nationalism that has had an effect here. I believe prices have also had an effect. Competition has extended to prices. West Bank products cost 30 percent less than Israeli products. Prices for Israeli goods are set by Israeli law because there are several factors which affect those prices, such as the property tax, other taxes, and wages. When we talk about products which rely on labor, we are talking about a price difference that is usually between 30 and 50 percent.

[AL-SINNARAH] Let's talk about prices.

[Strauss] No, let's talk about both subjects. Let's talk about nationalism as well.

[AL-SINNARAH] Is there something nationalistic about prices?

[Strauss] Indeed there is. West Bank factories are built with funds from abroad, and these funds are made available in the form of no interest or low interest loans, or they are offered as grants and aid. You know how much interest costs in the country. In addition, there are other laws which we must obey and which have to do with health, wages, employment, and taxes. What all this means is that we have to incur major expenses and make large investments, and these things do not exist in the West Bank.

Unsafe Products for Arabs

[AL-SINNARAH] Do you have a specific suggestion then? Should they not build factories there?

[Strauss] I make no claims on anyone, but I do believe that the state of Israel has to decide that it is actually responsible for applying the law to both sides. When it does that, we will have no problem with competition.

This matter is the state's problem, and officials have to review their considerations, because if this situation continues for a long time, the number of unemployed people will grow.

[AL-SINNARAH] Has this situation existed since the intifadah, or did it exist before the intifadah?

[Strauss] The situation before the intifadah was not like that. At any rate, it's all the same. The intifadah will end one day, and then the two peoples will have to live in peace and they will have to conduct their business honestly. Dishonest business serves no one's interests in the long term. When one monitors the health question, for example, one is not only monitoring industry, but one is also monitoring people. What worries us today is not only what is happening during the intifadah, but what will happen afterwards.

[AL-SINNARAH] And yet, Israeli companies and factories sold unhealthy, unsafe, as well as poor products to Arab consumers in the West Bank and the Gaza Strip. We have a considerable amount of information about that matter which has been investigated. Don't you have anything to say about this matter?

[Strauss] I cannot speak about those inside the Green Line who violate Israeli law. I believe that most of the factories, especially the large ones, do abide by the law. They have to. Anyone who does not abide by the law is no better than any other law breaker somewhere else.

[AL-SINNARAH] But you made no statements against those people who did infringe upon the interests of others.

[Strauss] There was no need to. Those people broke the law, and it is up to the law to "deal with them." I do not support any violation of the law, regardless of the perpetrator. I do say, however, that everyone must obey one system of laws in this regard. Today, we are marketing products in other countries in accordance with the laws of these countries. All countries have laws that are similar in this regard, and these laws must be applied at all times everywhere. There must be one law which applies to industry and trade everywhere.

[AL-SINNARAH] Let's go back to the effect of the intifadah. Your department sold \$100 million in products in the past. How much have sales dropped?

[Strauss] They are down to almost zero or maybe only 10 to 15-percent of what they used to be. Take dairy products, for example. Today, an attempt is certainly being made to establish a dairy processing industry which will serve as an alternative to the Israeli one. This is being done to avoid buying products from Israel both in the near and in the distant future.

Christian Arabs Reportedly Worried by Islamic Trend

44230069D Tel Aviv HA'ARETZ
in Hebrew 13 Dec 89 p 2A

[Article by 'Avital Inbar]

[Text] The rise in power of the Islamic Movement is stirring great fears among Christians in Haifa and the Galilee and has brought about the establishment of a new body called "Ravita al-Masahiyah" (Union of Churches). Nazareth has a nonpolitical action committee, the "Christian Social League," whose purpose is twofold: to educate Israeli Christians in a spirit of good citizenship (respect for the state, the flag, and state symbols) and to develop Christian awareness.

"Christians are facing toward the right," is how a Christian attorney in Haifa defined the phenomenon. He also denied the organization was aimed against the Islamic threat and fear of it. Michel Sabah, the Latin patriarch of Jerusalem—the first patriarch who is not Italian, but an

Arab from Nazareth—who is known for nationalistic statements, is aware of the new organization.

The purpose of the personalities behind the new initiative is to establish an Israeli-Christian lobby that will defend the interests of the Christians. The communists expressed opposition to it and referred to its members as "traitors."

Christian sources close to the Labor Party or Likud want Israel to instate a National Service for Israeli Arabs—for which Christians will volunteer—as a sort of governmental insurance, but as it has been reported, the matter has not yet been discussed by the competent bodies. Others go even further and request that the fate of the Christian community be linked to that of the State. One of them said that if young Christians are to be educated as Israelis from every viewpoint, they should serve in the Army.

In order to accommodate the Christians, who have increasingly intensified their appeals to Minister Ehud Olmert's office since the rise of the Islamic Movement, a small fund was established this year to deal with specific requests. The fund board, which includes an Arab public representative (Yusuf Fars from Haifa), representatives of the Treasury and the prime minister's office, and the deputy adviser for Arab affairs, will meet this week to present the Christians with a Christmas present: an allocation for a Christian cultural center in Ramla, a sports club and fields in the Halav Bloc area, etc. Jerusalem promised that this was only a beginning and that next year will see a more serious endowment.

Israeli-Arab Political Organizations Analyzed

90OL0156A Nazareth AL-SINNARAH
in Arabic 1 Dec 89 p 7

[Article by Taha Ashqar, written in Kabul]

[Text]

A Necessary Observation [Box on p 7]

AL-SINNARAH publishes the following view of Professor Taha Ashqar, a researcher at Cheq'at Habibah [as published], Haifa University, and several public opinion research companies, without interference to promote freedom of publication, as is its custom.

However, we must make two objective observations, which, we believe, were not adequately considered by the writer.

1. The resignation of [Member of Knesset (MK)] 'Abd-al-Wahhab Darawishah was preceded by a sharp debate with the Labor Party regarding his renomination to the Labor Alignment's list for Knesset elections. Also, Darawishah remained in the alignment numerous months after the intifadah [uprising].

2. Writer Ashqar does not touch on the extent of support for Mr. Darawishah among some circles inside

the Islamic movement. We mention this, because Ashqar writes in his article that most of the votes for Darawishah came at the expense of the Labor Party. However, Ashqar returns to this in his discussion of the popular base.

Of course, there are other observations. We see no need to cite them, leaving them to others to address.

We emphasize that the aforesaid observations serve only as an objective notice, which we view as a duty. As a newspaper, we must publish Prof Ashqar's article, and no more.

[End of box]

In its last issue, AL-SINNARAH presented the view of Mr. Saliba Khamis regarding Arab organizations in Israel.

I would like here to present a view of the topic, although I do not intend to respond directly to Saliba Khamis' article.

A number of political organizations are active in the Arab arena, including Arab, Arab-Jewish, and Jewish organizations.

Recently, attention has perhaps been most focused on the continuous growth of the Islamic movement's power and the continuous decline of other forces, particularly the progressive movement, the Arab Democratic Party, and the Democratic Front. The progressive movement reached the peak of its power in the 11th Knesset elections, when it obtained two seats.

However, since the movement was founded and institutionalized, it has been unable to build a popular base or cadres of local activists in the different Arab groupings. Rather, it has depended on a regional leadership characterized as an academic, literary, and social elite, which, to be precise, represents the middle bourgeoisie. When it first became active, the progressive movement employed access to religious circles on the Arab scene, and it also advanced nationalist slogans, which caused the aforesaid circles to support the progressive movement in the Knesset elections. The Knesset elections of last year occurred as the Islamic movement began to take shape, attracting broad segments of the Arab public, which the movement granted the freedom to vote. Large circles of the Islamic movement boycotted elections—although some supported the progressive list and the Arab Democratic Party—causing a drop in support for the progressive list, inasmuch as the absolute number of votes cast dropped by about 3,000, and the percentage of people voting for the list dropped compared to previous elections (18 percent compared to 14 percent).

Progressivism was also dealt a serious blow by the Islamic movement in the last local elections, especially in Nazareth.

Following elections for the Histadrut [Labor Federation], we are asking ourselves: What is the current status of progressivism? In my view, the progressive list hammered the last nail into its coffin by joining a combined list.

Progressive leaders realized that running in Histadrut elections on a separate list would be political suicide. Therefore, progressivism acceded to most of the Front's demands in negotiations, especially regarding the principle of leadership, i.e., the nationalist identity of the list's top person. On this very point, progressivism conceded much, to the extent that some of its leaders and activists did not adhere to this decision and were not active in Histadrut elections. The question is: What share of popular support has progressivism contributed to the combined list?

I believe that this support was paltry, as indicated by the Islamic movement's continued gain of support at the expense of the progressive movement and the Arab Democratic Party. Following the "opening" in the Front, and the acceptance of multiplicity in the local Arab political arena, the following question is being broached: Is there still a need that objectively warrants the existence of progressivism in the political arena?

The answer is, not in the least, because there is a serious, substantive rapprochement between progressivism and the Front, for progressivism, since its founding, has put forward a political program that to a great extent is similar to that of the democratic program. It is worth indicating that most of the leaders of progressivism were Frontists, or were close to the Front and the Communist Party. These circles will return to the bosom of the party and the Front sooner or later, especially since their popular support is beginning to wane. Among the first signs of this return is the merger of the two parties' writers organizations.

The Arab Democratic Party

On the eve of the last Knesset elections, this party grew out of the political need of a specific group of Arabs in Israel. The Palestinian uprising and Rabin's containment policy have placed broad groups of Labor Party supporters in the Arab sector in a difficult predicament. These groups can no longer defend the Labor Party's policy. In addition, the Labor Party's link with the national unity government has weakened the ability of Arab supporters of Labor to obtain certain gains in spheres pertaining to daily life.

Hence, the withdrawal of MK Darawishah from the Labor Party and the establishment of an Arab party.

The most important political characteristic of this party is that it saw itself, unlike progressivism and the Front, as a possible partner in a coalition government for the sake of improving the situation of the Arab public in Israel. In other words, this party gives precedence to the principle of equality over the principle of peace, without ignoring the latter principle. Thus, it would prefer to enter into a coalition government to improve some services in the Arab sector at the expense of political action regarding peace in the region. This political position has a broad base in the Arab public.

In the last Knesset elections, the party performed well, obtaining 27,000 votes, most of which were at Labor's expense. Nonetheless, the general election results were a sharp blow to the party, in that a national unity government was formed. The party was left in the opposition, and it began to move closer to progressivism and the Front on many issues. As for the party's popular base, it comprised conservative circles close to the Labor Party, and in some cases, close to the Islamic movement.

In local municipal elections, the party was profoundly shocked by the failure of its second person, Ahmad Abu-'Asabah, in local council elections in the village of Jit. The party's candidate in the village of Jisr al-Zurqa' also failed, and the head of the local Nahaf council withdrew from the party.

The party also sustained a strong blow in Nazareth, where its candidate for mayor obtained only about 400 votes!

In the last Histadrut elections, the party joined a combined list to salvage what it could. However, many of its supporters resumed their support of the Labor Party, because this segment of people could not remain in the opposition for long.

The Democratic Party was a victim of general circumstances in the state, which led to the establishment of a national [unity] government, thus destining the party to remain in the political wasteland, which is not what the party's leaders and supporters had wanted.

IDF Gaza Commander Profiled

44230069B Tel Aviv HA'ARETZ (Supplement)
in Hebrew 8 Dec 89 pp 14-16, 18

[Article by Gid'on Levi: "Nothing To Be Ashamed Of"]

[Text] Were the IDF [Israel Defense Force] more concerned with public relations, it would ensure that the image of Brigadier General Tzvi Poleg, commanding officer of the IDF forces in the Gaza Strip, was never absent from television screens here and abroad. Somewhat like Amram Mitzna, handsome, well mannered, clearly genuine, charismatic, and thoughtful in his answers, he wins people not by a specific manner but mostly by his assured calm, which troops and officers who have been serving under him for the past 1 and 1/2 years in that hot area keep mentioning.

Poleg is not a troubled officer. He does not shoot and cry. He is at peace with himself and with his duties. His appearance remains remarkably humane even when his orders don't sound that way. The intifadah routine and things that sound terrible here are part of everyday life there.

On the evening of the first day we met, a battalion commander was telling him about a woman who had thrown a brick at a soldier; with his unflappable calm Poleg instructed him to get out into the street, in the

middle of the night, all the men from the refugee camp where the woman lived. That morning he had issued a similar order when he caught sight of all the stones lying in the entrance of the IDF stronghold at Jabalyah. Get 20 men out of bed at night and have them clean up the area, he said.

Why, I asked. This way you involve everyone in the intifadah. Tzvika fixed me with one of his wise looks and said: "First of all, they are all already in the intifadah. Secondly, they mustn't be allowed to think that there can be no repercussions for throwing a brick at a soldier."

And then there is the opposite. When I entered Gaza Strip, at the Erez roadblock I overheard a couple of reservists discuss modern Hebrew poetry. "Why do they teach that shit in school, that rotten Byaliq, instead of the great poet Avihu Medina?" one of them said. A few minutes later, inside the strip, the same poetry expert burst into an Arab house, kicked the car parked in the yard, swore and cursed, and searched for the culprit who had thrown a stone. After all that commotion it turned out that the stone had come from somewhere else. Poleg reacted to it from the depth of his blue eyes: "This type of soldier should be put in jail." He later expanded on his philosophy concerning the limitations of commanding officers when dealing with how each soldier was raised at home. Each one, he said, brings to the territories what he received at home, to which difficult circumstances are then added.

Tzvi Poleg is 41; he came to the Gaza Strip 1 and 1/2 years ago straight from studies in Paris. He is an infantry man, rose in the Golani brigade to become its commander, and his mission is to restore calm in the Gaza Strip with the aid of rubber and plastic bullets, smoke, gravel-spewing machines, searches, arrests, detention, curfew, bringing men out of homes in the middle of the night, and of course, live ammunition.

I accompanied him for 2 days and during those 2 days he opened up everything to me: most meetings and discussions, visits and tours, almost all the reports and estimates piling up on his desk, and to a certain extent, his thoughts, the thoughts of a regular army officer that don't take civilian turns for even one moment. His criticism of the media stems from his military background, and so does the education he gives his son.

His daily schedule is very busy, exhausting, tense, and long. But when we were sitting in his office late at night talking, he was the freshest of us all. His nights are busy, too, not many hours of uninterrupted sleep. He spends a lot of time out in the field, and as far as I could tell from 2 days, he is under heavy pressure from his troops to allow them more aggressive handling. There are many complaints about helplessness and restraining orders. Both regular and reserve troops repeatedly complained: Why can't we shoot? Why can't we rough them up? Why aren't we tougher? No distressed soldier came out with opposite requests.

There seemed to be many technical and procedural questions: If they throw a smoke bomb at me, am I allowed to shoot to injure? What may be fired at stone throwers? Not everything is clear, although everything has already been formulated in writing and in great detail.

No Palestinian had been killed in the Gaza Strip in the 5 weeks prior to our meeting—a very important achievement in Poleg's eyes (a 10-year-old girl was killed on Monday this week, after the visit). Poleg repeatedly and proudly spoke of this absence of fatalities to his troops, touching wood every time he mentioned it, aware of the fact that the situation could be overturned in an instant. "One child mistakenly killed here can spark a terrible fire," he said, adding that he had learned a lot in the 2 years of the intifadah, such as people's sensitivity to children killed and to incidents occurring in the vicinity of mosques. He keeps warning soldiers about this, reminding them to be careful of children and mosques.

He is guided by practical considerations. The objectives are posted on the walls of his office, as on the walls of every command post in the area: Lower the level of violence; prevent disturbances of the peace and preserve order; prevent and preempt violent terrorist attacks, and assist the civil administration in its missions.

I had the impression that he is a popular commander. A very many people call him Tzvika, and few of the usual preparations and preening precede his visits to the units. Normally IDF officers of his rank stand on greater protocol. In this respect he actually resembles the new commander of the Southern Command, Matan Vilna'i. I was told that his predecessor, Lieutenant General Yitzhaq Mordekhay used to travel with a very long column of jeeps and lots of staff officers—a matter of style.

Poleg drives his own jeep, which doesn't look like a jeep anymore, but rather like a small armored car—another practical lesson learned from the lengthy intifadah: everything on the jeep is protected and enclosed, even the loudspeaker and light on the roof. In front it has a grader device for pushing aside stones from the road. While talking about nothing in particular, everyone's eyes in the car continually dart right, left, and back, and every ear is attuned to the reports coming in nonstop on the radio.

I go a lot by gut feelings, he said. Today will be quiet until noon; the street will heat up in the afternoon, he predicted. And that's exactly how it was. Pretty regular behavior patterns have developed here in the 2 years of the intifadah, and each side is familiar with and knows what to expect from the other.

Those were 2 days of general strike in the Gaza Strip. The IDF refers to such days as memorial days—29 November is a Hamas [Islamic Resistance Movement] general strike, and the day before that was a general strike decreed by the United Leadership. For more than a few soldiers here it was the first time they heard of the significance of 29 November.

The strike is violated here and there by stores open in back alleys, not on the main roads, and by about 700 workers who in the morning left for work in Israel. Altogether the first day was quiet; 28 November and I didn't see almost any stones in the area. The next day was already stormier: The sight of the motorcade of jeeps driving through Jabalyah with the commander of the Southern Command and the IDF commander in the Gaza Strip in them, while a deluge of stones pours down on them, is not a sight soon forgotten.

This is how the day events were summarized on the computer paper resting on the commander's desk at 0600 the next day: Two soldiers slightly injured by stones; five "locals" wounded, two of them children; 11 plastic bullets fired; 7 nights of arrests planned, three carried out; one bottle of contact glue tossed.

When Poleg is in the field, a soldier comes to him every so often with a report on the events of the past few minutes. That's the routine. One experience out of the ordinary: In one border police unit officers started a contest on who stank worse from the bags of garbage thrown at them that morning.

Poleg has time to read one newspaper a day, hardly listens to any newscasts, and goes home once a week to his physiotherapist wife and three children. At times he is urgently called back from his home in Netanya from a few hours visit. He has neither the time nor the patience to keep up to date on what's happening in the world or in Tel Aviv. He lives in a balloon of current security. He reads a few books and sees a few movies, like "Sex, Lies, and Videotapes," which he recently saw and enjoyed. Shlomo Avineri's book on political thinking is on his desk; he recently finished "The War for Peace," about the lessons of Algeria. Yes, he said, there is a resemblance, but there things were not happening in their backyard, as is the case here, in Gaza.

He will end his tour of duty here in a few months. He will complete his graduate work in political science and will go on to the next job.

Tzvi Poleg (Farkash) immigrated at age 14 from Romania. He spent 2 years in the 16th arrondissement in Paris. Poleg, who considers himself European, says that his European manner influences how he manages his job: "The fact that I don't have the sabra roughness and that I do have sensitivities considered European, plays a big role." In general he thinks that each person's behavior, in each position, is dictated—for good or bad—by basic values. What can one shape in 18-year-old soldiers after the specific education they got at home; if they come from a violent neighborhood they will be violent here, too, Poleg said. He had never considered a military career, but was drawn into it gradually; when he was recruited he was still a new immigrant, only 4 years in Israel.

Very early in the morning he is already prepared to give a proper lecture on "the situation." On the second

anniversary of the intifadah there are rounds of lectures and meetings in the Army, and each one is well versed in the material.

Poleg, and not only he of course, says that the Palestinians have a feeling of achievement because of the international recognition of their struggle, but also a feeling of growing frustration, now that their cause is being pushed to the edge by events in East Europe. They also realized, he adds, that the State of Israel can deal with the intifadah; nevertheless, the population is still permeated by a high level of motivation. The population is responsive to calls for general strike, but not to orders that interfere with their work in Israel, because of its dependence for existence on Israel. Every Israeli measure that involved work in Israel—changing identity cards, magnetic cards, changing number plates on cars, and car stickers—were successful because of this dependence. In the Gaza Strip, by the way, registration stickers are also affixed to every donkey-drawn cart, too. "It reflects light at night," Poleg explained. The intifadah failed in its attempt to disengage the strip from Israel. The link with the civil administration is actually strengthening—the residents are interested in having the system function, especially the educational system. There has been no increase in the use of firearms, although the inhabitants do have weapons, mostly old ones. The most problematic issue now is the hard core, the masked men.

Here he interrupted his lecture as five or six officers came into the room—a surprise inspection visit by the Operations Branch. Various operational questions follow, from men who came for a few hours straight from the government's enclave in Tel Aviv. Our aim is to be present everywhere and at all times, he tells them. He tells them about the successful weekend "cleaning campaigns," when all the men are at home. A refugee camp is shut down and all the men are brought out into the street and ordered to clean the camp.

"It's important to me to project what I want on the weekend. Last Saturday we did a campaign in Shatti; not one stone was thrown at us. The people were glad: a real cleaning job, just like for the commander's inspection."

What do you care, I later asked him, whether the camp is clean or dirty? Why pick on them? Poleg: "Through these clean-up campaigns we remind them who the boss is here. When I tell them to come out into the street, at the time I decide, it brings it home to them that I am the ruler, the one in charge, not to mention the esthetic aspect of it. When all is said and done, they are rather pleased about it, and they know that those are the rules of the game. There is no punishment here—the camp is reopened when they're finished cleaning."

Many other issues were brought up, and when the discussion ended, Poleg suggested we go for a walk. His walks include motorized tours through streets and refugee camps, and visits to units. He is told on the radio that a bottle of glue and acetone was thrown at our forces. No casualties. He

keeps his personal weapon in his lap. At one point we stopped by a group of stone-throwing children; he waved his gun and the children fled.

We came to the command post of one reserve battalion. The current shift is about to be released in 2 days after a few weeks of active service. Cheese pastries and oranges are served in the commander's tent. One company commander says: "My men are not yet all worn out. But I had promised them more action, and you didn't allow me. Planned actions help lessen their frustrations, like ambushes, or taking an armored transport, driving into a camp, and catching a couple of guys by the balls. That's what I had promised them."

Someone else complained about the gravel machine. When the engine is working you can't hear the radio, "and that's a real problem." Poleg took notes in his yellow pad. The battalion commander summed up: "All in all we are very pleased with the work." Day after tomorrow they'll be going home to a wife, children, and a civilian job. Poleg asks the commanding officers to make sure that the men don't shoot unnecessarily in their last 2 days. "And if you must, then only in the legs, according to instructions."

Back to the jeep and off to a border police unit. Chief Superintendent Pars, the most veteran soldier in the Gaza Strip and a household name here, was transferred to the Galilee and there is a farewell party for him. As a parting present he received Rushdie's *Satanic Verses* and innumerable olive-wood plaques with engraved expressions of thanks from the various units. He says jokingly that he will ask his men in the north to shoot in the air every 2 hours to dispel the relative quiet and boredom that will invade him there. It is said that chiefs of staff and ministers sent for his opinion more than once. Pars was here on that 9 December 2 years ago when the intifadah broke out in Jabalyah; 15,000 people poured into the streets then and when asked what to do about it, Pars suggested shooting at the feet of the first row and driving jeeps into them. We avoided a great catastrophe, he said. Perhaps 200 were injured, mostly stampeded by the fleeing crowds.

Then we visited another reserve battalion, more conclusions and more IDF coffee. The commanding officers said they shot only plastic bullets and there were no casualties. "You forgot the one we wounded during the robbery arrest," one of the officers reminded him. Yes, I forgot, the commander admitted. Here, too, there is palpable satisfaction. One of the conclusions was that, since the plastic bullets magazines are painted, in contrast to live ammunition magazines, the inhabitants already know when to flee and when not. Also, they were short of binoculars. One officer suggested that photographs of suspects be circulated among all the officers, "So that when we stop someone we don't have to ask on the radio whether it's a bingo [expression used to indicate identification of a suspect] or not." They, too, were due to go home the next day.

We come to the "coastal facility," Ansar 2 prison—about 1,200 prisoners in tents, dressed in blue; the outer perimeter smells of sewage, a new sewage line is being installed. There are 84 minors in a special block. Lt Col Malul is the commanding officer, and he complains about the slowness of the courts. "We bring 60 men to court, four are tried and the other 56 are returned."

"What's the feeling among them?" Poleg asks. "As usual." What do they say? "They're worried about the events in East Europe which are diverting attention from them. Yesterday one prisoner told me, 'to hell with 'Arafat.' That's something new, that they should curse 'Arafat within my hearing."

Poleg asked what was said there about the ambush killing of the soldiers with firearms; Malul said the Fatah men were against and the Hamas were in favor. The split here reflects the split in Gaza in general: 85 percent PLO and 15 percent Hamas. Poleg said he was not worried about the increased strength of Hamas, and what's more, he hadn't detected such an increase at all.

Malul reported a new development, rapprochement between Front prisoners and Hamas prisoners. About one-third of the prisoners have been here before. "I had a crazy one who used to sleep in cemeteries. Every time there was a curfew the soldiers brought him in; 31 times. Leave him alone, he's crazy, stop bringing him to me every night." On a blackboard we read: age 12 to 14, no prisoners; age 14 to 16—95; age 17 to 18—157; 19 to 20—187; 21 to 23—468; over 40—13; without birth certificates—6.

The food is excellent, Malul said, and they're not at all cold at night. Some don't even want to be released. Outside, some 10 prisoners stand in line, their hands tied behind them with thin plastic cords, the kind that hurt. "I am their spiritual father," he smiled, pleased with himself. Would you like to talk to a prisoner? No problem. Malul tells his clerk through the intercom: "Bring Abu-'Adal in."

What happened after that seemed exaggerated, like a staged scene on relations between master and subject:

Abu-'Adal, unshaven, his eyes lowered, like his whole demeanor, walked in. He spoke in whispers. Abu-'Adal is a graduate of al-Azhar University in Cairo, majored in literature and history, and worked in Bat-Yam as an installer. He is in prison for 20 months. Malul appointed him head "shawish" in the camp. In exchange for his services he gets one pack of cigarettes a day and a weekly visit with the family. A regular prisoner here receives five cigarettes a day and one visit every 2 weeks.

The "shawish" is the liaison man between the prisoners and the management. Speak freely, Malul told him. And Abu-'Adal spoke freely: "Mr Malul is wonderful to us and we love Mr Malul, and we don't lack for anything, unless perhaps to have the holes in the tents fixed." Malul said, tell him when you got the tents, 1 week ago,

right? Right. Malul: "They damage the tents themselves. Tell about the food, tell him about the conditions you have."

We took our leave from Abu-'Adal, Mr Malul, and the 1,200 prisoners and returned to the office towards evening. Do you understand the Palestinians, I asked Poleg. "I understand but I don't accept. I am at peace with myself concerning our mission. The men here are far more at peace with their mission than those who read about them in the paper. We have assumed responsibility for 1.5 million Palestinians, and as long as 'Arafat represents all the Palestinians in the world, we won't have a common language with him, unless we are prepared to commit suicide. I have no complexes about my job, because I'm clear about its importance for the future of the State. This may sound like Zionist propaganda."

[HA'ARETZ] Why do we have to be everywhere when it creates continual friction?

[Poleg] "You can't have a vacuum. Anywhere I leave a vacuum it will be immediately occupied and filled by the other side. If I'm not present everywhere I lose control of the area. If I stop causing friction in one refugee camp, the friction will pursue me to the main roads."

[HA'ARETZ] What do you care about a march of several dozen demonstrators?

[Poleg] "A march is a disruption of the peace. You never know when the march leaders will lose control and the march will become a big riot. I don't want to let anything like that start."

[HA'ARETZ] And what if there is a big demonstration?

[Poleg] "Allahu akbar and immediately there's a flare-up."

[HA'ARETZ] Why are you bothered by a PLO flag on top of a pole?

[Poleg] "It's part of our control, part of demonstrating who's boss, who's in charge of the area and the population, day after day, and we cannot compromise on the least point."

[HA'ARETZ] Are you still shocked by the death of every child?

[Poleg] "Look, I told you that I am at peace with my mission, which doesn't mean that I am at peace with children killed. I still have the same sensitivities, and I don't want to lose them. You must remember that I continuously deal with new units here, and I mustn't project the feeling that we take human lives lightly. But I have no doubts about targeted or environmental punishment. Not after two soldiers are killed, for example."

[HA'ARETZ] You mean demolishing the house of an innocent family?

[Poleg] "No, I have no doubts. Remember that I have a job to do here. House demolition is the best deterrent, regarding both the level of violence and our control."

[HA'ARETZ] And you don't think at all about the children left homeless?

[Poleg] "No. People who attack our men know what the punishment is. If they still do it, why should I feel remorse?"

[HA'ARETZ] Yesterday there was another case of a 3-year-old girl losing one eye.

[Poleg] "True. We investigated the incident and found that she was wounded by a burst of plastic bullets, one of which penetrated her eye. To an adult nothing would have happened from such a burst. This is unavoidable, unfortunate as it may be. She was sent to Hadassah hospital, by the way."

[HA'ARETZ] What other difficulties do you encounter here?

[Poleg] "The media. Take for example yesterday's paper. Headline: 11 wounded. Only inside the body of the item did it say that the information came from Arab sources, and that only two were wounded according to the IDF spokesman. Today was relatively quiet, and you'll see that the 2100 news reports serious disturbances. Some of the media are politically short-sighted."

[HA'ARETZ] Would you recommend that the territories be closed to the media?

[Poleg] "No. We're a democratic country. You, as a citizen, are entitled to know what is happening about one of the country's main problems. I am also willing to be continually under public scrutiny; I have nothing to be ashamed of, nothing to hide."

[HA'ARETZ] Has the Army been corrupted here in the past 2 years?

[Poleg] "We really try to watch over our youth, to ensure that some of the feelings they experience here don't become internalized and spoil them as citizens. There are cases of misconduct, and we deal with those. But as long as the local population continues to complain about mistreatment, I feel good. I would be greatly disturbed if they stopped complaining. I personally investigate each incident involving fatalities. I listen to what the population has to say, and I do that for our sakes."

[HA'ARETZ] So there is no corruption?

[Poleg] "As I told you, I think that the 18 years that the youth has spent at home are the basis for the rest of his life. We have had perhaps 10 cases of misconduct out of 100,000 who served here. Look into the behavior of other armies in the world. Matan (Vilna'i) has a film about Soviet soldiers' behavior in Afghanistan."

"In contrast to Professor Leibovitz, whom I once met and whom I greatly admire, I think that the occupation has so far not corrupted our basic values."

[HA'ARETZ] Doesn't it bother you to know that you are a hated ruler here?

[Poleg] "I don't feel hated. I don't exercise terror in the territories like the French did in Algeria. I allow them to work, to have their health care, education, and a normal life as much as possible. They may hate the idea behind it, but not my daily work."

[HA'ARETZ] Would you stay here permanently?

[Poleg] "Not willingly. But as long as a solution is not found I have to stay here, because if I'm not here I won't be in Tel Aviv, either."

[HA'ARETZ] What do you think of their staying power?

[Poleg] "Here in Gaza they are not ripe to assume responsibility for their fate. This doesn't mean that I want to rule over them. Occupied nations in Europe had a tradition of government, culture, and administration. Here that doesn't exist. They never ruled themselves. We try to teach them what government means, so that if a day comes when we have to leave, they will be able to assume responsibility."

[HA'ARETZ] The intifadah has acquired a routine here.

[Poleg] "Correct. There are some signs of weariness among the population, which should not be interpreted that the situation cannot be rapidly reversed. There are ups and downs in every process, and we may now be at a low point; as far as individual soldiers are concerned, the only expression of the intifadah is now stone-throwing by 10-year-olds. Individual soldiers are now exposed to less hatred than in the past, which makes their job much easier."

[HA'ARETZ] The population is still subjected to unnecessary humiliation.

[Poleg] "Some of the soldiers do have that kind of impulse, and it is our responsibility to prevent such developments. I talk to the soldiers exactly the way I talk to you."

[HA'ARETZ] Does our image in the world worry you?

[Poleg] "Yes, but look at the violence the Belgian Army used against the Kurs, their own people, who only wanted to improve their living conditions. And here we have to deal with a population whose national aspiration is to annihilate us. It is, however, true that more is expected of us, and I am glad."

[HA'ARETZ] Would you want your 14-year-old son to serve here, come the time?

[Poleg] "I hope that what we give him at home will steel him for any mission, even the difficult missions here."

Later that night the commander went down to observe "2 Years of the Intifadah" with the troops. On the wall of the building there is, by the way, a big sign: Love, Understanding, Peace, Friendship. Poleg is not responsible for that old sign. Soldiers once again complained about the restraints placed on them in dealing with stone-throwers. After the meeting one soldier asked to talk to me privately. He took me to a dark corner and spilled out his story: He was from Ashdod, had been in the service 1 year; recently a local inhabitant got him in the shoulder with a heavy metal lock; he was wounded and his wound was dressed. The same day, with his shoulder bandaged, he went to one solitary cell with a broomstick in his hand and beat up a prisoner. One "leftist student" saw him, filed a complaint, and now the military police was investigating him. He wanted to get a private interview with Poleg, and to tell him that if he was sent to jail he would commit suicide.

Tzvika was awakened from his sleep three times during that night for instructions concerning arrests. At 0630 he was already back in his office. He hadn't even finished his morning coffee when he went out to welcome the commander of the Southern Command, who comes to visit at least once or twice a week. The defense minister is also a frequent visitor—at least once every 2 weeks, considerably more often, by the way, than the chief of staff—further proof that he is the chief of staff of the intifadah.

Once again, tours of units; this time the general talks to the troops. Vilna'i said to them: "The time of 'beat them up and be done with it' is over. What's needed here is patience and endurance, and the side with more patience and confidence will win out."

Vilna'i attributes much of the relative quiet here to IDF actions. When one NAHAL [Fighting Pioneer Youth] soldier wearing a yarmulka on his head got up and said, "The Arabs understand only one language, the language of force," the general asked him sharply, "Who told you that?"

From the window one can see the Jabalyah camp, 55,000 refugees, open sewers, and children wading in them. One house is crowded against the next, and the IDF post is in plain view.

On the light aircraft pad a small plane is already waiting for the general. During the short half hour flight between Gaza and Tel Aviv Matan Vilna'i sank into the Cessna seat and read a book. The title of the book was "The Kurdish Revolt in Iraq."

Wind Turbines To Be Built

44230069C Tel Aviv HA'ARETZ (Supplement)
in Hebrew 8 Dec 89 p 5

[Text] The Power Company will invest \$1.15 million in building the first stage of a field of wind turbines in the Yodfat Mountains. The output of the five wind turbines

scheduled to be built will be 1.5 mw, out of a total 25 wind turbines planned in the field altogether, with a total output of 7.5 mw.

The managerial board of the Power Company recently approved a recommendation by the company management to begin building the above turbine field in the Yodfat Mountains. The decision was made in the wake of the experience gained in running experimental wind turbines there for the past 4 years.

According to the plan, the first five turbines will be completed within approximately 2 years.

According to the Power Company, calculations show that the electricity that will be produced by wind power will cost about 6 cents per kw/hour, which is viewed as economical.

Bedouins Angered by House Demolitions

44230071C Tel Aviv DAVAR in Hebrew 11 Dec 89 p 7

[Article by Amir Rosenblitt: "A Ticking Time Bomb"]

[Text] "The Bedouins, citizens who are unconditionally loyal to the State of Israel, are full of rage and frustration over the recent demolition operations. We succeeded with great difficulty in stopping them from using violence against those who carried out the demolition orders. If the method of destroying homes continues, and if the problem of the arrangement of the Bedouins' lands is not solved once and for all, I fear that things will come to bloodshed. We have no choice. We must live in these structures until an acceptable solution is found to the problem."

This statement was made to me by 'Ali Abuchof, 34 years old, a school principal and educator in the Bedouin tribe of Abuchof in the Negev, a few days following one of the far-ranging operations for demolishing illegally erected structures in Bedouin settlements in the Be'er Sheva region. The demolitions were supervised by personnel of the Ministry of the Interior and of the Israel Lands Administration, with security provided by a force of 120 policemen aided by a police helicopter.

Among other things, they demolished the house of 'Ali's elderly and sick mother, where his brother and seven small children also lived. After the demolition, the children were put up in three different houses. "Why are they demolishing the houses precisely in the winter? Is it humane to leave entire families without a roof over their heads in the bitter cold of the Negev?" asked Ibrahim Abuchof, a teacher in the Abuchof tribe. Ibrahim relates that he was sentenced to 5 months' imprisonment and a fine of about 3,000 shekels, and that he also received a court order that he himself demolish the structure that he had built illegally.

"For the past year and a half, I've been cast out here in the desert without a roof over my head. I, my wife, and two children live in one room with my father, his second

wife, and their children. Nine souls in one room." Ibrahim says that men of the Interior Ministry are pressuring him to move to an urban Bedouin settlement, Tel Sheva or 'Arura. "They even said they'd turn a blind eye if I built a temporary house on a plot that I were to buy there, just so that I would join an existing urban settlement."

'Ali Abuchof warns of the severe impact of the brutal demolition operations on the younger Bedouin generation. "One day after the last operation," he says, "my son and I went past the Tel Shoket intersection, and he pointed to a police jeep and cried out, 'Daddy, here are the police who destroyed our house.'"

The Abuchof tribe lives about three km northeast of the settlement of 'Omer. The members of the tribe, says 'Ali, have been there since 1948, and about 3,500 persons live there. He admits that, by definition, all of the houses there are illegal, especially as it is not a permanent settlement. Most of the members of the tribe earn their living from agriculture, and, according to him, it is difficult for them to move to the urban settlements that the state has established for the Bedouins in the Negev.

MK [Knesset member] Hayim Oron (MAPAM [United Workers Party]), of Kibbutz Lahav, is sharply critical of the demolition policy. "In my opinion, we have here a combination of stupidity and malice. Why, it is impossible to go and destroy all the 6,000 illegal structures of the Bedouins and to set the entire Negev on fire. We're talking today about a population of about 45,000 souls, who do not live in permanent settlements but in thickets, tin shacks, and temporary structures. Until the problem of the lands is solved, it is not possible to attack the subject on the legal level. A day before the last operation—last Wednesday—the minister for minorities, Ehud Olmert, told me that he accepts my position. Then why on the day after this announcement did men of the administration carry out a raid and demolish 11 houses? There is no guiding hand here. On the one hand, an administration is established to solve the problem of the Bedouins' lands, which has been dragged out for 41 years, and on the other hand, they destroy structures before an agreed-upon solution has been reached. It would be a terrible crime were the State of Israel to put the loyalties of the Bedouins to the test. We're talking about people who have contributed to the State, who live in it, and who are educating their children in it. They do not need any certificate of good character. Instead of solving the problem of their existence, they're using against them the method of "wham, and it's all over." If there is an explosion among this loyal population, the Government of Israel will be the party responsible for it. What's more frustrating than anything else is that all the cabinet ministers agree with me, but no one is acting to solve the problem."

Yosi Tahar, a member of Kibbutz Gat and the MK Oron's Bedouin affairs assistant, warns of the beginnings of organizing among the Bedouins in the field for actions in response to the destruction of the houses. This is

liable, according to him, to end in serious violence. "It is my feeling," he says, "that following the last wave of demolition operations, there will be many more waves. Let's not be surprised if the Bedouins don't take that quietly."

The Ministry of the Interior official in charge of the Southern District, Shalom Danino, says in response that the demolition orders carried out recently involve only illegal construction that was undertaken in the last few months. "We're talking about approximately 2,000 structures that were erected by the Bedouins in unplanned settlements in the Negev. According to the decision of the Markovitch committee, we do not demolish older construction until an overall solution is found within the framework of the Bedouin administration that operates within the Ministry of Agriculture."

In response to the Bedouins' contentions about the injustice in demolishing homes in the winter, he declares: "We also carried out demolition orders in May and in July." Danino replies to the demand of the Abuchof tribe and members of other tribes that an agricultural settlement be established, that already during the tenure of the previous minister of agriculture, Ariq Nehemkin, it was decided not to establish agricultural settlements in the Bedouin sector. "The Government of Israel offers the Bedouin family that is now being moved to the seven permanent settlements in the Negev a 1-dunam plot for about 7,500 shekels, including full development. Whoever among them that wants to erect pens for a flock or to cultivate the land has the full right to do so." In his opinion, these are very attractive terms, "which should promote the transfer of the Bedouins to the permanent settlements."

And what about the settlements of Hora and Lagiyah, whose development has been held up? "In Hora, there are already two neighborhoods earmarked for moving in, and in Lagiyah the construction stage will begin with the receipt of the statutory permits," says Danino.

The Bedouins are sure that the last demolition operation will not be the end of a chapter, but rather the beginning of a process. A fund drive is now being organized in this sector for the families whose homes were demolished. This week, several families began to rebuild their demolished homes, and a large demonstration of Bedouins against the demolition policy is planned to be held in the next few days. The question is whether the authorities will have the sense to speed up the long and complicated process of solving the problem of the land arrangement with this population, which is loyal to the state, and to neutralize in that manner the ticking time bomb.

JORDAN

'Arar Discusses Democratization, Islam, Publishing

90OL0170A Paris AL-YAWM AL-SABI'
in Arabic 18 Dec 89 pp 16-17

[Interview With Sulayman 'Arar, Jordanian Chamber of Deputies Speaker, by Badr 'Abd-al-Haqq; "Sulayman

'Arar, New Jordanian Chamber of Deputies Speaker: Democracy Will Not Retreat;" first five paragraphs are AL-YAWM AL-SABI' introduction; date, place not given]

[Text] Amman—The new Jordanian Chamber of Deputies speaker is Sulayman 'Arar, who is not new to democratic action or public service in Jordan. In this interview, 'Arar seems to be confident of himself and certain that the democratic experience currently being undergone by Jordan is irrevocable and will form the image of the future Jordan.

Sulayman 'Arar began his work as the Jordanian Chamber of Deputies speaker after waging a heated battle in which three members of the chamber competed as candidates for the speakership position.

He has expressed his self-confidence, saying that its source is his prior familiarity with most of the winning deputies and with their tendencies and inclinations.

He added: "My colleagues the deputies can vigilantly define the features of the coming phase and can elect to the chamber speakership the individual whom they believe is most suitable and most capable of dealing with the new situation."

AL-YAWM AL-SABI' conducted this interview with Speaker 'Arar as soon as he finished receiving his congratulations:

[AL-YAWM AL-SABI'] Do you believe that the structure of the new chamber represents an advanced formula when compared with the previous chambers of deputies? How and by what degree?

['Arar] There is no doubt that the structure of the current Chamber of Deputies constitutes an advanced formula when compared with all the previous chambers. Most of the political forces and tendencies in the Jordanian arena are represented in the new chamber. The new chamber has also come under delicate and difficult circumstances being experienced by Jordan and the Arab area generally. Thus, the chamber's role will be important and the chamber will shoulder enormous responsibilities, whether in confronting the challenges facing the area, foremost of which are the Zionist danger, the continuing Israeli intransigence, and Israel's rejection of any real tendency toward a just and honorable peace in the region, or in confronting the economic and social problems being experienced by our country. It is the Chamber of Deputies' responsibility to tackle these issues seriously and to try to formulate solutions for them through effective participation and through the observation of government performance. I will, of course, do my utmost to enable the chamber to exercise its full powers of legislation and control and to draft the country's domestic and foreign policies.

No Imbalance

[AL-YAWM AL-SABI'] The Islamic deputies have a qualitative weight in the parliament which has caused some to experience some sort of doubts and fears that a flaw may develop in the balance of parliamentary forces. Do you personally have such fears?

['Arar] I have no fears whatsoever of the Chamber of Deputies structure. I am confident that all the deputies, including the Islamic movement deputies, will work together to establish the base of a true parliamentary democracy and that they will tackle whatever issues are presented to the chamber with a spirit of responsibility and with an objectivity that seeks to serve the country and to surpass mistakes and deviations. It is true that the Islamic grouping has its evident weight in the assembly. But the nature of the phase dictates that everybody respect all the ideas and opinions presented by any side, provided that free expression is observed and that this freedom is respected. Added to this is the fact that there are numerous agreed upon issues which will bolster the united tendency of the majority of the assembly members to serve the good of the country.

Priority to Citizens' Demands

[AL-YAWM AL-SABI'] There is a long list of temporary laws and of major citizen demands that are awaiting the start of the chamber debates. Do you have a clear vision of the priorities with which the chamber will chose to begin?

['Arar] It is certain that these laws and demands will be submitted to the Chamber of Deputies in succession and that the chamber will give these laws and every law issued by the government the discussion and attention they merit. The deputies will have the full freedom to oppose, criticize, task, and query. Most of the deputies have waged their election campaigns under slogans which are in fact tantamount to major citizen demands. Consequently, the priorities on which the chamber will focus include: Observing the constitution, providing full immunity to the judiciary authority, guaranteeing the freedom of the press, and abolishing all the laws and legislation that curtail public liberties, including the martial laws. This is in addition to participation in drafting economic policies that insure developing the country's resources, promoting the national industry, curtailing unemployment, and guaranteeing [suitable] living standards for the citizens.

No Retreat From Democracy

[AL-YAWM AL-SABI'] Until the "national charter" is drafted and submitted to a general referendum, political organizations will not be permitted to engage in open action. This situation may last several months. Don't you think that this period will lead to a relaxation of the popular awareness of the full democratic life, especially in wake of the great political renaissance experienced during the nomination and election period?

[Arar] The popular awareness of the democratic life is general and sweeping. I don't think that a period of two or three months will lead this political renaissance or this thirst for democracy and political plurality to a state of relaxation. The winds of democracy and freedom that are blowing on all four corners of the world are a characteristic of this age. Jordan, our country, will give this phase all that it dictates and will provide this experience with all the means of success and survival. We have the Jordanian constitution and we have the parties law. There is also the charter to which his majesty the king referred in his speech from the throne. All these are guarantees for forming parties and for enabling them to engage in their activity freely. The coming months will witness a new age of democratic and party liberties that will provide every citizen with the guarantees to express his opinion freely, frankly, and without any fear or timidity.

Jordan Has Its Circumstances

[ALA-YAWM AL-SABI'] If we wanted to compare Jordan's democratic experience with the experiences of other sisterly countries such as Egypt, Tunisia, Sudan, and even Lebanon, would the comparison be in favor or against our experience?

[Arar] Such a comparison may not be accurate and clear. Each country has its special circumstances. However, I assert that our experience will be successful, taking into account the democratic experiences of the sisterly countries and of the world countries whose circumstances are similar to ours. We in Jordan have resolved to march with confident steps toward openness and popular participation and toward reinforcing the citizen's confidence in his country and enabling him to give to his country in a climate of freedom and positivism. I say this while looking at the brothers in the occupied Palestine who are leading a brave and courageous struggle against the Zionist occupation and who are daily inscribing the most magnificent epics with their glorious intifadah. Jordan, with all its institutions, including the Chamber of Deputies, is required every day and every hour to stay with these heroes and to support their struggle with all the means until the struggling Palestinian people wrest their national rights and determine their future on their country's soil.

[AL-YAWM AL-SABI'] The issues of administrative and financial corruption, of abolishing the martial laws and the special laws, and of releasing the political detainees are all issues which the ordinary citizen has insisted and continues to insist need to be dealt with as soon as possible. Where do these issues rank in the chamber's agenda?

[Arar] I agree with you on the importance and priority of these issues. I also agree with you that they are the subject of unanimous agreement by all the people by virtue of their sensitive nature. The chamber will evaluate and attend to all these issues and will give them priority attention, God willing.

Press in Crisis

[AL-YAWM AL-SABI'] As a journalist and a former Press Union chairman, do you feel that the Jordanian press is undergoing a crisis currently? What are the features of this crisis and how can the Chamber of Deputies contribute to solving this crisis or to correcting the press conditions?

[Arar] It is certain that the Jordanian press is undergoing a crisis. More than a year ago, special measures were unjustifiably taken against the press and the journalists. If we exclude personal rancors, cheap malice, and the hatred for success and the successful among those who took charge of the media at the end of 1988, there was no single reason for such a martial measure. The press establishments were successful establishments by all criteria. They represented public joint-stock companies which had elected boards of directors. The measures (taken on 24 August 1988) constituted a blow to these establishments. Officials who had no connection with the establishments and who did not own a single share in them were appointed to run them. Consequently, retreat and deviation from the rules of the profession occurred and revilement, hypocrisy, and straying from the good standard to which the Jordanian press had gotten us accustomed in the past two decades surfaced. It is certain, brother Badr, (you who are a well-known reporter and who were dismissed from the paper for which you had been working for long years as a result of the measures), that all those measures were faulty and did not serve Jordan's interest or the interest of the Jordanian press. I do not doubt that the Chamber of Deputies will devote the greatest degree of attention and followup to this issue in order to correct the press conditions and to lead the press out of the crisis into which it has been pushed forcefully and unjustifiably pushed.

Crisis in Writers League

[AL-YAWM AL-SABI'] There is another similar crisis, namely the dissolving of the Jordanian Writers League in accordance with the martial rules of 1986. Can the parliament deal with this issue also?

[Arar] I don't think that the Writers League issue differs greatly from the measures concerning the press. All are violations which would not have occurred had there been awareness of the national interest or earnest concern for the reputation of our country, Jordan. I am confident that these issues and other violations and deviations will be tackled under the parliament's dome with a spirit of national responsibility and as soon as possible.

[AL-YAWM AL-SABI'] Finally, there are those who say that the Chamber of Deputies will not serve its full four-year term and that it will be dissolved before this term is over. Do you have an explanation for this opinion, or even these rumors?

[Arar] These are rumors and words in the air. I am very optimistic. I feel that this chamber will perform its role in full, that it will exercise all its powers with absolute independence, and that it will contribute to drafting the state's domestic and foreign policies through vigilant debate and participation, through commitment to this country's interests, and through preserving its security and stability. Moreover, with free dialogue and exchange of opinion, our country will gain greater strength and our people will gain greater freedom, security and reassurance.

TUNISIA

Simplification of Administrative Procedures Advocated

90OA0238A Tunis LE TEMPS in French 3 Dec 89 p 3

[Article by H. El Bour: "Administrative Reform: Deconcentrating and Decentralizing Are Not Enough!"; first paragraph is editor's lead]

[Text] A reconsideration of Tunisian administration as a whole will inevitably require several steps. There are inadequacies on more than one level and restructuring will consequently be gradual. The problem has already been ascertained and adequate solutions proposed. Given the immensity of the task, however, carrying out reforms will take a fair amount of time.

Citizens still complain of administrative slowness, particularly in delivering services. Obtaining a certificate becomes an exercise in martyrdom.

Deconcentration and decentralization would thus appear capable of contributing enormously to facilitating administrative work and to expediting business.

Besides these two factors, the administrative reform commission of the prime minister's office suggests strengthening the powers of the ministries by freeing them as much as possible from preliminary audits—essentially of spending and contracts and work orders—as one step in deconcentrating and decentralizing administrative work.

One of the most important reforms consists of ridding administrative agencies of as much preliminary inspection as possible—chiefly of the spending audit introduced in Tunisia at the beginning of the century. This affects practically all expenditures made by state budget disbursers, public administrative institutions, and public collectivities, and is a source of considerable delay in settling government bills.

However, elimination of this type of control could prompt objections, such as the risk of poor spending appropriations, overspending, accumulation of unpaid bills, or even the use of treasury loans to meet expenses.

To avoid this, the commission suggests a reorganization of departmental financial divisions, the establishment of concomitant follow-up from outside, stepped-up

auditing by public agencies of the prime minister's office, an increase in general financial auditing and in audits done by administrative and financial inspectors of each department, as well as improved inspections by the Audit Office.

The elimination of spending audits will help make ministries more responsible, speed up payment of public expenditures, and restore the credit of the civil service among its debt holders.

Making the Ministries Responsible

Besides taking another look at the system for the auditing of spending, the way projects that are written into departmental budgets are carried out must also be re-examined if administrative procedures are to be lightened.

The execution of projects initiated by administrative agencies is always hampered by certain formalities that must be completed first—for example, selection of designers, preparation of calls for bids, etc.—and which often lead to escalating costs.

On this matter, it is suggested that ministries be restored their full responsibility for carrying out projects by paring down the Ministry of Equipment's involvement in the project. The Ministry of Equipment now intervenes in projects conceived by other ministries by naming designers, approving studies connected with the project, preparing calls for bids, and providing auditing and follow-up during the execution phase. Given the complexity and multiplicity of these tasks, which work to slow administrative projects, the commission recommends relieving the Ministry of Equipment of all but its important organizational and auditing role.

Administrative Work Has Not Been Simplified

Bolstering the powers and responsibility of ministries is one measure to bring government administrative services closer to those they serve. There is another just as important one, essential for reaching that goal: stimulating at all levels measures to simplify and renew working methods inside departments. Attempts to do this have been made at the prime minister's level, with the collaboration of other departments. The unit in charge of administrative reforms in the prime minister's office tried to introduce generalized reforms by creating national and regional administrative-reform commissions and "organization, methods, and data-processing" units at the regional and departmental level. The units are considered relay stations for disseminating ideas and for decentralizing reform measures within ministries and regions.

However, the impact of these restructuring measures was very limited and no start has been made in simplifying procedures and modernizing methods and administrative practices.

Before procedures can be simplified, a diagnosis of the situation must be made either by department staffs or by private auditing and organizational bureaus.

It is also necessary that each department be equipped with a system for collecting and analyzing client complaints, and that can serve to point out each department's shortcomings.

Analyzed, these complaints can be the impetus for a system of internal information for each administrative agency and for the creation of an internal auditing unit including competent staff. The auditing unit will be a modern means of developing a system for self-diagnosis and help in decision making.

Teachers' Union Finalizes Agreement

90OA0238B Tunis LA PRESSE DE TUNISIE
in French 6 Dec 89 p 5

[Article by Brahim Oueslati: "A Seven-Point Agreement"]

[Text] Wisdom has ultimately prevailed and the strike of secondary school teachers scheduled for today will not take place. "Postponed" according to some, "suspended" according to others, it was called by the National Union of Secondary School Teachers (SNES), without the approval of the UGTT's (Tunisian General Federation of Labor) executive bureau, to protest what it calls "the Ministry of Education's delays concerning teachers' demands."

Canceled the first time last Friday after a report sanctioning negotiations between the Ministry of Education and the National Union was signed, a strike was once again threatened following an about-face in the position of some members of the teachers' labor bureau. An administrative committee then had to be convened, which toiled from Thursday 9 PM until Friday 8 AM. An internal motion was passed at that time to reject the strike. But how did things get to that point?

Manipulation?

First let us look at the ins and outs of the "affair." Last June a meeting was held between the Ministry of Education and the National Union of Secondary School Teachers. On the agenda: the situation of vocational teachers following the decision to gradually eliminate that type of instruction. A total of 3,600 cases, nearly 850 of which were affected this year. At the time the ministry had advanced 5 concrete proposals guaranteeing all the rights and benefits of the profession—more especially as the measures are part of the overall reform of our educational system.

These proposals accepted by most of the teachers concerned (only 114 cases remained pending) did not seem to please their union, which insisted they be integrated into the body of technical teachers. Well, as a member of the UGTT executive bureau put it: "Just as we defend the interests of our union members, so we are concerned with the quality of our teaching. Consequently, the transformation of masters or technical instructors into technical teachers is inadmissible."

The ministry did not, however, close the door to further negotiations. But "manipulation was apparently involved" as the same executive-bureau member confided to us. Manipulation by whom? "By certain SNES members who wanted to use the strike as a means of political pressure," he explained. And so the SNES sent a strike notice for 6 December, that is, today, directly to the ministry. Mr Mohamed Chandoul, member of the UGTT executive bureau, points out that they should have gone through the union Central to get its approval, "which was unfortunately not the case."

A Seven-Point Accord

The matter once referred to it, the executive bureau quickly contacted the ministry. An appointment was made for last Friday for direct negotiations between the Ministry of Education and National Union of Secondary School Teachers (SNES). The two parties reached an agreement to cancel the strike.

A seven-point report was signed by Mr Abdelaziz Ben Nejma, director of secondary education, and Mssrs Mohamed Chandoul, member of the UGTT executive bureau, and Ahmed Kahlaoui, SNES general secretary. It ratifies in a sense the negotiations between the minister, Mr Mohamed Charfi, one of his advisers in the matter, Mr Hamadi Ben Jaballah, the director of secondary education, and the general director of DAF [expansion unknown] and Mssrs Chandoul and Hedi Godhbani, members of the executive bureau, the SNES secretary general and 7 of his assistants. In doing so, the ministry and the union Central have taken responsibility. Particularly as the two parties reached an agreement on all 7 points contained in the report that are:

1. Teachers with contracts: all were given back their positions.
2. Teachers fired (besides the cases settled): the two parties agreed to examine the other cases. Priority will be given to the 21 cases identified by the SNES and the directorate of secondary education.
3. Labor rights: labor organizations henceforth have the right to communicate union information to their colleagues. They can also post communiques and obtain union days off.
4. The CAAM [category A assistant master] and CBAM [category B assistant master] cases: category A and B assistant masters should not be fired except for reasons outside the ministry's control (professional, for example). It was also decided to open up scientific options for them.
5. Revision of secondary school teachers' status: the two parties agree to form a mixed committee to revise their specific status, with its financial and administrative components. Work should be completed before the end of January 1990. The committee is slated to meet once or even twice a week.

6. Pedagogical allowance: an increase in this allowance was agreed upon in principle. The disagreement concerns the sum. SNES is asking that it be doubled while the ministry thinks it would be better to consider this demand within a more general framework such as a revision of teachers' status.

Some SNES members, present at the negotiations, accepted the minister's idea.

7. The situation of vocational teachers: most of them have been assigned to the Ministry of Social Affairs. Others (100 cases) were recruited by Libya to work in technical development.

The minister ordered the remaining 114 cases to be integrated into the teachers' corps.

That is the chief bone of contention. For though it is true that certain specialties could still be taught in technical establishments, others such as hair styling and leather working are nonexistent. For the UGTT, this agreement on principles is more than satisfactory. Mr Mohamed Chandoul, who cosigned the report, praised Mr Mohamed Charfi for his "acute sense of dialogue." As for the SNES, it seems that "the duplicitous language of some of its members"—the phrase was used by a member of the executive bureau—forced it to reverse its position on the agreement. "A move considered inadmissible by the executive bureau as negotiations were never barred," adds this same member. For now, the UGTT is taking things in hand and is determined not to allow that kind of overstepping or about-face again, imbued as it is with its responsibility.

Intensive Development Slated for Zarzis Port

900A0236B Tunis LE TEMPS in French 2 Dec 89 p 2

[Article by H. El Bour: "Port of Zarzis: Is This the End of the Period of Stagnation?"]

[Text] Soon, Zarzis will be a duty free transit zone! A decision has been made to promote maritime activity in the regional port through a program of construction previously considered pointless. Moreover, this same port will be used to export petroleum to foreign markets from the Zeouia field, which was discovered 2 years ago.

It seems that in the near future the use of the port of Zarzis will not be so much of a problem because of the changes that are taking place in the international market. Already the ports of Malta, our closest neighbor, are saturated, and vessel operators have no alternative to going to Zarzis. Furthermore, after 1997 Hong Kong will no longer be a duty free zone because it will be integrated into China. On the basis of these two facts and the discovery of petroleum in the nearby area, the use of the port of Zarzis has become possible.

An Independent Port

Although it has a variety of equipment that makes it possible for Zarzis to be a maritime port, efforts have been made to resolve a certain number of problems facing Zarzis.

First, in order to dock in Zarzis, vessel operators must go around the island of Djerba. And as our charges for unloading and docking are hardly competitive, it is unlikely that ships will choose the port of Zarzis. In effect, charges for unloading a 20-foot container with 10 tons of merchandise in it amount to \$231 in Tunisia, whereas in Malta the charges are \$108. For this reason a decision has been made to turn Zarzis into a duty free transit zone and a kind of independent port where working practices are different from those in effect in the other ports of Tunisia and that will work in cooperation with regional authorities and chambers of commerce. At the same time, 95 hectares have been set aside to accommodate an industrial zone, and consideration is being given to allowing shipping companies to build warehouses for their merchandise in this space.

However, although consideration is being given to turning this port into a kind of communications point for foreign exporters who ship their merchandise from Tunisia, it is important to link this port to the Saharan route in Algeria, to construct a road network facilitating access to other African countries, and to connect Zarzis to the normal railroad system.

Protecting Against Pollution

Zarzis is an area suitable for tourism, particularly during the high tourist season, accommodating each year a considerable number of foreign visitors. The development of a dock for cruise ships and the encouragement of tourist activity in the region is under consideration. This is all the more attractive because Djerba airport is not too far from the port.

Moreover, to make use of the port of Zarzis and due to the fact that Tunisia is a member of MARPOL, the international convention for the fight against maritime pollution, consideration is being given to protecting the beaches of the region and of its fishing resources against pollution, which petroleum tankers could cause. Therefore, petroleum tankers will be unloaded in the port of Sekhira, which has a turning basin for this kind of operation.

Development of the port of Zarzis is expected to be completed in May 1990, and the first activity will deal with loading at least two tankers per month for an output of 600,000 metric tons per year.

Problems related to the usefulness of the port of Zarzis seem to have been resolved. It remains to be seen whether all of these activities can be kept up over the long term.

YEMEN ARAB REPUBLIC**West Germany Agrees to Development Project Financing**

44000164 Dubayy AL-BAYAN in Arabic 16 Dec 89 p 3

[Text] Sanaa (AL-BAYAN)—The value of the aid which the Federal Republic of Germany has offered to the Yemen Arab Republic this year for the financing of a number of development projects has reached approximately \$37 million.

During annual talks between the two countries which took place last week in Sanaa, the Germans agreed to finance renovations to the liquid gas bottling factory (\$19,540,000), to support the professional training

center in the city of Ta'izz (\$6 million), and to aid the Yemeni planning project for major cities (\$4.5 million).

German assistance also includes \$3.2 million in support of the comprehensive rural health development project and the school health program in the city of 'Amran and approximately \$4 million in consultative services to the central planning agency and the Ministry of Education, in addition to \$2.1 million in aid to the waste disposal project in the region of Ibb and \$500,000 in support for the experts and studies fund. It is noted that Germany is offering this aid in the form of a nonreturnable grant. Dr. Muthir al-Sa'di, the Yemeni deputy minister of development, and Winfred Fuchs, director of the Mediterranean, North African, and Middle East office at the Federal Ministry for Economic Cooperation in Germany, signed the memorandum of the annual talks between the two countries at the beginning of the month.

INDIA

Singh Addresses Front Parliamentary Party

46001161 Madras THE HINDU
in English 20 Dec 89 p 1

[Text] New Delhi, Dec 19. The Prime Minister, Mr V. P. Singh, today sought the cooperation of all political parties in finding solutions to national problems, including Punjab, "in a spirit of goodwill and cooperation."

Addressing an 80-minute first meeting of the National Front Parliamentary Party here after the installation of its Government, Mr Singh said there were "difficulties and obstacles" in resolving the "complex" Punjab problem, but "a good beginning has been made."

J&K Neglected for Long

Referring to the situation in Jammu and Kashmir, the Prime Minister said the problem had been neglected for a long time and, therefore, had become more complex. The Government's first priority, he said, would be to create "good and peaceful conditions" in the State. He particularly lauded the efforts of the Union Home Minister, Mufti Mohammad Sayeed, to strengthen the nationalist forces in the State.

Mr Singh, who is the leader of the National Front Parliamentary Party, reiterated his Government's decision to reintroduce during the current session of Parliament the Lok Pal Bill, bringing even the Prime Minister under its purview.

He clarified that the proposed Bill seeking extension of reservations for the Scheduled Castes and the Scheduled Tribes was related only to seats in Parliament and the State Legislatures. There would be no change in regard to other reservations, he said, adding these reservations would continue as long as the social and economic inequalities existed.

The Prime Minister reiterated that the Government would write off loans to farmers up to a maximum of Rs 10,000 and said that land reforms would be included in the Ninth Schedule of the Constitution.

He said that many schemes for the Scheduled Castes and the Scheduled Tribes and other weaker sections were being implemented but their benefits were not reaching them. Therefore, the Government had decided to include land reforms in the Ninth Schedule. There was also need for labor participation in management.

The Government was committed to giving autonomy to the official media which "has been distorted during the last five years particularly." He quoted instances of blackout of many important developments by the official media.

The National Front Government would restore the dignity and independence of the Judiciary and introduce

judicial and electoral reforms. The Planning Commission would be made more effective.

Referring to Punjab, Mr Singh said the Government's first task was the healing of hearts of the people in the State but "we cannot surrender to the separatist and secessionist forces." The Government was committed to providing a sense of justice to the people in Punjab, he said and welcomed the positive response of the Akali Dal (Mann) in resolving the problem.

The Prime Minister said that in finding a solution to the Sri Lankan problem and accelerating the withdrawal of Indian Peace Keeping force from the island republic, his Government would keep in view the safety of Tamils there.

Efforts would be made to improve ties with Nepal.

Mr Singh referred to the "friendly relations" with the Soviet Union and the U.S. and said that a "special" Soviet delegation was expected here this week.

'We Have Come From People'

The new Government was not a replacement of the old but "a Government with a new direction and new political culture". He particularly cautioned the members that the National Front Government had come from the people and "we should always be among the people."

He said all those promises made in the party manifesto could not be fulfilled in a single day "but our goal should be clear—unity and emotional integration of the country should be uppermost in our minds."

The meeting, attended by the senior members of the Front presidium, including the Deputy Prime Minister. Mr Devi Lal, began with a speech by the Chairman, Mr N. T. Rama Rao, who congratulated the National Front on its success in the elections. He also congratulated the Prime Minister on forming a "brilliant Cabinet" and said the Government should give a "clean and pure administration" and build a social order instinct with social justice.

Briefing reporters later, Mr P. Upendra, Information and Broadcasting Minister, said that as several members sought clarification on the Prime Minister's speech, it was decided to call another meeting of the Parliamentary Party, preferably during the current Parliament session.

Mr P. Upendra, Information Minister, said Mr Singh as the leader, had been authorized to appoint other office-bearers of the Parliamentary Party. A whip has been issued to members to be present when important Bills were taken up in the House. Mr Madhu Dandavate, Finance Minister, explained to the members the parliamentary procedures.

Manifesto Not Forgotten

Addressing the eight-member National Front presidium, Mr Singh said that all Cabinet decisions were made on the basis of the main document—the National Front manifesto. The new Government had not forgotten the Front manifesto, Mr Singh who is also its convener, said. Mr P. Upendra, Information and Broadcasting Minister, who briefed the press after the 1-1/2 hour meeting, said the presidium discussed electoral strategy for the Assembly elections and reorganization of the Front.

The reorganization of the Front was now necessary in view of the induction of the members of its Secretariat in the Union Council of Ministers, Mr Upendra said.

The Prime Minister and the Deputy Prime Minister, Mr Devi Lal, took note of the setback suffered by the National Front in the last elections in the Southern States and suggested that concerted efforts be made to regain the lost ground.

The Front Chairman, Mr Rama Rao, who presided, said that the people had reposed faith and confidence in the policies and programmes of the National Front and had routed "a corrupt Congress (I) Governments" in most parts of the country.

Gorbachev Letter Delivered to Prime Minister

46001168 Madras *THE HINDU*
in English 23 Dec 89 p 1

[Text] New Delhi, Dec 22. The Soviet Union has expressed the hope that relations with India would not only continue on the traditional levels of friendship, but would be strengthened by new forms of economic cooperation.

This was contained in a letter from the Soviet President, Mr Mikhail Gorbachev, to the Prime Minister, Mr V.P. Singh. The letter was delivered by Mr Gorbachev's Special Envoy, Mr Yuli Vorontsov, to Mr Singh today during a 70-minute meeting.

The Soviet leadership has expressed the desire to maintain the tradition built up since Pandit Nehru's time of maintaining political interaction at the highest level. The External Affairs Minister, Mr J.K. Gujral, has been invited to visit the Soviet Union as soon as possible.

During his day-long visit to the capital, the first high-level visit by a Soviet official after the National Front Government took office, Mr Vorontsov met the Prime Minister, the External Affairs Minister and the Foreign Secretary, Mr S.K. Singh.

At the meeting with the Prime Minister, special emphasis was laid on developing new forms of economic cooperation which would qualitatively raise the level of bilateral relations. The Soviet side said that with the opening up of the Soviet economy, there was great scope for joint ventures with India.

Both sides agreed that concrete projects could be discussed at the meeting of the Indo-Soviet Joint Commission scheduled for May-June.

Allaying fears about the continuance of the rupee trade relationship both sides acknowledged the advantages of the system in bilateral trade.

PTI reports:

The Soviet President called for "new impetus" in all fields of Indo-Soviet cooperation.

Special emphasis was laid on economic cooperation particularly on new forms of cooperation which would use the opportunities thrown up by the new liberalization of the Soviet economy, an official spokesman told newsmen after the meeting of the visiting Soviet delegation with the Prime Minister.

The Soviet delegation said that efforts should be made to follow up proposals for new joint ventures specially in science and technology including high technology.

The meeting discussed the need for a lot of preparatory work before the Joint Commission meeting as both Governments were finalizing their five-year plans and efforts should be made to intermesh the formulations of such plans, the spokesman said.

The Soviet special envoy, who arrived this afternoon, met the Prime Minister and Mr Gujral, External Affairs Minister, separately for an hour and was with the Foreign Secretary for 70 minutes. He would return to Moscow tomorrow morning.

Trade Protocol With Poland Signed in Warsaw

46001170 Bombay *THE TIMES OF INDIA*
in English 25 Dec 89 p 12

[Text] New Delhi, Dec 24 (UNI): India and Poland are to have a trade turnover level of Rs 795.6 crores for the year 1990 comprising Indian exports of Rs 361 crores and imports from Poland of Rs 434.6 crores.

The protocol to this effect was signed in Warsaw on December 18 by Mr V. N. Kaul, joint secretary (East Europe) in the commerce ministry and Mr Pawel Zawistowski, deputy director in the Polish ministry of international economic cooperation.

The main items of export from Poland into India will be sulphur, ferrous, and non-ferrous metals, chemicals and chemical products, newsprint, machinery/services for coal industry, railway items, power equipment, diesel generating sets, machine tools, textile machinery, ship engines, equipment and services for oil drilling industry.

The main items of export from India to Poland will be bulk tea, deoiled cakes, pepper, cotton textiles (including cotton yarn), raw jute and jute goods, finished leather, a number of engineering items such as textile

machinery, machine tools, surgical and medical instruments, electrical equipment/components, and electronic components.

India Welcomes Changes in Romania, Pledges Aid

46001173 Bombay *THE TIMES OF INDIA*
in English 29 Dec 89 p 12

[Text] New Delhi, Dec 28. India has warmly welcomed the movement for a more humane and liberal system in Romania and assured the people of that country its support in rebuilding their economy and joining the mainstream of the world economy.

Making a suo moto statement in the Lok Sabha today, the external affairs minister, Mr I. K. Gujral, disclosed that India had already offered urgently needed medical and humanitarian relief to Romania.

"We are confident that the ties of friendship, co-operation and understanding between India and Romania will be strengthened and expanded under an open system in Romania," he declared in what was the first official reaction to the tumultuous developments culminating in the overthrow of the regime led by Mr Nicolae Ceausescu and his subsequent execution along with his wife.

The minister said the situation in Romania had begun to stabilize. A council of the National Salvation Front had assumed power and it had announced a programme of action, including free elections in April next. New Delhi hoped that the front would be able to guide the Romanian people to a peaceful and democratic future.

The government, he stated, had been maintaining contact with the front through ambassadors in both countries.

Mr Gujral said India strongly condemned the widespread violence and massacre of innocent Romanian citizens, including children, and noted that the people there had paid a very heavy price for attaining their freedom and democratic rights.

"We salute their fearlessness and sacrifices. The Ceausescu regime unleashed a shockingly brutal wave of terror and violence against its own people," he remarked.

India Deemed Losing Ground in GATT Uruguay Round

46001159 Madras *THE HINDU*
in English 18 Dec 89 p 1

[Article by Chitra Subramaniam]

[Text] Geneva, Dec 17. The patterns that are beginning to merge and mingle as the Uruguay round of trade negotiations goes into its final and decisive phase should make Third World negotiators sit up and worry. As the United States, the European Community (EC) and other

industrialized countries unveil their often-coordinated positions on the 15 different subjects on the table, the signs are clearly ominous for the Third World in general and for India in particular since the country is at a crucial point in its developmental chart.

The European Community, as one of its members remarked, is "preparing for the final offensive" and hopes that the first lines of the Uruguay round package will start falling into place next spring. This privileged source said since India was a major negotiator "it is important for us to see how the new Government perceives the situation." Developments in Brazil—the other major negotiator—too were being watched with interest, the official said. "But we are all set to go into the *derniere ligneo draite* (translates loosely from French to mean into the last lap), and ours will probably be a spring offensive," he concluded. When asked to comment on India's role in the negotiations, this highly-placed source said, "India is doing very well—it is negotiating beautifully." The United States has also let it be known that it is pleased with India for "negotiating constructively" (GATT-watchers have been quick to point out that the word "constructive" in GATT parlance is a euphemism for yielding to pressure).

"Kiss of death": Even a cursory knowledge of the trends in the Uruguay round will bear out the fact that an applause from the industrialized countries (ICs) is a kiss of death. The ICs praised India when it agreed to the text on trade-related intellectual property rights (TRIPS) the full implications of that Indian compromise on the patents and trademarks issue are only emerging now. In that text, the ICs make it plain that they hope to use the "TRIPS" issue in GATT to secure monopoly incomes for their transnational corporations and, in the process, block the steadily-increasing competitive capacities of countries in the south.

In the "TRIPS" negotiations, the United States is demanding in other countries protection for its processes and patents that are synchronous with its own laws. About 200 U.S. multinationals have estimated that due to lower levels of protection abroad, they lost \$23 billions in 1986, the U.S. International Trade Commission has provided other estimates ranging from an annual \$43 billions to \$102 billions where Third World countries are identified as major transgressors thus contributing heavily to such losses.

On the basis of estimates of U.S., European, and Japanese enterprises, if the U.S. succeeds in its efforts in the "TRIPS" negotiations, countries will be expected to pay additional royalties that could be equivalent to five percent of the global trade—\$2880 billions in 1988.

Costly for India: Within the next five years, the U.S. demands would cost India an annual \$1 billion and increase significantly by the end of the century. Indian industry's capacity to negotiate its access to technology would be crippled. It was suggested in April that India surrendered, hoping to stave off the threatened U.S. 301

actions (the U.S. announced 301 action against India anyway) and possible unilateral trade measures against Indian exports. A few months later, India tried to mount a conceptual challenge to the ICs efforts in the "TRIPS" negotiations in what was widely seen as a move to regain lost ground.

One western negotiator succinctly summed up the prevailing attitude when he said, "the Indian paper raises some valid points but it will not be accepted as a basis for negotiations—for us, the April decision is binding." The Indian paper on trade-related investment measure (TRIMS) drew similar remarks—praise, but no significant place in the negotiations. Judging by the current indications, there is little reason to hope that India's recent paper on services will be accorded a warmer reception.

If the state of the negotiations a year before they conclude is to serve as a barometer it is startlingly apparent that the ICs hope to negotiate and discipline ("harmonize" some say unabashedly) concepts of development and national interest to fit into frames they control and influence. There are differences between them but when "push comes to shove", they have repeatedly displayed an uncanny ability to unite, guided as they are by common interests.

The Third World, on the other hand appears in total disarray and has not been able to stem the tide that promises to drown it. Even the major ones among them seem unclear about what they want and what they cannot allow on the crucial issues and hence do not have a coherent strategy. India is no exception. Give the ground realities, the complacency of some of the Indian negotiators is a mystery.

Paper Reports Opening Session of New Parliament

46001160 Madras THE HINDU
in English 19 Dec 89 p 1

[Article by K.K. Katyal]

[Text] New Delhi, Dec 18. It was an unparalleled spectacle in the country's parliamentary annals—the first meeting today of the ninth Lok Sabha after the general election. A leading light of the erstwhile Opposition, Mr V. P. Singh, occupied the first seat on the treasury benches as the new Prime Minister while his predecessor, Mr Rajiv Gandhi, took the slot meant for the Leader of the Opposition, perhaps a visual representation of the revolutionary change that has taken place through the ballot. "Indian democracy has come of age," was the spontaneous comment of a correspondent in the press gallery as he took in the breath-taking new look of the House.

This is the second time that the Congress has been ousted from power, the first in 1977 in the wake of the emergency. But at that time, the outgoing Prime Minister, Indira Gandhi, was not present because of her

defeat in the poll. She did enter the Lok Sabha through a by-election later, but that was for a brief period because of her expulsion.

Tricky Lineup

The day was devoted to oath-taking—a solemn, smooth affair in a relaxed atmosphere, deceptively smooth though. The political lineup in the new House is tricky—the Government of the National Front, the second largest group, sustained by a triangular arrangement, and the single largest party, the Congress(I), being the Opposition. All this is known for the last 20 days, but some inkling of what it could mean in actual practice was provided by the sheer collective presence of the newly-elected members. Important policy decisions requiring parliamentary approval will have to be taken on the basis of a consensus. This could not but be a two-stage process—one, the ruling National Front will need the concurrence of its "outside" supporters and, two, it will have to reckon with the Congress(I) which, because of its majority in the Rajya Sabha, has a veto power.

That it will be a highly delicate exercise with serious practical problems was brought to light by yesterday's development—the Congress(I)'s refusal to associate itself with the statement on Punjab at the all-party conference as well as the pointers thrown up during a television discussion last night on the issues before Parliament by the Congress(I) participants, Mr Vasant Sathe and Mrs Margaret Alva. The new Government's initiatives would come to naught if the Congress(I) decides on a blocking strategy, whether it is the bill for autonomy for Doordarshan and AIR [All India Radio] or an amended panchayatraj measure or a fresh legislative bid to set up a Lok Pal for inquiring into charges of corruption against politicians in power including the Prime Minister.

Strange Coincidence

The Opposition benches presented a total contrast with the past. Because of the electoral quirk last time a regional party, the Telugu Desam, emerged as the largest force in the Opposition. The present phenomenon is not that strange and a coincidence is the Lok Sabha has a recognized Opposition leader only when the Congress is out of power. In 1977, it was Y. B. Chavan and now Mr Rajiv Gandhi occupies that position. At no stage did the non-Congress parties muster enough strength to secure recognition as an Opposition group.

PM to Persuade Cong(I)

The day began with a swearing-in series at Rashtrapati Bhavan—the pro-tem Speaker, Mr N. G. Ranga, the new Chief Justice, Mr Sabyasachi Mukherji, and a surprising new appointee in the Council of Ministers, Mr M. G. K. Menon as Minister of State, were administered the oath by the President, Mr R. Venkataraman.

The informal talk with correspondents by the Prime Minister, Mr V. P. Singh, and the Home Minister, Mufti

Mohammed Sayeed, became an occasion for official elaboration of some of the current issues. The Prime Minister attached considerable importance to yesterday's "agreement" on Punjab at the all-party conference and said the Government would persuade the Congress(I) to join others instead of having a "slanging match."

Practical Problems

The Mufti spoke mainly on Jammu and Kashmir. It was the responsibility of the State Government, he said, to deal with the law and order situation through the real problem was the people's discontent needing to be dealt with by administrative, political and economic measures. He spoke of the Government's desire to involve all parties standing for the country's unity and integrity to help resolve the national problem. The people's confidence in the administration had to be restored and they had to be motivated to join the mainstream. He did not see Article 370 of the Constitution as a hindrance for any help to the State. PTI, UNI report:

Prof N. G. Panga (90), pro-tem Speaker, who is the oldest member of the House, nominated a panel of three chair persons—Mr Indirajit Gupta (CPI), Mr Ibrahim Sulaiman Sait (Muslim League), and Mrs Vijayaraje Scindia (BJP) to conduct the proceedings of the House till the Speaker is elected.

The Akali Dal (Mann) chief, Mr Simranjit Mann, was absent from the House when called upon to take the oath.

The Lok Sabha will have a three-day discussion from December 26 on the official motion of thanks to the President for his address to the joint session of Parliament, it was officially stated today.

Prof Ranga informed the Lok Sabha that the Deputy Prime Minister, Mr Devi Lal, had resigned his Rohtak (Haryana) Parliamentary seat. He also announced the Janata Dal member, Mr Chandra Shekhar's decision to quit the Maharajgang (Bihar) seat. Mr Chandra Shekhar will retain his Ballia (Uttar Pradesh) seat.

Mr Parmai Lal, elected to the Lok Sabha from HarDOI (Uttar Pradesh) constituency, has resigned his Parliamentary seat while retaining the Ahrori Assembly seat.

The swearing-in of the Mr Atinder Pal Singh has been delayed because of a point of law. Elected from Patiala in Punjab, as an independent, he is under detention in Tihar Jail as an accused in several criminal cases.

According to Tihar Jail Superintendent, Mr Akash Mahapatra there were no direction to him from a court of law or any other competent authority for taking the undertrial to Parliament for taking oath. Moreover, Mr Atinder Pal had neither applied to him nor to the judge concerned for permission to go for oath-taking, the official said.

New Finance Minister Holds First Press Conference

46001174A Madras THE HINDU
in English 14 Dec 89 p 1

[Text] New Delhi, Dec 13—The Government has decided to postpone the regular Budget presentation scheduled for February 1990 and only go in for a vote on account to carry on normal business. The vote on account will be taken during the second session of Parliament and the regular Budget for 1990-91 will be presented a few months later in the session after that.

Announcing this at his first press conference, the Finance Minister, Mr Madhu Dandavate, did not commit himself to any specific month for the Budget presentation and only said it will be done whenever the next session was called. The reason he gave for the postponement was that the Government would like to present the Budget which reflected its policies and programmes and not to prepare one on the infrastructure of the previous regime. "For this, certain experiments have to be undertaken and we will come to the public after that," the Minister said.

The delay in the Budget presentation was more or less expected by observers here because it is felt that, given the current state of the economy, the new Government would like to hold its hand till the Assembly elections are over before coming out, if compelled to with some stern measures that critics say will be needed to manage the economy. For instance, major tax concessions may be ruled out and the rates may actually have to be raised, to bring in the additional revenues required. Mr Dandavate himself had given an indication of this when he rejected the philosophy that, "lower taxes meant better compliance." This was true only when taxes were lowered from very high levels, but below that, there was not enough evidence to support the proposition, he said.

Extent of indebtedness: To prepare the public, in the meantime, the Government proposes to come out with a White Paper on the economic situation. This, Mr Dandavate said, was being done to "take the country into confidence." The Minister also emphasised that the statement on "empty Government coffers" should not be taken literally since it was used to illustrate the difficult situation. It was actually indicative of the high indebtedness of the Government which was facing an external debt which was likely to cross Rs 100,000 crores by the end of the current financial year. While the long-term debt stood at Rs 69,000 crores, the total figure included the deposits from non-resident Indians, the military debt and other short-term borrowings. "But that does not mean that there will be no borrowing by the Government. I cannot take that impossible or unrealistic stand. Only the borrowing will be less."

To specific queries, Mr Dandavate announced that no application had been forwarded nor negotiations held so far with the International Monetary Fund (IMF) for a fresh loan. However, without closing his options of going

in for such a loan, he said the Government would not accept those conditionalities militating against the declared policies or which lowered the dignity of the country.

Responsive to needs of economy. Probably aware of the panic situation created by the repeated assertion by members of the new Government, including the Prime Minister, Mr V. P. Singh, about "empty coffers," the Finance Minister was quick to emphasise that his Government was determined to see that an impression was not created within or outside the country that the Government was insolvent or that the economy was going down the drain. "All those in the country and outside who are willing to save and invest will be encouraged," he said, and pointed out that the Government was not dogmatic about its stand and would be responsive to the needs of the economy. "When things are changing all over, including the socialist country, we should have the necessary flexibility in our approach so that the economy prospers. After all, we cannot be more orthodox than Mr Gorbachev."

Amending FERA [Foreign Exchange Regulations Act]: In this context, he also clarified that while the broad guidelines of economic management would be towards encouraging a self-reliant economy and not an emphasis on multinational corporations and where it was necessary and inevitable to have foreign capital, it would be welcome. Hinting that there would not be any drastic move to push out the existing foreign investors, Mr Dandavate said, "I would not like to throw out the baby with the bathwater in my political acrimony with my predecessors." In reply to a connected question, he also announced that the question of amending the Foreign Exchange Regulation Act (FERA) to allow for higher equity holding by foreign companies would be examined on merits.

Responding to general queries, the Minister said that his Government would simplify procedures and norms in areas like taxation, licencing, etc., so as to make the process less cumbersome. Wasteful expenditure of all kinds, including maintenance of internal security and various festivals and utsavs in the country and abroad, would be curbed. "I am not against art and culture, but our priorities have to be kept right," he added.

No patronage: Mr Dandavate declared that there would not be largescale price decontrol of essential items since the Government would not like the poor sections of society to be exposed to the mercies of the market forces. About industrial policy, he reiterated that changes would be brought about in phases and no drastic measures would be undertaken. He emphasised that industries following the correct procedures and norms had nothing to fear, but no industry would be allowed to thrive on the basis of patronage. About bureaucratic changes, he said all cases of injustice by the previous regime would be rectified.

The Finance Minister repeated his view that the structure and functioning of the financial institutions would be reviewed and all of them, including the Reserve Bank

of India, made more autonomous. Moreover, their functioning would be reoriented to see that sections of society which contributed the maximum to the deposits of the financial institutions received the due share from them.

Loan waiver: On the controversial issue of loan waivers, the Minister said that the proposed write-off would involve between Rs 13,000 crores and Rs 14,000 crores which also reflected the aggregate backlog of outstandings. However, care would be taken to see that certain richer sections and wilful defaulters did not benefit from this and the credibility of the financial institutions was maintained.

The Government would also have to decide on a cut-off date from when the loans had to be waived. About subsidies, he said that a pragmatic approach had to be adopted since the issue could not be dealt with in a categorical manner of outright rejection or acceptance of the concept. The claim of the Railways that its social burden of around Rs 1,000 crores should be reimbursed by the exchequer had to be examined since it was the practice of many countries to share this burden, he said.

Fresh thinking: Mr Dandavate also set at rest speculation about the revival of some of the policies and programmes launched by Mr V. P. Singh during his tenure as Finance Minister in the previous Government, including the implementation of the Long-Term Fiscal policy by stating that Mr Singh had initiated then was the collective thinking of that Government. "All those will not automatically be adopted by this Government. They will have to be considered afresh," he said.

Price Control

UNI, PTI report.

A package of measures, including some deterrent ones, will be implemented soon to bring down prices of essential commodities, Mr Dandavate said. He was confident that within months of implementing the package, "we will be able to contain the price level."

While welcoming the buoyancy of the capital market after the National Front Government assumed office, the finance Minister, however, said, "We would not like the poorer sections to be at the mercy of the market forces." He said certain devices would be necessary to protect the interests of the poorer sections.

Asked whether the Government would go in for one time devaluation of the rupee to check the continuing erosion of its value, Mr Dandavate said, amid laughter, "Such a decision in any event cannot be announced at a news conference."

Mr Dandavate said that in the industrial policy of the country, importance will be given to cottage, small and medium industries. In commodities where cottage industry was good, no licence will be issued to the small-scale sector and where the small-scale sector was efficient, large houses will not be allowed.

Capacity expansion: Mr Dandavate said the industrial policy will be carried out in a phased manner whereby the large houses manufacturing the products will not be affected. However they will not be allowed any expansion of capacity, he said. New licences in the items concerned will be given only to the cottage and small industries.

New development model: Mr Dandavate said a new development model would be introduced in a phased manner wherein the interests of the cottage, small-scale and other sectors would be protected. Under this model, which would apply only to future units, the area of operation of one sector of the industry would not be allowed to be encroached upon by the units of the other sectors. The basic thrust of this new model would be employment generation. He clarified that the existing units will not be affected under this model.

No import curbs: Relying to a question, he said there would be no restrictions on imports required for technological upgradation and for stepping up exports. The policy of selective imports would include augmentation of essential commodities in times of shortage. Such imports would be undertaken at a time when internal prices are favourable.

PRC Protests Minister's Remarks on Tibet

46001177A Bombay THE TIMES OF INDIA
in English 29 Dec 89 p 8

[Article by Subhash Chakravarti: "George's Remarks on Tibet Irk China"]

[Text] New Delhi, December 28—China has in a note to the external affairs ministry, expressed its unhappiness over the railway minister, Mr George Fernandes' reported support to the campaign for declaring Tibet an independent state.

Mr Fernandes, after assuming office, is reported to have addressed a small rally of Tibetans in Delhi and urged them to step up their campaign to declare Tibet an independent state.

Mr Fernandes is believed to have assured the Tibetans that he would endeavour to influence the policy of the National Front government in favour of the struggle for a free Tibet. He explained that the demand for an independent Tibet had assumed relevance in the contest of the current surge in Eastern Europe against the established Communist regimes.

Mr Fernandes prior to the elections had organised here an international convention to demonstrate support for an independent Tibet, Mr V. P. Singh, in his capacity as president of the Janata Dal, had made it clear that Mr Fernandes was only expressing his personal view and it had nothing to do with the policy of the party.

The National Front government began its tenure in office with happy exchanges with China. The Chinese

Prime Minister, Mr Li Peng, had greeted Mr V. P. Singh soon after he was elected the Prime Minister.

The Chinese protest note has come at a time when India and China are due to get engaged in serious negotiations to consolidate the policy of maintaining peace and tranquility on the border.

CPI-M Scores Government Statement on Panama

46001176A Bombay THE TIMES OF INDIA
in English 24 Dec 89 p 8

[Text] New Delhi, Dec 23—The CPM [Marxist Communist Party] has criticised the government's statement on the U.S. intervention in Panama made in Parliament saying it was "not straightforward in condemning the action of U.S. imperialism."

In a statement, the CPM leader, Mr H. S. Surjeet, has expressed surprise that the external affairs minister could make such a statement even though the President's address to the joint session of Parliament had stated that the government would "continue to pursue the policy of nonalignment and anti-imperialism."

Describing this as "unfortunate", Mr Surjeet said the government's stand was "not in consonance with the role which India is assigned to play as a leading member of the nonaligned movement."

Taking to task the statement of the external affairs minister, Mr I. K. Gujral, the CPM politburo member noted: "In fact, he had a detailed explanation provided by Mr Bush as to why they intervened."

The government has also failed to support the demand made by Nicaragua for calling a meeting of the security council "although the nonaligned countries have already met and decided the same," Mr Surjeet added.

At another press conference Surjeet said that even while carrying on efforts for a negotiated settlement in Punjab, the government must take 'firm measures to put down terrorist activities and elements who openly advocate Khalistan.'

Answering a question, the CPM leader said the UAD [United Akali Dal] (Mann) group may have taken oath on the Constitution in the Lok Sabha but it had not denounced the terrorists.

He also underlined that situation in Punjab must return to normal before assembly election could be held.

BJP [Bharatiya Janata Party] Stand (TOINS): The BJP general secretary, Mr K. L. Sharma, in a statement said, "The continuance of killing in innocent persons, closure of colleges and hostels, killing of newspaper hawkers and incidents of kidnapping and money extraction pose a grave challenge to the new government."

Just returned from a trip to Amritsar, the BJP leader said that the goodwill visit of the Prime Minister, Mr V. P. Singh, to Amritsar, convening of an all-party meeting, an

his assertion that the government would not yield to separatism and secessionism, have been 'widely appreciated' in Punjab. Nevertheless, Mr Sharma noted a restiveness on account of fear and the daily killings.

He asked the new government to 're-establish its writ' in Punjab.

All-Party Conference Discusses Punjab Situation

46001158 Madras THE HINDU
in English 18 Dec 89 p 1

[Text] New Delhi, Dec 17. Repeal of the 58th Amendment to the Constitution and the initiation of effective and expeditious steps to secure conviction of those guilty of violence against the Sikhs in 1984, were the two major 'policy directives' handed out by the all-party conference convened today by the Union Government to find a solution to the PUNjab problem. The conference had been called to arrive at a national consensus with respect to this burning national issue.

Cong(I) Disagrees

All the parties, barring the Congress(I), which participated in the conference later endorsed a statement which enshrined the consensus which had been arrived at. Since the National Front Government has declared that it would act on the basis of the national consensus which could be evolved on this issue, and similar ones like that posed by the situation in Jammu and Kashmir and the dispute in Ayodhya, the points on which a consensus was arrived at in the conference can be taken to be 'policy directives.'

However, the Akali factions headed by Mr Parkash Singh Badal and Mr Simranjit Singh Mann have not subscribed to this consensus since they did not participate and the Congress(I) has refused to endorse the consensus document.

Basically, what the conference has recommended is a fresh approach that would have to be sustained in order to resolve the Punjab problem on an enduring basis. In a realistic appraisal, the conference, while expressing the unanimous determination of the nation that the agony of Punjab be ended expeditiously, has recognized that a careful step-by-step policy would have to be followed. The first and foremost need of the hour was to create a climate of confidence among all sections of people in the State and the Prime Minister's visit to Amritsar was appreciated by participants as it had created an environment conducive to a national effort to solve the problem.

Isolated

Significantly, the Congress(I) was totally isolated at the conference since even their allies, the National Conference and the All-India Anna Dravida Munnetra Kazhagam, did not find any difficulty in extending their support to the points included in the consensus document. Representatives of the former ruling party were understood to have raised several technical objections

pertaining mainly to "the failure" to consult them on the draft. It was pointed out to them that the Foreign Minister, Mr Inder Gujral, member of the Cabinet Sub-Committee set up to deal with the problem on a regular basis, had telephonically contacted the Congress(I) president, Mr Rajiv Gandhi, yesterday asking him to send a representative to assist in the drafting. Mr Gandhi had apparently replied that his party could not participate in the exercise at that stage as they had not held their own discussions. This morning a copy of the draft was sent to the Congress(I), but their representatives continued to maintain that they could not endorse it since they had not been consulted.

For over an hour representatives of other parties argued with Mr P.V. Narashimha Rao, Mr Buta Singh, Mr P. Chidambaram, Mr Darbara Singh and Mr Beant Singh asking them to specify the points on which they did not agree so that the final document could be worked out but they were unwilling to do so. They were even asked whether their main objections were to the inclusion of references to punishment of the November riot culprits or repeal of the 59th Amendment. There was no reply to this question. Towards the end of the over four-hour-long discussion, the Congress(I) representatives asked the Prime Minister Mr V.P. Singh, who chaired the conference, to specify whether the statement was the one issued by the Government. To this his reply was that his Government endorsed the statement—a clear indication that the National Front considered the statement a consensual one to which they also ascribed.

The Congress(I)'s views were known later at a press conference when the party's leaders asked the Government to declare its position with regard to the revival of pro-Khalistan declarations, continuation of killings and the re-entry of arms into gurdwaras. But these arguments appeared to be a little tenuous since the document makes specific references to these various points.

'Justice for All'

First, the statement categorically states the opinion of the participating parties that the problem in Punjab need to be resolved within the framework of the Constitution without compromising the unity and integrity of the country. "Justice for all and appeasement of none should be the cornerstone of the national policy," it was pointed out. Second, the conference strongly and unequivocally condemned the killing of innocents and deplored the use of violence as an instrument of politics. Third, they pointed out that while the traditional amity between the communities had endured despite being subjected to enormous strain, there was a danger that continued violence could lead to migration again.

The conference in equally strong terms stated that while serious efforts to find a political solution would continue, the people must be assured that there would be no let-up in the fight against terrorism. At the same time, they pointed out that a solution would continue to be elusive if the administration did not act with a sense of

justice and fairplay towards all sections of its citizens. It was in this context that the document states, "If the credibility of the organs of State come under a shadow and the aggrieved sections begin to feel that the Government is lax in dispersing justice and bringing the guilty to book, the process of dialogue and discussion, so necessary for a political solution gets obstructed. The meeting, therefore, urges the Government to take effective and expeditious steps to secure conviction of the guilty persons of the tragic and reprehensible acts of large scale violence against Sikhs in 1984 in which thousands of innocent men, women and children lost their lives."

Firm Steps Mooted

No reasons were stated for the recommendation that the 59th Amendment be repealed but it is well known that the parties, except the Congress(I), had been apprehensive of the power under this Amendment being misused to enforce an Emergency in parts of the country other than Punjab. The conference underlined the critical importance of toning up the administration in Punjab, especially the working of the law enforcement agencies and bringing an end to police excesses. Action should be taken against those who had extorted money or harassed people in the name of fighting terrorism, but those who had remained loyal to their duty deserved full support and nothing should be done to demoralize them.

The conference also recommended that firm steps be taken to ensure that places of religious worship were not misused and that action be taken to guarantee security to students in hostels and colleges and the normal functioning of educational institutions.

"The problem of Punjab has become complex and multi-dimensional. National effort to resolve it can only succeed with patience, perseverance and goodwill on all sides.

From the Government side the participants included, besides the Prime Minister, the Deputy Prime Minister, Mr Devi Lal, the Home Minister, Mufti Mohammed Sayeed, the Railway Minister, Mr George Fernandes, the Information and Broadcasting Minister, Mr P. Unnikrishnan, and the Punjab Governor, Mr Nirmal Mukarji. The other participants included, Messrs. L.K. Advani, A.B. Vajpayee and K.L. Sharma (BJP) [Bharatiya Janata Party]; H.S. Surjeet, Basudev Acharya, Samar Mukherjee and Mangat Ram (CPI-M) [Communist Party of India-Marxist]; Inderjit Gupta, A.S. Malhotra, N.E. Balram and Piara Singh Deosi (CPI) [Communist Party of India]; S.S. Barnala, Gen Jagjit Singh Aurora, Major Singh Khara, Onkar Singh Thapar and Capt Kanwaljit Singh (Akali Dal-Longowal); Jaipal Reddy, Krishna Kant (Janata Dal); G. Swaminathan, R. Muthiah (AIADMK) [All India Anna Dravida Munnetra Kazhagam]; Kishore Chandra Deo and S.C. Sinha (Congress-S); Saifuddin Soz (National Conference); Shibu Soren (JMM); Tridib Chaudhari, Nagen Salkia and Piyush Tirkey (RSP) [Revolutionary Socialist Party], Chitta Basu (Forward Bloc), Subramaniam Swamy (Janatal) and Rameshwar Prasad (IPF).

Former Cabinet Secretary Appointed Punjab Governor

46001148 Madras THE HINDU
in English 8 Dec 89 p 1

[Article by K.K. Katyal]

[Text] New Delhi, Dec 7. Mr Nirmal Mukarji, former Cabinet Secretary, was today appointed Governor of Punjab after Mr S. S. Ray quit the post.

Mr Ray submitted his resignation to the President, Mr R. Venkataraman, at the Rashtrapati Bhavan this evening. Soon after, a press communique announced the gubernatorial change thus: "The President has accepted the resignation of Mr S. S. Ray from the office of the Governor of Punjab. The President has been pleased to appoint Mr Nirmal Kumar Mukarji to be the Governor of Punjab with effect from the date he assumes charge of his office and also to be the Administrator of the Union Territory of Chandigarh in addition to his duties as the Governor of Punjab".

Mr Mukarji is no stranger to Punjab, having served there during a turbulent period till 1963 as Commissioner, Jalandhar Division, as acting Chief Secretary and earlier in various capacities in districts and at the State (undivided) Secretariat at Chandigarh, and as Secretary to two Chief Ministers, Bhimsen Sachar and Pratap Singh Kairon. A seasoned administrator, Mr Mukarji, the last of the ICS [Indian Civil Service], retired as Cabinet Secretary (not Gujarat Secretary as erroneously mentioned yesterday) some 19 years ago. Before that, he was Secretary, Home Affairs, but was moved out from the post in June, 1975, when the decision to impose Emergency was to be taken.

Crucial phase: His appointment coincides with a crucial phase of the turbulent Punjab scene when the new Government's initiatives showed for the first time after a long, dark period, a faint ray of hope. The change also coincided with another momentous event—the visit to the Golden Temple, Amritsar, of the Prime Minister, Mr V. P. Singh, the Deputy Prime Minister, Mr Devi Lal, and two Union Ministers, Mr I. K. Gujral and Mufti Mohammed Sayeed.

The visit was not intended to be an occasion for talks, but a prelude to the opening of a new chapter. It appeared to have produced a positive impact—as was evident from the lusty cheers that punctuated Mr V. P. Singh's address to the vast throngs in front of the Akal Takht in the Golden Temple and his decision to drive through the city in an open jeep and not in a bullet-proof car.

Mr Devi Lal and the former Punjab Chief Minister, Mr Prakash Singh Badal, old friends, had been in touch with each other after the latter's release three days ago. This and other contacts were meant to create a setting conducive to a fresh bid to tackle the Punjab problem. Its complexities however, are not to be underrated—and the Prime Minister and his colleagues are conscious of it.

Ray's predicament: Mr Ray's position became untenable after the change at the Center. This was clear from his public statements affirming faith in the former Prime Minister, Mr Rajiv Gandhi's leadership (the Punjab problem, according to Mr Ray, would have been solved had Mr Gandhi stayed in office).

Mr Ray, it was clear, did not enjoy the confidence of the new Government. He was not informed of New Delhi's moves on Punjab and of the plans for the Prime Minister's Amritsar visit. In turn, Mr Ray chose not to go there to receive Mr Singh and others. Going by the known details, Mr Ray's telephonic talk with the Prime Minister two days ago was not particularly marked by cordiality.

Mr Ray drew attention to the pro-Khalistan statement by Mr Harminder Singh Sandhu, general secretary, AISSF [All India Sikh Students' Federation], soon after his release and sought instructions on how the case was to be tackled. The handling of the new situation could involve application of the National Security Act, according to Mr Ray, who wanted to know whether the new Government favored such a course of action. The telephonic talk followed a series of crash messages, couched in a matter-of-fact style.

Lok Sabha Repeals Amendment on Punjab Emergency

46001172 Bombay THE TIMES OF INDIA
in English 30 Dec 89 p 7

[Text] New Delhi, Dec 29 (PTI). The Lok Sabha today repealed the Constitution (59th Amendment) Act which enabled proclamation of emergency in Punjab and suspension of the right to life in the state.

The constitution (63rd amendment) bill was passed with 360 voting for and one against after the home minister, Mufti Mohammed Sayeed, assured the house that a fresh dialogue would be started with "people" of Punjab for resolving the problem.

As a special case, the bill was introduced today and taken up for consideration immediately to enable the house to pass it on the last day of the first session of the ninth Lok Sabha.

The Congress leader, Mr Rajiv Gandhi, had yesterday pledged his support to the measure after the Prime Minister, Mr V. P. Singh, said the original black law should not be allowed to remain on the statute any more.

The bill was passed with an official amendment moved by the home minister that the measure would come into effect immediately after the President gave his assent. The government had accepted the amendment of the Congress member, Mr P. R. Kumaramangalam, for the purpose.

The original act is lapsing on March 30.

During the debate on the bill, members urged the government to work for an immediate solution to the problem in the state which was undergoing a traumatic period for a long time.

Replying to the debate, Mr Sayeed said the government would not make any compromise but combat terrorism and terrorists in the state. It will also follow a policy of restoring the morale of the police and bureaucracy.

He said mere-legislative and administrative measures would not solve the problem and what was needed was a political initiative.

The minister said the Prime Minister felt that after his Amritsar visit, people of the state were longing for peace. He said a public meeting was being planned to be held in Jalandhar.

Mr Sayeed said the government wanted to start a fresh dialogue with the people of Punjab as ultimately only a political dialogue could bring a solution to the problem.

He said action against the guilty in 1984 anti-Sikh riots would be taken. Only 280 cases had so far been registered in connection with the riots that took a toll of over 2,000 lives.

The minister said the right to life had been given by god and nobody could take it away.

Members in the house cutting across party lines widely supported the bill.

Initiating a brief discussion on the bill, Mr Shivraj Patil (Cong) said though his party supports the bill, it wanted the government to ensure the safety of the people in Punjab. In this regard, he asked the new government to evolve a clear policy on Punjab expeditiously.

Prof R. C. Pal of the CPM [Marxist Communist Party] said with the removal of this obnoxious and draconian provision in the constitution, one edifice of authoritarianism was demolished today.

Instead of rooting out terrorism, the black law under the 59th amendment only encouraged it, Prof Pal said.

Mr Inderjit Gupta (CPI), while hailing the removal of this law, said this did not mean there was any relaxation in the government's determination to fight terrorism. Not it was a compromising gesture.

Stating that extortion of money by terrorists was assuming epidemic dimension, Mr Gupta asked the government to study the role played by the former Punjab governor, Mr S. S. Ray, in lending moral support to extremists. He sought the government's stance on people getting elected from prison and later on using this to come out of it.

UNI adds: Mr Gupta said among the Akalis, a struggle was on between moderates, centrists and extremists. Those who wanted to join the mainstream should be encouraged and helped and those who refused for any settlement under the constitution should be isolated.

He wanted the government not penalize the officials in Punjab who had discharged their duty. There were reports that such officials would be transferred or punished.

He asked the government to clarify its stand on the demand for the release of the killers of the former army chief, Gen A. S. Vaidya.

Mr Chitta Basu (FB) congratulated the government on "erasing the blot on the constitution" by repealing the "draconian law".

Mr Piyush Tirkay (RSP) urged the government to ensure that article 356 of the constitution was not misused to "harass" non-Congress governments. Mr Jaswant Singh (BJP) said the bill should come into force immediately.

National Front Government Wins Vote of Confidence

Proceedings Described

46001165 Madras THE HINDU
in English 22 Dec 89 p 1

[Text] New Delhi, Dec 21. After more than five-hour discussion, marked by much rhetoric and sharp exchanges, the National Front Government this evening won a vote of confidence in the Lok Sabha. The motion, moved earlier in the day by the Prime Minister, Mr V.P. Singh, was carried by a voice vote with the Congress(I) and several smaller Opposition groups abstaining. None voted against the motion.

Although the outcome was a foregone conclusion right from the beginning and much of the debate covered familiar ground, the proceedings never suffered for lack of interest. For many members, it was their first exposure to parliamentary debate and they made full use of it making themselves heard. However, the level of participation, as noted by some senior members, left much to be desired and Mr Indrajit Gupta of the CPI [Communist Party of India] made a pointed reference to it appealing to fellow-members to maintain "minimum decorum."

PM Jeered At

The Prime Minister was jeered by Congress(I) members more than once during his 50-minute reply to the debate and the Leader of the Opposition, Mr Rajiv Gandhi, did not help matters by his frequent interventions. At one stage, Mr V.P. Singh reacted rather sharply to a remark by Mr Rajiv Gandhi on the Government's attitude towards the secessionists. 'I am being pre-judged even before I have completed my answer,' he retorted.

The discussion, initiated by Mr A.R. Antulay (Cong-I), focussed on the nature of the electoral verdict, the wisdom of supporting a "minority government," the situation in Punjab and Jammu and Kashmir and issues such as communalism and reservation. The Prime Minister, in his reply, made no bones that his was a minority

government and therefore, had some "limitations." But this, he said, had to be looked at as part of a larger political process, and as a response to the people's aspirations for a political alternative.

Amid cheers from treasury benches, Mr V.P. Singh reiterated his Government's commitment to an 'issue-based' policy saying that he was happy to note that the Left parties and the BJP [Bharatiya Janata Party] had gone beyond the numbers game in supporting his Government. The important thing was not a change in the Prime Minister or the Government but whether there would be a change in the lives of the people in the huts. He listed the situation in Jammu and Kashmir and Punjab, the balance of payments position and foreign debt as some of the major problems confronting his government.

The Prime Minister's 'invitation' to the Opposition to join hands with the Government in 'grappling' with these problems was promptly accepted by Mr Rajiv Gandhi with the rider that the Government must first make its stand clear vis-a-vis secessionist forces which, he said, found no place in the President's address to the joint session of the two Houses on Wednesday. He said that because of the Government's vacillation the former Punjab Governor could not order the arrest of certain secessionist elements who had entered a place of worship.

Mr V.P. Singh declared that there was no question of compromising on the country's integrity. His Government stood for the safety and security of every citizen of Punjab, but at the same time it believed in fairness and justice. What Punjab needed was a 'message of trust.' His Government was fully alive to the situation in Jammu and Kashmir, and a major step towards solving it was to draw the youth into the mainstream.

Reservation To Continue

On reservation, he was firm that support to the weaker sections would have to continue till the inequities in the existing socio-economic order were removed. He promised withdrawal of the legislation which gives government power to suspend the right to life, and enforcement of the right to information. His Government would also work for political and economic democracy, he said.

The thrust of Mr Antulay's speech—incidentally his maiden speech in the Lok Sabha—was that (1) a minority government supported by two extremes of the political steam had little chance of succeeding, describing it as a 'two-headed and three-legged' creature; (2) Mr Rajiv Gandhi had shown 'magnanimity' in not staking his claim for forming the Government; (3) the people had not given a clear mandate to the National Front to rule; and (4) the Government was speaking with different voices on different issues. Some of his comments, especially those relating to the Deputy Prime Minister, Mr Devi Lal, were ridiculed by some speakers later, and in an obvious dig at Mr Antulay's alleged role in a cement controversy the Prime Minister said: "I know his talent in cementing arguments well."

Mr L.K. Advani (BJP) said that the mandate may not have been for any one party to form the Government but it was certainly against the Congress(I). The latter, which instead of accepting it was pretending that it had not been rejected by the people, should do some introspection why a party which had won such a massive mandate in the previous elections was now in such dire straits—a point later made more sharply by Mr Somnath Chatterjee (CPI(M)) [Communist Party of India-Marxist]. Mr Antulay, he said, had not said a word why his party had been reduced to 193 seats. Obviously, it did not believe in self-introspection.

The vote, according to Mr Chatterjee, was clearly against the previous Congress Government and it failed to win a sufficient majority despite widespread booth capturing and rigging, even in the former Prime Minister's own constituency. It was strange that the Congress(I) was offering 'constructive cooperation' within the parameters of a programme which had been rejected by the people. In fact, its insistence on a debate on the vote of confidence (earlier, the Government had planned to seek a vote straightway without a discussion) indicated that its attitude was far from constructive.

'Not Party Issues'

Mr Indrajit Gupta (CPI) [Communist Party of India] ridiculed Mr Antulay's claim that the former Prime Minister had been 'magnanimous' in not offering to form a government. The fact, Mr Gupta said, was that the Congress did not find itself in a situation to form a government. It would not have stayed away if it had even the slightest hope of forming a government with the support of some other groups; or if 'aya Rams and gaya Rams' had been still active. Issues such as Punjab and Jammu and Kashmir should not be treated as 'party issues,' he said and appealed to the Opposition to help the Government evolve a national consensus on these.

Mr Gupta said that there was no doubt that the Left parties' manifestoes were more radical than that of the National Front but the latter too was committed to a good programme and if it was implemented it would be a major advance. He said the Congressmen were living in a world of make-believe if they thought that the new Government was about to collapse.

Others who took part in the discussion included Mr Janeshwar Mishra (Janata Dal), Mr R. Muthaiah (AIADMK) [All India Anna Dravida Munnetra Kazhagam], Mr Chitta Basu (Forward Bloc), Mr Suleiman Sait (Indian Union Muslim League), Mr A.K. Roy (Independent), Mr K.P. Thomas (Kerala Congress) and Mr Sihbhu Soren (Jharkhand Mukti Morcha).

A brief intervention, heard with considerable interest, Mrs Rajinder Kaur (Akali-Mann Group) spoke with anguish about the police harassment in Punjab and accused the erstwhile Government of Rajiv Gandhi for creating the present situation there. She said that many innocent people had been called terrorists, and asked: "I have won by more than one lakh of votes. Am I still a terrorist?"

UNI, PTI Report:

Apart from the Janata Dal, Congress(S) and the Telugu Desam—the constituents of the front—the motion received enthusiastic support from the Bharatiya Janata Party, CPI(M), CPI, Forward Bloc, Revolutionary Socialist Party, Jharkhand Mukti Morcha, Akali Dal (Mann), Shiv Sena, Maharashtra Gomantak Party, Marxist Coordination and some others. It was opposed, in their speeches, by members of the Congress(I), AIADMK, the Kerala Congress. Among other Congress(I) allies, the Muslim League chose not to oppose the motion while the National Conference was non-committal.

A Faint 'No'

As the Speaker put the motion to vote the ruling National Front members and members of its allies shouted a vociferous "aye" raising their hand. There was only a faint voice of "no" when the Speaker called those against the motion to say "no".

The Congress(I) had made it clear during the discussion that its members would abstain from voting.

After the voting the ruling Front members wanted the Speaker to declare that the motion was carried unanimously.

'More Sand, Less Cement'

New Delhi, Dec 21. The Prime Minister, Mr V.P. Singh, today had a dig in the Lok Sabha at the Congress(I) member, Mr A.R. Antulay, former Maharashtra Chief Minister, indicted by the Bombay High Court in what was known as the "cement allotment scandal." Replying to the House debate on the motion seeking confidence in his Government, Mr V.P. Singh acknowledged that Mr Antulay, who initiated the debate, had lot of talent in "cementing his arguments." This was an obvious reference to the cement scandal that resulted in Mr Antulay losing the Chief Ministership.

To the Congress(I) members' great discomfort, Mr V.P. Singh went on harping that Mr Antulay's arguments "had more of sand and less of cement."

"In fact," Mr Singh said "the member's arguments (against the Government) would fall apart like grains of sand." The tauntings from the Prime Minister evoked laughter from the treasury benches.

First in India

46001165 Madras THE HINDU
in English 22 Dec 89 p 1

[Article by K.K. Katyal]

[Text] New Delhi, Dec 21. The legitimacy of the National Front Government was established today as it won the vote of confidence in the Lok Sabha—in the first case of its type in the parliamentary history of the country.

Not that there was any doubt about the outcome of the motion on the subject moved by the Prime Minister, Mr V.P. Singh, but its approval by the voice vote, without a dissenting voice, became a significant milestone in the life of the three-week-old Government. Mr Singh, thus, met the requirement laid down by the President, Mr Venkataraman, on December 1, while inviting the former to form the government—"to take a vote of confidence in the Lok Sabha within 30 days of his assuming office".

The 30-day time-limit was fixed in consultation with Mr Singh, but he chose to call the Parliament session earlier and went through the trial of strength within three weeks.

In doing so, he disregarded the suggestion of constitutional experts some of whom would have liked to treat the vote on the President's address as the vote of confidence. They regarded it as a more substantive course, as it would have meant approval by the Lok Sabha not only of the new Government but also its policies as outlined in the address. Mr Singh, however, wanted the confidence issue to be disposed of, before the regular business was taken up. Hence the one-line motion, sponsored by him today.

In the absence of a precedent, there was uncertainty about the procedure till this morning. Mr Rajiv Gandhi, in his capacity as the Leader of the Opposition, did not want the motion to be put to vote without a debate, and the Speaker, Mr Rabi Ray, fixed four hours for it. Actually, it took longer.

Strategy goes awry: The Congress(I)'s calculations in forcing a debate seemed to have gone awry. If Mr Gandhi thought he and his party could utilize the opportunity to subject the Government to embarrassing queries, it did not work that way. This much was evident from the series of posers by him and the Prime Minister's replies towards the closing stage of the debate.

If hopes were pinned on stirring contradictions between the National Front and its "outside" supporters, the result was just the opposite. Both the BJP and the Left parties—through competent presentations by Mr L.K. Advani, BJP, Mr Somnath Chatterji, CPI(M), Mr Indrajit Gupta, CPI, Mr Chitta Basu, Forward Bloc—were categorical in affirming unconditional support to the Government. In fact, they turned the tables on the Congress(I) when, while explaining the rationale of their stand, they spoke of the imperatives of sustaining the new setup because of its rejection by the electorate. Not to do so would be disrespect to the people's verdict was the brunt of their arguments. The Government received assurances of support from all parties, including the Akali Dal (Mann)—except the Congress(I) and its allies. The Congress(I)'s isolation was far too glaring.

Some of the points made from the Congress(I) benches provided an easy handle to the ruling side and its supporters for a counter-attack. One was about Mr Gandhi's "magnanimity" in not staking a claim to form

the government. This was countered by drawing attention to the line-up in the new Lok Sabha, with the Congress(I) and its supporters just exceeding 200 in a House of 515. The President, it was pointed out, was clear about the post-poll reality. According to the account given today, he told the Left parties' representatives who had gone to Rashtrapati Bhavan to pledge support to the National Front that "I am waiting for him (Mr Singh). He has not yet come."

The ruling side also twitted the Congress(I) on its duplicity by drawing attention to its "destructive criticism", despite its professions of "constructive cooperation".

Composition of New State Governments Reported

Andhra Pradesh

46001175A Madras THE HINDU
in English 24 Dec 89 p 1

[Text] Hyderabad, Dec 23—The Andhra Pradesh Chief Minister, Dr M. Chenna Reddi has allocated to his Ministers most of the subjects now under his charge "to be held as additional charge for the time being," an official press release said here on Saturday night.

The following is the list of the complete portfolios of Ministers with the new subjects allotted to them shown in brackets:

Cabinet Ministers: Messrs R. Chenga Reddi—Panchayat Raj (Minor Irrigation including groundwater); J. C. Diwakar Reddi—Cooperation (Information and Public Relations); V. Hanumantha Rao—Youth Affairs and Sports (Printing and Stationery, Cinematographic Act including A. P. State Film Development Corporation, Flying and Gliding Clubs); N. Janardhan Reddi—Agriculture (Command Area Development and Forests); M. Padmanabham—Civil Supplies (Excise); K. Ranga Rao—Housing (Municipal Administration); M. Ravindranath Chowdary—Endowments (Commercial Taxes); K. Rosaiah—Finance, Power and Legislative Affairs (Handlooms and Textiles); D. K. Samarasimha Reddi—Revenue (Law and Courts); M. Srinivasul Reddi—Roads and Buildings, Mines & Geology including A. P. State Mining Corporation (Medical and Health); G. V. Sudhakar Rao—Transport (Sugar) and S. Venkat Reddi—Animal Husbandry (Commerce and Export Promotion including State Trading Corporation).

Ministers of State: Messrs J. Chittaranjan Das—Labour and Employment (Tourism & Tourism Development Corporation); Dr Geetha Reddi—Social Welfare (Cultural Affairs); Mohd. Jani—Wakf and Urdu Academy (Minorities Commission, Small Scale Industries including Khadi and Village Industries Board); K. Easwar Kumar—Technical Education (Higher Education, Public Libraries, Archives & Archaeology); M. Venkateswara Rao—Marketing (Medium Irrigation, Flood Control, Drainage and Warehousing); and Mrs P. Samanthakamani—Women and Child Welfare (Secondary Education and LIDCAP).

Uttar Pradesh

46001175A Bombay *THE TIMES OF INDIA*
in English 6 Dec 89 p 7

[Text] Lucknow, December 5—Mr Mulayam Singh Yadav today took oath as the chief minister of Uttar Pradesh [UP], along with a 13-member council of ministers at the K. D. Singh (Babu) stadium here.

The oath of office was administered to Mr Yadav by the governor, Mr Mohammad Usman Arif. Twelve of the cabinet ministers then took the oath together.

The ministers are: Mr Reoti Raman Singh, Mr Beni Prasad Verma, Mr Ram Charan Das, Mr Shatrudh Prakash, Mr Diwakar Vikram Singh, Mr Mukhtar Anees, Mr Mohammad Azam Khan, Mr Mohammad Aslam, Mrs Sukhda Misra, Mr Awadesh Prasad, Mr Vikramaditya Pandey and Mr Barfia Lal.

Mr Sachidanand Bajpai was not present at the ceremony and took the oath later in the evening.

The fifth non-Congress government in the state took office after a ten-year gap. The last non-Congress government was headed by the late Mr Banarsi Das. Mr Yadav is the 20th Chief minister of the state.

Traditionally, the oath-taking ceremony was formally held in the high-domed Durbar Hall of Raj Bhawan. Mr Yadav broke the convention and opted for a public function. Hundreds of people turned up at the stadium causing traffic jams on the busy Hazratganj-University road.

The function was far from solemn. Scores of supporters of the Janata Dal climbed on to the dais and continuously chanted pro-Mulayam Singh slogans. A little before the governor's arrival, Mr Yadav himself climbed on to the dais and cleared it of his supporters.

Even when the governor arrived, Mr Yadav continued to give instructions to officials and his supporters. In the past, the chief minister-designate did not go on to the dais until his name was called. He was already there managing the show.

There was virtually no order at the site. Leaders and their supporters hurried about issuing instructions or just congratulating each other.

In the melee, the chief secretary, Mr Shiromani Sharma, sought the governor's permission to conclude the ceremony after the oaths had been administered. Traditionally, the national anthem is played before ending such a ceremony.

Moreover, when someone realised the faux pas and the national anthem was being played, the Janata Dal ministers and their supporters freely moved about, hugging each other or throwing green coloured gulal. The chief minister himself walked up to the mike on the dais and removed it as the national anthem was being played.

A 10,000-strong gathering witnessed the function. The former chief minister, Mr Narain Dutt Tiwari, the UPCC [Uttar Pradesh Congress Committee] chief, Mr Balram Singh Yadav, the speaker of the last assembly, Mr Niaz Hasan, and top civil and police official were present.

Mr Yadav, today warned that if "vested interests" tried to break the Janata Dal, he would not hesitate "even for a moment to seek a fresh mandate from the people."

Talking to newsmen after presiding over the first cabinet meeting of his government this afternoon, Mr Yadav also announced hikes in cane prices and pension to widows. He also said that all citizens, irrespective of whether they were rich or poor, would receive a pension of Rs 100 per month if they were over 60 years of age.

The chief minister's warning to "vested interests" is being taken by political observers as a threat to the Ajit Singh group in the Janata Dal which has been agitated over the election of Mr Yadav as the leader of the legislature party.

The group, it may be pointed out, had staged a noisy demonstration yesterday and called the Prime Minister, Mr V. P. Singh, names for allegedly ditching Mr Ajit Singh in the tussle for UP leadership.

The group had last night refused to join the new council of ministers, but on advice from New Delhi three of its members today took oath as ministers. They are Mr Shatrudh Prakash, Mr Diwakar Vikram Singh and Mr Awadesh Prasad. However, the Ajit Singh lobby is far from satisfied despite the induction of its leader in the Union cabinet.

Mr Yadav, on his part, claimed that the warning was directed at the Congress which had been in power continuously for nearly a decade. He said that the new government was an eye sore for "the gang of those with vested interests who have been nurtured by the Congress during the last ten years."

Bihar

46001175A Madras *THE HINDU*
in English 7 Dec 89 p 1

[Text] Patna, Dec 6—The 39-member ministry, headed by Dr Jagannath Mishra, was sworn in here today. The Bihar Governor, Mr Jagannath Pahadia administered the oaths of office and secrecy to the new members at a simple ceremony in the Durbar Hall of the Raj Bhavan. Of the new ministers, 20 are of other Cabinet rank and 19 are Ministers of State.

Dr. Mishra, who assumes the stewardship of the State for the third time—he was Chief Minister from April 11, 1975 to April 30, 1977 and from June 1980 to August 14, 1983—was elected unanimously as leader of the Congress(I) Legislature Party earlier in the day.

Dr Mishra's name was proposed by the out-going Chief Minister, Mr Satyendra Narain Sinha and seconded among others by Mr Bhisma Prasad Yadav, Party Chief Whip, Mr Ramashray Prasad Singh, Mr Lahatan Chowdhary and Mr Md. Hussain Azad, all members of the Sinha Ministry who have been inducted into the Mishra Government.

Mr Sinha who was on Tuesday evening prevented from going to the Raj Bhavan to submit his resignation today despatched it through an emissary.

A large crowd welcomed Dr Mishra at the Patna airport when he flew in with the AICC(I) [All India Congress Committee-I] General Secretary, Mr A. R. Mallu and Congress(I) observers. Mr Bhajan Lal and Mr Darbara Singh. These leaders were present at the leadership election and the swearing in ceremony.

Talking to newsmen, the Chief Minister said there would be another smaller expansion of his Ministry soon. His first task would be to restore communal harmony in the State. His party and the Government would give top priority to combating the forces of communalism.

Dr Mishra outlined steps to provide immediate relief to victims of communal carnage in Bhagalpur, which he would visit in a day or two. The steps include construction of mosques and temples damaged or destroyed in communal violence, financial assistance to riot victims whose houses and shops had been destroyed and compensation to the kin of the people killed in communal violence and also to the kin of persons reported missing after the communal carnage.

Dr Mishra announced the transfer of the Bhagalpur District Magistrate and the Superintendent of Police.

Karnataka

46001175A Madras THE HINDU
in English 7 Dec 89 p 1

[Text] Bangalore, Dec 6—The first batch of 10 members of Mr Veerendra Patil's Council of Ministers—nine Ministers of Cabinet rank and one Minister of State—was sworn in here this afternoon.

The Governor, Mr P. Venkatasubbaiah, administered the oaths of office and secrecy to the Ministers at a brief Raj Bhavan ceremony. The initial size of the Council of Ministers, apparently, is wholly disproportionate to the 177 strong Congress-I in the 224-member Karnataka Assembly. It has been acknowledged that the Chief Minister, has found his Ministry-making tough going because of the scramble for ministerial berths. A fresh batch of Ministers is in the offing. Since he was sworn in as Chief Minister on November 30, has taken six days for Mr Patil to finalise even the first batch of his team.

The new Cabinet Ministers are: Mr Aziz Sait, elected from the Narasimharaja constituency in Mysore City.

He represented the Dharwar South constituency in the dissolved Lok Sabha. He has been designated Minister for Revenue.

Mr M. Rajasekhara Murthy, elected from the Chamundeswari constituency in Mysore City, has been designated Finance Minister. He is an oldtime colleague of the Chief Minister and once held the Industry portfolio in an early Cabinet.

Mr Basavalingappa, re-elected from the Yelahanka constituency, has been given the Rural Development, Panchayatraj, and Municipal Administration portfolios.

Mrs Manorama Madhwaraj, who has been reelected from the Udipi constituency in the Coastal Dakshina Kannada district, has been designated Minister for Health and Family welfare.

Mr T. N. Narasimha Murthy, a member of the Legislative Council, is Minister for Ports and Fisheries.

Mr G. Puttaswamy Gowda, elected from the Holenarasipura constituency in the Hassan district, has been allotted the Public Works and the Command Area Development portfolio. He hit the deadlines by defeating his rival, Mr H. D. Deve Gowda, by a margin of about 8,000 votes.

Mr K. H. Ranganath has been designated Minister for Agriculture and Forest and Education. A member of the dissolved Lok Sabha from the Chitadurga constituency, he was elected to the State Assembly from the Hiriyur constituency, of the same district. He was one time President of other PCC-I [Pradesh Congress Committee-India].

Mr B. Shivanna who has been allotted the Social Welfare portfolio, has been elected from the Deodurg constituency in the Hyderabad Karnataka area.

Mr. Veerappa Moily, re-elected from the Karkala constituency in the Dakshina Kannada district, is back in the Cabinet as Minister for Law, Parliamentary Affairs, Labour and Tourism.

The Minister of State, Mr K. J. George, re-elected from the Bharatinagar constituency in Bangalore city, has been allotted Food and Transport.

The fate of the other veterans in the party, who have been re-elected to the Assembly, Mr S. Bangarappa, Mr K. H. Patil and Mrs K. S. Nagaratnamma, Opposition leader in the previous Assembly, is not clear.

The former President, Mr N. Sanjiva Reddi, who was also present at the swearing-in ceremony, sat with the Governor and the Chief Minister, Mr Veerendra Patil. Shortly after the swearing-in ceremony, Mr Veerendra Patil had the first meeting of his Council of Ministers.

The Chief Minister has kept with him the portfolios of Cabinet Affairs, Department of Personnel and Administrative Reforms, Home, Commerce and Industry, Housing and Urban Development.

Expansion after budget session: Later, addressing a news conference, Mr Veerendra Patil said today's batch of Ministers was the first installment and he would expand his team after the budget session of the Legislature, in about two or three months. He was aware of the gaps that have been left in regard to representation to the other castes and communities and the region, etc. He expected to plug them at the next expansion. He also said that many senior members of the party had not been included in today's batch and he would consider including some of them in the next expansion.

Madhya Pradesh

46001175A Bombay *THE TIMES OF INDIA*
in English 10 Dec 89 p 7

[Text] Bhopal, Dec 9—Mr Shyama Charan Shukla was today sworn in as the Madhya Pradesh chief minister along with a 35-member ministry. The governor, Mrs Sarla Grewal, administered the oath of office and secrecy at Raj Bhavan.

Mr Shukla was unanimously elected leader of the Legislature Congress Party yesterday evening. He had named 42 ministers, seven of whom could not take the oath today.

This is the third time that Mr Shukla becomes the chief minister. He had two tenures of 34 and 16 months respectively, in 1969 and 1975.

The team chosen by Mr Shukla is bigger than any of the ministries headed by Mr Arjun Singh or Mr Motilal Vora, his two predecessors, after the Congress won the 1985 vidhan sabha elections with a large majority.

PTI adds: While all the 19 cabinet-rank ministers took the oath, only seven of the 11 ministers of state and nine of the 12 deputy ministers took the oath today. The absentees—four ministers of state and three deputy ministers—will be administered the oath later.

The four ministers of state who were not sworn in today are Mr Jashwant Singh, Mr Pyare Lal Kanwar, Mr Mahendra Bahadur Singh and Mr Chandra Mohan, Mr Nirmal Hirawat and Mr Mahendra Bodh, who were to be sworn in as deputy ministers also did not take the oath of office and secrecy.

The cabinet ministers retained from the outgoing Motilal Vora ministry are Mr Chitrakant Jaiswal, Mr Shivbhanu Solanki, Mr Vithalbhai Patel, Mr Rasool Ahmed Siddiqui and Miss Vimla Verma. Among the supporters of Mr Arjun Singh, who have been reinstated are Mr Bansilal Dhritlahre, Mr Krishna Pal Singh and Mr Rajmani Patel.

Among the Vora ministry members dropped are cabinet ministers Capt Jaipal Singh and Mr B. R. Yadav, ministers of state, Mr Tanwant Singh Keer, Mr Chandra Kumar Bhanot, Mr Vidyadhar Joshi, Mr Magan Singh Patel, Mr Vijay Guru and Mr Kamleshwar Prasad Dwidei and nine deputy ministers.

The present ministry has accommodated supporters of both Mr Motilal Vora and Mr Arjun Singh.

Among the prominent Congress leaders who attended the swearing in were the state PCC [Pradesh Congress Committee] chief, Mr Arjun Singh, Mr Motilal Vora, state assembly speaker, Mr R. P. Shukla, and MP [Member of Provincial Assembly]s, Mr Kamalnath and Mr Dilip Singh Bhuria.

The shamiana put up for the occasion was jam-packed half-an-hour before the start of the function at noon, with hundreds of people flocking around the main podium.

Reporters specially, had a harrowing time as most of the seats meant for the fourth estate were occupied by others and they were left making a vain attempt at getting closer.

The ministers of state sworn in were Mr Bhawani Lal Verma, Mr Shravan Bhai Patel, Mr Baij Nath Saxena, Mr Kanti Lal Bhuria, Mr Prabhu Dayal Gehlot, Mr Hasnat Siddiqui and Mrs Prabha Bhargava.

Rajasthan

46001175A Bombay *THE TIMES OF INDIA*
in English 10 Dec 89 p 7

[Text] Jaipur, December 9 (PTI)—The six-day-old Joshi cabinet was today expanded with the induction of five cabinet minister, 11 ministers of state and one deputy minister.

The oath of office and secrecy was administered to the new ministry by the Rajasthan governor, Mr Sukhdev Prasad, at Raj Bhavan here.

The cabinet rank ministers are: Mr Heera Lal Devpura, Mr Chago Ram Bakolia, Mr Madhav Singh Diwan, Mr B. D. Kalla and Mr Ram Krishna Verma.

The ministers of state are: Dr (Mrs) Girja Vyas, Mr Raghunath Parihar, Mr Heera Lal Indora, Mr Ratan Lal Tambi, Mr Mange Lal Arya, Mr Bhairion Lal Meena, Mr Iqbal Ahmed, Mr Harimohan Sharma, Mr Rajendra Chaudhary, Mr Deen Bandhu Verma, and Mrs Nilima Krishna.

Mrs Hamida Begum has been made a deputy minister in the cabinet. Among those who took oath of office today, six are new faces, all of whom have been inducted into the ministry as ministers of state.

Mr Devpura, the former PCC [Pradesh Congress Committee] chief, has returned as cabinet minister. Mr Bakolia, who was in the earlier Joshi ministry, has also returned as cabinet minister.

Orissa

46001175A Bombay *THE TIMES OF INDIA*
in English 10 Dec 89 p 11

[Text] Bhubaneswar, December 9 (PTI)—A 20-member Congress ministry in Orissa, headed by Mr Hemananda Biswal, was sworn in at a ceremony on the laws of Raj Bhavan here today.

The governor of Orissa, Prof S. Nurul Hasan, administered the oath of office and secrecy to the ministers.

The new ministry has 12 new face.

The ministers who were sworn in are: Mr Bhagabat Prasad Mohanty, Mr Rasbehary Behera, Mr Gangadhar Mohapatra, Mr Dambaru Majhi and Shaikh Matlub Ali (all cabinet rank).

Mr Bhupinder Singh, Mr Dolagobinda Pradhan, Mr Sitakanta Mohapatra, Mr Netrananda Mallick, Mr Hohan Nag, Mr Jayadev Jena, Miss Frida Topno, Mr Amarnath Pradhan, Mr Raghav Parida and Mrs Saraswati Hembram (all ministers of state), Mrs Paraha Pujari and Mr Judhistir Jena (both deputy ministers).

Mr Anup Singh Deo (cabinet rank) and Mr Bibhut Bhusan Singh Nardaraj (minister of state) could not be sworn in today as they were away.

The chief minister, Mr Biswal was sworn in on Thursday and left for Delhi yesterday to hold consultations with the party leadership on formation of his ministry. He returned here this morning.

Tamil Nadu

46001175A Madras THE HINDU
in English 10 Dec 89 p 1

[Text] Madras, Dec 9—A reshuffle in the portfolios of five Tamil Nadu Ministers was announced tonight.

In the reshuffle, the first since the DMK [Dravidian Progressive Foundation] Ministry took over in January, the Agriculture Minister, Mr Ko. Si. Mani, has been given the portfolios of Rural Development and Local Administration.

Mr Veerapandi Arumugam, now Local Administration Minister, has become the Minister in charge of Agriculture.

The Food Minister, Mr Arcot N. Veerasami, has been given the portfolios of Electricity and Milk, while the Information and Labour Minister, Mr Pon Muthuramalingam, takes over the portfolios of Food and Cooperation.

Mr K. N. Nehru, Electricity Minister, becomes the Minister in charge of Information and Labour.

A Government Order issued tonight also announced that the Health Minister, Dr Ponmudi, will look after Public Health, Medicines, Water Board, and Environmental Pollution Control, and the Handlooms and Urban Development Minister, Mr S. Thangavelu, will be in charge of Urban Development, Handlooms, Textiles, Town Planning, and Accommodation Control.

The following is the list of Ministers and the portfolios reallocated to them today.

Mr Ko. Si. Mani (Minister for Rural Development and Local Administration)—Municipal Administration, Rural Development, Panchayats, Panchayat Unions, and Rural Indebtedness.

Mr Arcot N. Veerasami (Minister for Electricity)—Electricity and Milk and Slum Clearance Board.

Mr Pon Muthuramalingam (Minister for Food and Cooperation)—Food, Price Control and Civil Supplies, Cooperation and Statistics.

Mr Veerapandi Arumugam (Minister for Agriculture)—Agriculture, Agricultural Refinance, Agricultural Engineering, and Service Cooperative Societies at the Block, District and Apex level including the Federation, and Food Production.

Dr Ponmudi (Minister of Public Health)—Public Health, Medicine, Water Board, and Environmental Pollution Control.

Mr K. N. Nehru (Minister for Information and Labour)—Information and publicity, Film Technology, Cinematograph Act, Labour, Census, Employment and Training, Indians Overseas, Refugees and Evacuees, Iron and Steel Control, Newsprint Control, Stationery and Printing, and Government Press.

Mr S. Thangavelu (Minister for Handlooms and Urban Development)—Handlooms, Textiles, Town Planning, Urban Development, and Accommodation Control.

Gujarat

46001175A Madras THE HINDU
in English 14 Dec 89 p 5

[Text] Gandhinagar, Dec 13—The Gujarat Chief Minister, Mr Madhavsingh Solanki, retained Home and General Administration, while allocating portfolios to other 25 members of his new Ministry today.

Mr Solanki retained eight Ministers of the previous Ministry (of Mr Amarsingh Chaudhary), including Mr Hasmukh Patel, who was elevated to Cabinet rank. Of the 17 new faces, six were Cabinet Ministers and 11 ministers of State. Those who were retained as Cabinet Ministers included Mr Vijaydas Mahant (Water Resources and Narmada Development), Mr Harisinh Mahida (Industry, Mines and Energy), Mr Arvind Sanghvi (Finance, Health), Mr Maganbhai Solanki (Cooperation, Port, Road and Buildings), Mr Nalinbhai Patel (Law, Judiciary and Transport) and Mr Hasmukh Patel (Education and Parliamentary Affairs).

Earlier, the Governor, Mr R. K. Trivedi administered the oath of office and secrecy to 24 of the 25 Ministers in a simple ceremony at Raj Bhavan.

Mr Solanki appointed six parliamentary secretaries to assist his Cabinet. They are: Mr Moolrajsinh Parmar, Mr Naresh Raval, Mr Baldevsinh Waghela, Mr Arsibhai Kamalia, Mr Mohan Talaviya and Mr Keshaji Thakore.

Haryana

46001175A Bombay *THE TIMES OF INDIA*
in English 6 Dec 89 p 24

[Text] Chandigarh, Dec 5 (PTI)—A 20-member, two-tier Haryana council of ministers, headed by Mr Om Prakash Chautala, was sworn in here today.

Besides Mr Ran Singh Mann, MLA [Member of Legislative Assembly] and former chairman of the Haryana bureau of public enterprises was sworn in as the chief parliamentary secretary by the chief minister later.

The members of the council, including 11 cabinet members and nine ministers of state, were administered the oath of office and secrecy at a simple but impressive ceremony at Raj Bhavan by the state governor, Mr Hari Anand Barari.

Mr Chautala was sworn in on December 2 at Delhi.

Mr. Banarasi Das Gupta continues to be the deputy chief minister. All the old members of the Devi Lal council of ministers barring those belonging to the Bharatiya Janata Party [BJP] which decided to stay out of the ministry has been included in Mr Chautala's ministry.

There is one new minister with a cabinet rank—Mr Jagannath. The former chief parliamentary secretary, Mr Dhirpal Singh, has been made a minister of state.

The cabinet ministers are Mr Ranjit Singh, brother of the Chief Minister, Mr Virendar Singh, Mr Sampat Singh, Mr Hukam Singh, Mr Rao Laxmi Naryan, Mr O. P. Bhardwaj, Mr Rao Ram Narian, Mr Subhash Katyal and Dr Maha Singh.

The ministers of state are Dr Raghubir Singh, Mr Azmat Khan, Mr Narsingh Dhanda, Mr Manphool Singh, Mr Hasan Mohammed, Mr Sachdev Tyagi, Mr Dhir Paul Singh, Mr Dharam Vir Singh and Mr Balbir Singh Sani.

A number of former BJP ministers and party MLAs were present at the ceremony.

The new entrant, Mr Jagan Nath, was minister of transport in the first Janata Party government lead by Mr Devi Lal during 1977.

Later, talking to newsmen, Mr Chautala said efforts were still on to persuade the BJP to join his ministry. He hoped that the BJP leadership would reconsider its decision.

He said the decision regarding the appointment of chairmen of autonomous corporations and boards in the state would be taken later.

Replying to a question, Mr Chautala said he would continue to hold the office of the president of the state Janata Dal.

Test of Government Announcement on Action Plan

46001171 Madras *THE HINDU*
in English 2 Jan 89 p 10

[Text] New Delhi, Jan 1. The following is the text of the action plan announced by the Government today.

The manifesto of the National Front has presented concrete programme of action Ministries and departments have been requested to identify priority areas of action for implementation in a time-bound manner. The first set of points on which the action is under way is listed below.

Ministries and departments will prepare comprehensive and detailed action plans on these and other items and announce them separately. Implementation of the action plans will be a matter of highest priority and will be closely monitored.

An outlay of at least 50 percent of investible resources in the agricultural and rural sectors of the economy will be ensured starting with the annual plan for 1990-91.

In order to give farmers a remunerative price for their produce, the following changes are being made in the method of computing support prices.

(i) introduce a formula for adjusting support prices for inflation from the date of announcement to the time of market.

(ii) Labor will be costed on the basis of actual wages paid or minimum wages whichever is higher instead of the present system where it is costed on the basis of actual wages paid when these are lower than the minimum wages.

(iii) Include an element of managerial or entrepreneurial labor in the family labor input and cost this labor at a higher rate than agricultural labor.

The Ministry of Agriculture will appoint an expert committee to recommend ways of implementing these changes and their recommendations will be taken into account in fixing support price for the next kharif season.

"The right to work" will be made a fundamental right and the necessary Bill for amending the Constitution will be introduced in the forthcoming budget session. An employment guarantee scheme will be implementing progressively.

A comprehensive Constitutional Amendment Bill on panchayati raj will be prepared and introduced during the budget session of Parliament, after discussion with the Chief Ministers.

The Government places the highest importance on land reforms. All land reforms legislation will be incorporated in the Ninth Schedule to the Constitution, Land reforms will continue to be an agenda in the proposed inter-State

Council. A meeting of the Chief Ministers will be held by April, 1990, to finalize a programme of land reforms implementation.

A scheme for debt relief up to Rs 10,000 to small, marginal and landless cultivators and artisans will be finalized during the forthcoming budget session.

A long-term fiscal policy will be presented during the budget session.

The Government is committed to curbing ostentatious and elitist consumption and the measures required in this regard will be taken early.

With a view to pushing up exports in a big way and plugging loopholes in the import-export rules and simplifying the procedures:

(i) a new three year import-export policy will be announced on April 1, 1990.

(ii) Simplified pre-shipment documentation will be finalized and announced on March 1, 1990.

(iii) Export policy will encourage the exports of items with high net foreign exchange content.

The Ministry of Defence shall appoint a committee to examine modalities for implementing a scheme for realizing the National Front's commitment to the principle of "one rank one pension" for ex-Servicemen. The committee will submit its report by March 31.

A National Security Council under the chairmanship of the Prime Minister will be set up by April, 1990.

A comprehensive Bill on electoral reforms will be introduced in the budget session of Parliament.

A high level judicial commission will be set up for appointments and transfers of judges. The necessary constitutional amendment Bill is proposed to be introduced in the budget session.

A Bill to amend the Legal Services Authorities Act will be introduced in the budget session with a view to strengthening Lok Adalats and legal aid programmes.

A Bill for setting up an autonomous corporation for TV and radio has already been introduced on December 29, 1989. It is proposed to have the Bill enacted after a national debate during the budget session.

The Government will, by amending the Constitution, guarantee the "right to information" as a fundamental right. The Bill for the purpose will be introduced during the budget session. New Bills will be brought in during the budget session to amend the Indian Post Office Act and the Indian Telegraph Act, ensuring that the citizen's right to privacy is respected. The Indian Post Office (Amendment) Bill, 1986, will be withdrawn.

The National Integration Council for reviewing issues relating to national integration, and to make recommendations thereon will be reconstituted.

A meeting of Chief Ministers to consider this matter will be held in January, 1990. The proposal in this regard will be finalized thereafter and the first meeting of the council convened before April 1990.

An amendment of the Official Secrets Act to ensure the citizen's right to information will be carried out. A Bill for this purpose will be introduced in the budget session.

An inter-State council will be set up after the forthcoming elections to the Legislative Assemblies of the States. The process of eliciting views of the State Governments on the nature of duties to be performed by the inter-State council, and its organization and procedures, will be started straightway.

Special measures under the 15-point programme for minorities will be formulated during the budget session of Parliament to ensure for minorities adequate implementation of development programmes, representation in employment, enhanced availability of credit and increased facilities for technical education. A committee will be set up before the end of January, 1990, to examine the recommendations of the Gujral Committee.

A scheme to ensure that special courts are promptly set up for expeditious disposal of cases relating to caste and communal riots and atrocities will be finalized before March, 1990. The Prevention of Atrocities Act for prevention of atrocities against members of the Scheduled Castes and Scheduled Tribes, which is still to be notified, will be made effective by January 31, 1990, after a meeting with State Governments.

A cabinet committee will be set up in January, 1990, for consideration of the recommendations of the Second Backward Classes Commission (Mandal Commission).

'Promotion of workers' participation in the management of industries will be given high priority. A national seminar is being organized for this purpose during January, 1990, and further steps will be worked out by the end of February, 1990. Necessary legislation will be brought up during the budget session of Parliament.

A new Industrial Relations Bill will be brought forward during the monsoon session of Parliament, and necessary consultations with all the interests will be completed before the end of May, 1990.

Substantial expansion of the existing programmes serving the urban poor will be undertaken from April, 1990. These will include:

(i) provision of basic services and facilities in slums, with particular attention to the needs of women and children.

(ii) a significantly stepped up scheme for providing night shelter for pavement dwellers in major cities. It is hoped to benefit about one lakh persons during 1990-91.

(iii) a comprehensive national housing policy for different sections of society, with specific programmes directed towards the poor, and improving the housing finance system, to be finalized during the budget session of Parliament.

(iv) liberation and rehabilitation of scavengers in medium and small towns according to a time-bound programme covering 500 towns annually.

A master plan for providing a network of warehouses and godowns, both in public and cooperative sectors, for the entire country will be drawn up by March 31, 1990, to insure farmers against distress sale.

A long-term policy on licensing of sugar mills will be announced by March 31, 1990, to eliminate political favoritism and Bureaucratic arbitrariness.

A commission on women will be set up to ensure due representation of women in all spheres, to check discrimination, for enforcement of the right of women and redress of their grievances. This will be set up by the budget session.

An all India conference of youth leaders will be convened by March, 1990, to chalk out a programme of involvement of youth in nation-building.

The science and technology programmes will be reviewed to provide emphasis on the needs of rural society, especially in the areas of poverty alleviation, water management and land use.

A review of our environmental policy and laws, specially as they affect the tribal population, will be undertaken to ensure that our twin objectives of protection of tribal interests and protection of our environment are pursued in a harmonious manner, by April, 1990.

Conspiracy Case in Gandhi Assassination Withdrawn

46001149 Madras *THE HINDU*
in English 8 Dec 89 p 1

[Text] The District and Sessions Judge, Mr Jaspal Singh, today dropped the curtain on the re-opened Indira Gandhi assassination case, discharging all the four accused, including Mr Simranjit Singh Mann, Mr Atinder Pal Singh and two Bombay college lecturers, Mr Dalip Singh and Mr Jagmohan Singh.

The high drama came to an end at the heavily-guarded special courtroom inside the maximum security Tihar Jail as anxious relatives thronged the area. While Mr Dalip Singh and Mr Jagmohan Singh were released after completion of formalities, Mr Atinder Pal Singh continues to be in judicial custody. He is facing cases in both Punjab and Delhi.

Earlier, Mr P. N. Lekhi, counsel for Mr Atinder Pal Singh, moved an application seeking that documents pertaining to certain Parliamentary proceedings be placed on record as "exhibits".

He wanted this to be done so as to foreclose the case and prevent the prosecution from re-opening it once again. The documents to be placed on record would be evidence to prove the mala fide intentions of the prosecution, Mr Lekhi read out extensively from the said proceedings pertaining to be records of certain statements made by the former Prime Minister, Mr Rajiv Gandhi, and other former Ministers.

The Judge, however, said he was placing the documents on record without according them the status of exhibits. Mr Singh said the stage of recording evidence had not been reached in the case and hence he could not admit them as exhibits.

When Mr Lekhi persisted in his arguments, the Judge speaking in chaste Punjabi said "Why do you want to prolong their agony? Do you want them to come out of jail when they have grown old?". The other side too would have to be given an opportunity to be heard and this would create difficulties.

Politically motivated: Mr Dalip Singh and Mr Atinder Pal Singh gave vent to their feelings in the packed court-room. Mr Atinder Pal said this proved that the case was politically motivated to prove that Sikhs were terrorists. He said the credit for the withdrawal of the case went to the electorate of Punjab.

"In my case, the Government of India and the media were used and Rs 1.75 crores were spent by the Special Investigation Team to prove me a terrorist. It is being propagated that I am a dreaded terrorist. If an MP [Member of Parliament] is an extremist and kept in the death row, democracy in India is also in the death row", he remarked.

He said he wanted the law of the land to prevail and that justice should be meted out to his community. Making a sharp attack against the Rajiv Gandhi Government, he called for an end to the "Goebbelsian approach" that had prevailed then.

'A humanist': Mr Dalip Singh, Vice Principal of the Khalsa College in Bombay, pleaded with the Court to restore his dignity and honor. He said he had always condemned killings, whether it was of Indira Gandhi or someone else, and that he was a humanist.

In his brief and poetic order, Mr Jaspal Singh said "In a few words from now would end the high drama which came on to the stage with the filing of the challan against Mr Simranjit Singh Mann and others. The Special Prosecutor seeks permission to drop the curtain. He says it is essential to restore communal amity and public order and to usher in an era of peace and tranquility. He also refers to the changed political scenario and to the election of two of the accused to Parliament".

Welcome relief: "One does wonder why the move was not made earlier. But then, at a time when political sagacity has been at a heavy discount and one notices dulling of sensibilities all around, this comes as a welcome relief".

"The request being bona fide and the discretion having been exercised properly, I nod my consent. The application is allowed. The accused are discharged. They may be released forthwith in this case".

"This then is the end with the hope that the order acts, in Kafka's words 'like an ice-axe to break the sea frozen inside us' and with the prayer that let no more the following be on the lips of any citizen. "Buland haathon mein zanjeer daal dete hain, Ajeeb rasm chali hai duaana mange koi". (In strong hands they put handcuffs; a strange custom that no one should pray for a blessing).

Economic Panel Presents White Paper on Economy

46001166 Bombay *THE TIMES OF INDIA*
in English 23 Dec 89 pp 1, 3

[Text] New Delhi, Dec 22. The economic advisory council, headed by Prof Sukhamoy Chakravarty, as called for "some crucial modifications" of the growth strategy pursued, particularly over the last five years, because it cannot be continued without generating either more inflation or even greater pressure on the balance of payments position.

The white paper on the economy which confirms the observations made by the Prime Minister, Mr V.P. Singh, about the state of the economy, makes it clear that structural imbalances that underlie current problems plaguing the economy have been caused by the growth strategy followed so far.

In the medium-term context, what the country should aim at is to devise a strategy that concentrates on a "broad-based growth pattern" with adequate emphasis on removing disparities between sections of population and regions rather than "aim at a higher rate of growth in aggregate output than was achieved in the seventh plan".

The council's report, which analyses the current economic situation and lists priority areas for action, was released to the press today and distributed among the members of Parliament. The document was not, however, tabled in Parliament.

Besides Prof Chakravarty, other members of the council were Dr K.N. Raj, Dr S.S. Johl, Dr Kirit Parikh and Dr C. Rangarajan.

Analyzing the current economic situation, the council has said that there is no escape from concentrating on removing fiscal imbalance, greater efficiency in the utilization of existing production assets, import rationalization and export expansion in high value-added areas.

The council is of the view that if management of the price line is also an objective, it would require, in

addition to the above measures, certain supply side adjustments affecting availability of essential wage goods.

"The tasks before the country are doubtless serious and daunting, but we believe that they are manageable, provided judicious decisions are taken urgently and implemented expeditiously," the report points out.

The provisions of gainful employment has to become a central part of the development strategy. The report emphasizes and calls for a higher and more diversified pattern of agricultural growth. Growth rates of agriculture must be raised in the populous regions with a high incidence of poverty.

The council has rejected the pattern of growth, a significant part of which has been in consumer durables which in turn has contributed to the current balance of payments problems.

It is of the view that diversified agricultural growth and more rapid employment in rural areas will generate a different type of demand for manufactured goods which can be produced at lower costs in terms of capital and foreign exchange. This shift in favor of producing essential wage goods will also help in generating employment.

Another major task in the next few years must be to ensure that the appropriate policies, [words illegible] the cost of industrial raw materials and intermediates and an improvement in product quality, particularly of capital goods."

The industrial, trade and fiscal policies which affect these basic sectors of industry must be re-examined for this purpose, the council asserts, adding that the benefits of competition and technology upgradation have been felt most in the production of some consumer goods.

The 15-page report goes into the trends in the Center's budgetary deficits, trade deficits and composition of external debt, but says nothing more than what is known already. It confirms that the budgetary deficit in 1989-90 will be much more than what has been envisaged in the budget (Rs 7,337 crores).

The total external liabilities on account of medium and long-term debt and NRI [Nonresident Indian] debts were around Rs 83,000 crores at the end of March 1989. The report says that it will rise further this year, looking at the current trends.

In addition, there are short-term assets and liabilities which are part of the trading operations. The debt service ratio in 1988-89, has been placed at 23 percent, but it does not take into account NRI deposits of Rs 14,154 crores.

The council says that widening trends in external debt and debt service constitute "serious cause for concern", the situation is not one that threatens immediately the solvency or credit worthiness of the country.

The real problem is that the burden of debt service reduces greatly the room for manoeuvre on the development front as well as the choice of development strategies.

Emphasizing the link between fiscal imbalance, inflation and balance of payments pressures, the council had called for control of the growth in [words illegible] through reduced spendings on defence and subsidies and containment of interest payments burden.

It is also essential that the tax-gross domestic product (GDP) ratio rises in pace with the increase in expenditure. "The most important issue here is measures to ensure compliance and a closer look at some of the tax reliefs built into the systems, the report observes hinting clearly at the need for reducing the exemptions.

Referring to balance of payments, the report says that import intensity of exports is rising and even a 40 percent export increase does not generate enough by way of net foreign exchange to provide some margin for planning essential imports.

It must, therefore, be ensured that the domestic cost of import intensive export, subsidization of high cost and import intensive exports must be avoided. Policy changes are also needed to stimulate bigger value-added exports in agriculture and mining sectors as quickly as possible.

Despite all these measures, a degree of prudence in imports will be required in the immediate future. "Larger capital intensive projects with a substantial requirement of imported machinery should be re-examined and new starts on such projects should be staggered in the light of production priorities. Import compression of current inputs must also be based on these production priorities."

The ultimate correction of the high debt burden, the reports states, is a substantial improvement in the current account that reduces the need for high cost borrowings. But, "in the interim, the structure of our external liabilities must be managed by special efforts to maximize the use of concessional assistance and careful and prudent policies towards commercial borrowings in all forms."

Correspondent Interviews Arun Nehru on Export Policy

46001163 Madras THE HINDU
in English 21 Dec 89 p 8

[Text] Among the many different stands of economic thinking that are apparent within the Janata Dal Government, Mr Arun Nehru represents the modern, dynamic line. A political strategist, he had handled Home rather than any of the economic ministries during his previous term in Government. Now in Commerce, he seems very much at home, answering questions with the confidence of someone who had been running its

affairs all along rather than one who has just taken charge, in this interview with N. Ravi.

It emerges that rather than blame the previous Government for all the ills as some of his ministerial colleagues are wont to, his approach is to build on the past effort with carefully thought out correctives. Turning away from labels such as non-elitist or people-oriented and from the jargon of the right and the left, he declares, "We are in the center and want to stay that way."

In foreign trade, the Government does not have much of a leeway in imports. For, a great deal of the imports are of basic commodities that are not available and of items that are necessary to upgrade industrial capability. Not every item of import is ideal and areas of luxury or wasteful imports would be looked into, but these would constitute just a small portion of the overall import bill.

The real thrust and orientation of the Commerce Ministry would be to maximize imports. This, he feels, can be done only if exports are made commercially viable, not through regulations. Upgrading industrial capability, ensuring the supply of raw materials at competitive prices and strengthening infrastructure areas such as power would be needed. Simplifying procedures for exporters would be a priority area. The Commerce Ministry is in the business of exports more than anything else, and would be open to suggestions from every quarter.

Even while pointing to the reality of running a minority Government, he thinks it is not necessarily a bad thing. This would lead to wide consultations, institutions would gain enormously and proper systems and procedures would be restored. It would also help to enforce accountability in Government and build safeguards for the rights of a person.

[THE HINDU] One of the weakest spots now in the economy is the external sector—the foreign trade gap and the foreign exchange crunch. How do you assess the situation?

Spectacular Increase

[Nehru] I think that is a mistaken impression. In fact, in foreign trade, exports are going to be a record high this year with a 38 percent growth in rupee terms. Even if you take the dollar value, it is about 16 percent growth. We have just released the figures and the fact is that exports this year will be in the range of Rs 28,000 crores which is quite a spectacular increase. I don't think one should confuse the export effort with the general balance of payments problem.

[THE HINDU] What about the large and persisting trade gap?

[Nehru] The trade gap constitutes many things besides just the exports and imports with which the Commerce Ministry is associated. Our objective, of course, is to narrow the gap to the extent possible. The Government

is looking into the aspects of imports. But, then again, a lot of imports today are basic imports and as the Prime Minister has said, there is very limited flexibility in that area. Basically, imports have to be directed at up-grading the industrial capability and the exports strength. If you look at the balance of payments situation, it is not necessarily the trading situation that is bringing it about. We have borrowings, we have other problems. There is no doubt you should maximize exports and that has to be looked into. Considering that we hold 0.6 percent of the world market, there are enormous possibilities.

[THE HINDU] What would be the focus of the import substitution effort—raising domestic production in areas of shortage or cutting back on imports immediately?

[Nehru] Production has gone up, I cannot talk about individual Ministries which have plans in this regard. But the point is if you have a shortage, it has to be taken care of by imports because a lot is linked to exports also. I think today our engineering goods have had a spectacular increase in exports. Unless raw material availability is there, where are you going to have the surplus for export? Everyone has to do a lot of homework on the this. Very often people ask why is this being imported, they really don't look into the reasons for it. It may be directly linked to up-grading your industrial capability. I am not saying every item imported is ideal but you can look at either the positives or the negatives. There is no doubt over a period of time we must ensure every rupee is pent well.

In importing, it must be the most favorable mix. But then one has to look at the overall objective of maximizing exports. The volume of exports of Rs. 28,000 crores is not a small figure. If you look at the shift of exports in the last 10 years, the commodities—tea, coffee and the rest of it—still constitute a sizable portion. But engineering goods, chemicals, leather, garments, diamonds, jewellery—these have become your thrust items, really. Basically, it is the culture of exports that you have to foster. I tell everyone the Commerce Ministry is in the business of exports. As far as we are concerned, exporters are the people who are of consequence for us and they are generally contributing to what is the Ministry is all about.

[THE HINDU] What would be your strategy for pushing exports up—would you depend on a broad spectrum remedy like depreciating the rupee or would it be through incentives in specific areas or through tax concessions?

Updating of Skills

[Nehru] I think basically the first realization has to be that exports have to be commercially viable. You know, in this business you cannot through regulation force people, you cannot force markets. It is a national priority, it has to be a commercial priority also. I think to be competitive—world business is extremely competitive in terms of technology and price—you have to update your

skills. I think a lot of people have made a good effort in this direction. Otherwise you would not have had these export results coming.

Progressively, you have to have more raw materials available at international prices. In the engineering goods, we have started that. Infrastructurally, we have to do a great deal more. It is very easy to say exports should go up to Rs. 28,000 crores. You have to take into account the availability of raw material, you have to take into account the infrastructure. Now all this is in the melting pot but it depends on the overall situation. You need power, imports of raw materials. A great deal of thinking has gone into this but success would depend on how quickly we implement these measures.

[THE HINDU] What about tax incentives and concessions?

Simplified Procedures

[Nehru] It is not just a question of concessions. The point is the more controls you create, the multiplicity of forums you create land people into more problems. What I am saying might sound more simplistic. But the point is we in the Ministry are a service industry. The exporter has enough problems of his own in finding markets and exporting goods. We don't want to create further problems for him at home in terms of the documentation and the rest of it. We have got to make things easier for people who are exporting. The lesser controls you have, the better, you have got to simplify procedure. This is going to be one of our major priorities—making life simpler for people.

Also important is to have an overall approach. Our basic objective in the Commerce Ministry is to frame norms or policies which help increase the export potential of the country. I mean, we are not the audit service.

[THE HINDU] The new Government has been saying broadly that its economic policy would be non-elitist. How does this translate in the field of foreign trade?

[Nehru] First of all, we have to discount all these jargons of the far right or the extreme left. We are in the center and we would like to stay that way. You have to see what is practically possible in the country. I don't think either the right or the left or anybody would say increasing exports, maximizing your exports, has anything to do with being non-elitist. The point is we need exports and we would do everything to push them. We are not stopped by any ideology. Our ideology is to maximize exports.

[THE HINDU] What about the area of imports? Some critics have been railing against what they term the kit culture, wasteful and ostentatious imports of consumer items.

[Nehru] If we have specific instances of wasteful imports we would certainly look into it. What you have got to see is the totality of the situation. If your import bill is Rs.

32,000-Rs. 33,000 crores and all that you are saying constitutes may be Rs. 500 or Rs. 600 crores, we can look into it. But basically the leeway is limited. The Ministry of Commerce does not decide what is to be imported. We basically assist in procuring supplies. These are demands raised by individual Ministries such as Petroleum and Industry. The point is as the Prime Minister said we have no leeway. Only 10-15 percent of the imports are the ones you can look into.

Our policy framework will have to be very simple, this will be progressively worked out. We have imports of basic commodities—petroleum, food on occasions you require it, fertilizers and steel. There are imports directly linked to exports and through value added these are earning you money also. If anyone says this is a luxury item that you are importing, we will certainly look into it. There must be some items, I am not saying there is no waste, we will take corrective action wherever possible. But it is not really going to affect the overall position.

Share of Global Trade

Basically you cannot get away from the fact that while you may have to tighten up on imports, the real answer lies in maximizing imports. We hold just 0.6 percent of the world market while even way back in 1947-48 the share was around 2 percent. You can interpret statistics any way you want. We have a 38 percent export growth, 16 percent growth in dollar value. But the global trade has expanded enormously. Where you have got to look at is the share of global trade. But then you have got to give the thrust, you have got to give the infrastructure, all the encouragement. You have got to feel psychologically that you can achieve your objective.

[THE HINDU] By most people's reckoning, the export processing zones have not succeeded except in a limited way. What would be your approach to these zones?

Export Zone Bottlenecks

[Nehru] We are looking into it. There has been limited success, it is not that the concept has not worked. There are certain bottlenecks there which have to be looked into. We are learning by trial and error. The export zones in some cases have done extremely well, in some cases they have not done too well. There is a multiplicity of reasons for it, you cannot put your finger on one reason.

[THE HINDU] Some foreign companies seem to feel the export processing zones could be an entry point into the Indian market, to gain a foothold here. What would you do in such cases?

[Nehru] The point is if you have a 100 per cent export oriented unit, I don't see how they can get a foothold in the Indian market. We have to see the benefit to us on the economic front. These cases are examined individually, there is no carte blanche given.

[THE HINDU] Institutions such as the World Bank and the IMF have been urging India to move away from

rupee trading into more of trading in free currency. What would the Government do in this area?

[Nehru] We have to look at our own international priorities. Rupee trade has been beneficial, we have had some excellent relations with East European countries. It is all very well for the institutions to give their viewpoints but we have to determine policies that suit our national interest.

[THE HINDU] In international trade negotiations, India along with Brazil has been taking a position which from the American point of view has been described as "hard-line." What would be your stand on the negotiations?

[Nehru] Discussions are going on in institutions like the GATT. We have our points of view in terms of our national interest and we intend pursuing them. I don't want to comment on individual areas because the talks are still going on. The point is every country or group of countries looks at it from its particular viewpoint and national interests in all cases will have to be protected. Whatever we do will be in tune with our own needs, we intend to do so in future.

[THE HINDU] What would be your approach in case the U.S. seeking to open up the Indian market starts another round of blackmail through the use of Super 301 that provides for trade sanctions?

[Nehru] I don't think India is in a position to get blackmailed by anyone and I don't think anybody will try that either. After all, these are matters for discussion and negotiation. We have acquired strength over a period of years, we have our priorities which would take precedence.

[THE HINDU] Does it mean there would be basically no change in the stand on international issues?

[Nehru] These negotiations would go on, this is not a start-stop process. As far as we are concerned, our export priorities have to be in tune with the international situation. Our strength always lies in that. There is no situation which is fixed on Tuesday which cannot change on Wednesday.

[THE HINDU] Would you frame a new import-export policy immediately?

[Nehru] We are looking into several fields at the moment. Everything we can do to maximize exports and simplify procedure, we would be doing. It would be premature to talk about it.

[THE HINDU] What about the time frame for drawing up the policy?

[Nehru] The time frame would have to be quick, quick, quick, there is no time. But Governments do not say we will do this in ten days and three days, we have had too much of that. It requires a great deal of thought and

maturity. You don't draw up PERT [Program Evaluation Review Technique] charts that this has to be done in two hours or four hours. We have a mature system and people respond to it. There is no need to emphasize to people that things are urgent when they are urgent.

[THE HINDU] Would you go in for a long term trade policy?

Thinking Game

[Nehru] There has to be a long term plan which is also tuned to our short term needs. There is need for futuristic planning. I always encourage think tanks and people who say in 2000 India must do this. When you look at the long term, you must let your imagination run riot. Some of the best ideas come from free thinking. When ideas come before their time, they may look stupid, people very often have contempt for them. When innovations come, they are very often condemned, people don't take too kindly to change.

It is always a small minority we would like to encourage, our strength has to be ideas, it is a thinking game. We are spreading our net very, very wide. We are trying to get inputs from everybody, nobody is taboo in the Commerce Ministry. Anyone with remotely anything to do with imports is most welcome to give his views. Some of them may seem outrageous. But if we have to achieve progress, it will have to be through new ideas, new concepts. That sort of a thing we would like to encourage.

[THE HINDU] How free is the Government to pursue its policies, given its minority status and the inherent uncertainty?

[Nehru] The political reality is very evident. People say ours is a minority Government with 141 or 142 members, that is our weakness. But in actual fact, it is our strength as we see it. The figure of 142 is a reality but we have the support of other parties. After all, what is the strength of parliamentary democracy? Issues are discussed, we have wide consultations, nobody can do what he wants, it has to be a collective effort—this is what democracy is all about, I think institutions would gain enormously by this.

Systems and Accountability

We have been in Government earlier, we have seen how the Opposition has also functioned. My personal view is that systems must be restored. We have all learnt this through trial and error. If somebody asks me what is the major lesson learnt in the last three years, it is that we must reinforce the systems, there must be accountability. I don't believe anyone is indispensable, it is a large country of 800 millions. We will come and we will go, but the system has to survive.

If you look at the last three years, despite the pressures that had come, somebody somewhere fought and he survived. It is a very small minority that fought, but they

had the support. You take the political parties, the judicial system, the press. No matter what pressure came, somehow people survived. For instance, several vendettas were launched, all kinds of things were raised. If it happened to us, we were able to defend ourselves because we had a whole political force behind us. But what happens when you launch a vendetta on the man on the road? Will he have a chance? I think that is what you have to work for, to ensure that the right of a person is not taken away. We have had forgeries, we have had all sorts of funny things. If it came at us, we were well known and it was so easy to ward off. But what defence would an ordinary individual have?

For people in authority, it may be frustrating, it may be time-consuming. But in a large democracy you have to learn how to function. You cannot browbeat, you cannot impose yourself. You can persuade, you can collectively decide, That is how your system should be. It is not easy to pass judgment on individuals. I don't believe in the past. What has happened has happened, these are political things. There is no permanency, the people are supreme.

Front Seeks To Defer Building of Ahodya Temple

46001162 Bombay THE TIMES OF INDIA
in English 21 Dec 89 p 7

[Article by Subhash Kirpekar]

[Text] New Delhi, Dec 19. The construction of the Ram Mandir in Ayodhya is sought to be deferred until after the conclusion of assembly elections in various states.

The senior leadership of the National Front [NF] has deputed certain emissaries to discuss the sensitive issue with the Vishwa Hindu Parishad [VHP] and other organizations. At the same time, it is proposing to persuade the Bharatiya Janata Party [BJP] to go along with it on this line of action. It is hoping to succeed in this effort.

The NF leadership is using the Congress debacle in the Northern states to drive home the point that deferring the decision on building the temple would best serve the interests of not only the constituents of the NF but also those supporting it from the outside like the BJP and the left parties.

NF sources said that the left parties, with whom detailed discussions are to be held shortly on this issue, have indicated that they would support a decision which would not increase communal passions.

The VHP had earlier given a clear indication that it would start construction on the Ram Mandir from January 27. Now, instead of starting the construction on that date, it will convene a meeting in Prayag on that very day to tell its supporters as it is deferring this project.

The VHP will persuade the sadhus, sanyasis, mandaleshwars and mahamandaleshwars to agree to defer the

construction of the Temple. The degree of resistance from those attending the crucial meeting has not yet been fully assessed.

The militant fundamentalists group ('Trishuldharis) is likely to emerge at this meeting. It might raise its voice against the VHP leadership and even question its authority to defer the construction of the Ram Mandir. It may be recalled that Mrs Vijaya Raje Scindia, the BJP vice-president, performed the puja on November 9 at Ayodhya as the 'Yajman' (principle performer) of the shilanyas ceremony.

NF Thinking: The NF thinking even at this stage is in sharp contrast to the Congress thinking prior to the Lok Sabha elections when the latter was seen to be dithering on whether to allow the "shilanyas" in Ram Janambhoomi or not.

When the Congress finally capitulated and allowed the "shilanyas" to take place on November 9 after the Lok Sabha elections had been announced, the consequences were there for everyone to see. The Congress won a paltry 15 of the 85 seats in Uttar Pradesh, where it also lost the assembly elections to the Janata Dal, and just four of the 54 seats in Bihar. It drew a blank in Rajasthan and fared poorly in Gujarat and Rajasthan.

By deferring the decision on the construction of the Ram Mandir in Ayodhya, the NF hopes to maintain the communal equilibrium and not offend either side. Later, the issue could be discussed dispassionately and a decision taken.

Amicable Solution: The Prime Minister, Mr V. P. Singh, has already said that he hoped to find an "amicable solution" to this problem involving a mandir and a mosque.

IRAN

Gas Pipeline Project to Turkey Cancelled

90OI0075G London KEYHAN in Persian 7 Dec 89 p 4

[Text] Due to failure in announcing the Islamic Republic's decision in the area of natural gas exports to European markets by way of the Soviet Union, Turkey, and Bulgaria, coupled with other financial problems besieging the Tehran regime, the project for the construction of a gas pipeline thru Turkey has been cancelled.

The news pertaining to the cancellation of the aforementioned project was relayed to the correspondents some time ago by Gholamreza Aqazadeh, the Islamic Republic's minister of petroleum.

The Islamic Republic's minister of petroleum, while announcing the news, claimed that the project for the construction of a gas pipeline thru Turkey was not carried out due to the Turkish government's inability with regard to the payment of the applicable costs thus

incurred. Following the announcement of the above-stated news by Aqazadeh, the Turkish petroleum authorities, while confirming the cancellation news, did not substantiate Aqazadeh's statement and called it baseless. The Turkish authorities went on to say that the decision of the Islamic regime had nothing to do with the financial inability of Turkey, but it solely came about as a result of uncertainty, skepticism, and delay in the timely announcement of the said project by the petroleum officials of the Islamic Republic.

Handmade Carpets Made Up Most of 1988 Nonoil Exports

90OI0075J London KEYHAN in Persian 7 Dec 89 p 4

[Text] While during 1367 [21 March 1988 - 20 March 1989] about 13.4 million tons of import merchandise were released from the custom houses of the country, at the same time about 1.2 million tons of nonoil products were exported. A comparison of the two above-mentioned figures indicate that the Islamic Republic, in lieu of every one million tons of nonoil export items, imports about 13 million tons of various other merchandises.

According to a report by the Iranian Statistics Center, the Islamic Republic in 1367 in order to import 13.4 million tons of consumption and nonconsumption goods, had to deliver about 675 billion rials of foreign exchange to the exporting countries. Likewise, the foreign exchange revenue of the Islamic Republic from the nonoil exports during the year in question reached about one-tenth, namely 67.1 billion rials.

The Iranian Statistics Center in its report entitled "Fresh Statistical News," has pointed out that the major nonoil export products during last year consisted of handmade woolen carpets and pistachios. In the aforementioned report it has been explained that the Iranian export of carpets during 1367 comprised about 32 percent and pistachios about 21 percent of the total value of the nonoil exports of the country.

The Iranian Statistics Center in its publication "Fresh Statistical News [Tazeh-haye Amar]," placed the number of vessels arriving at the country's various commercial ports during the first 6 months of 1367 at 560 and pointed out that during the same period about 2.3 million tons of oil products and 3.8 million tons of other import items have been delivered to the Iranian ports.

Those With Higher Degrees To Teach at Universities

90OI0075I London KEYHAN in Persian 7 Dec 89 p 2

[Text] Last week the Supreme Council of the Cultural Revolution of the Islamic Republic ratified one of the beneficial regulations of the pre-revolution era, which had been devised to complement the scientific boards of

the higher education centers and strengthen the scientific stamina and output capability of the private and government organizations.

According to the decisions of this council, all the individuals with a Masters or Doctorate degree and also the current Doctorate candidates can serve at the universities or other scientific and research centers instead of going to serve in the military. These individuals have to spend 4 years in a teaching or research capacity in lieu of military service.

According to the new regulations, in case the eligible individuals while serving in the military ask to be considered for a teaching capacity at an educational center, they will be exempted from military service, on condition that they spend twice the time of their remaining military service with the university or any other scientific institute. The Islamic Republic which during the first few years of the revolution had cancelled all the beneficial rules and regulations which had been devised after many years of study and research, now finds the only solution to many of its problems is the adoption of some of the laws and regulations of the former regime. The lack of an adequate number of teachers, doctors, engineers, and experts needed in the industrial and economic sectors, coupled with the collective migration of the specialists from the Islamic Republic, has compelled the regime to provide various incentives and privileges in order to attract individuals with higher degrees.

Census Bureau Officially Puts Population at 55 Million

90OI0075H London KEYHAN
in Persian 7 Dec 89 pp 1, 9

[Text] The director of the Iranian Census Bureau officially announced that the population of Iran at the present time has reached 55 million. Jamshidi said: Right now the country's population is faced with a faster rate of growth even as compared to the year 1365 [21 March 1986 - 20 March 1987], and taking into consideration a growth rate of 3.2 percent the present population of Iran stands at 55 million of which 29 million live in the cities and the remaining 26 million live in the rural areas.

He went on to say: Iran and Nigeria have attained the highest level of population growth in the world. The director of the Census Bureau announced that the daytime population of Tehran stands at about 7.3 million and that of the nighttime at 6.7 million. He explained: The present statistics indicate that the migration trend still follows an upward curve which causes an increase in the population of the cities and a decrease in the population of the rural areas.

The director of the Iranian Census Bureau placed the rate of growth of Tehran's population at about 4 percent and said: This growth rate is very dangerous for a city with limited possibilities like Tehran and if we take no

fundamental measures toward decreasing this rate of growth there will be many problems waiting in store for the inhabitants of Tehran.

In conclusion, while citing the fact that in 1356 [21 March 1977 - 20 March 1978] the per capita share of wheat for each citizen stood at 120 kilograms, while between the years 1356 to 1357 [21 March 1977 - 20 March 1989] when we have witnessed the increase in production of wheat in the country, the per capita share of wheat for each individual stands at about 118 kilograms. This simple example can plainly explain the attendant shortcomings between an unbalanced population rate and the economic rate.

PAKISTAN

People Said 'Fed Up' With Confrontational Politics

90OI0101A Karachi JANG in Urdu 3 Dec 89 pp 3, 10

[Article by Tajir Iqbal: "The People Are Fed Up"]

[Text] Someone very wisely said, "You should start criticizing other people's mistakes when criticism of your own mistakes becomes unbearable. This is called politics."

The continual confrontation among the politicians and their tendency to accuse one other have become very ugly now. The situation has not changed after the elections. The PPP [Pakistan People's Party] which is in power is not paying attention to the problems faced by the people and the opposition party leaders are not in a position to do anything. They are trying to keep the members of the National Assembly happy. They are also trying to get their opponents' land allotments canceled. We had these elections after a long wait, however, after 12 months the people are still waiting to find out which way the political wind blows, just as they did 12 years ago. The politicians are only concerned about staying in power and not about the people's problems. It is said that all these problems are part of the democratic system, however, a similar strife-filled situation and power struggle once made us lose our brother (East Pakistan). The people may have different views, but we know that the real reasons for the loss of East Pakistan were the power struggles and political rivalries. This very political confrontation helped keep the martial law regime in power for a long time. Now, they are all at it again.

I talked with several prominent PPP leaders and the opposition parties recently. All of them are stubbornly sticking to their positions. The latest stand was taken at Pir Sahib Pagara's birthday party. I would like to mention it first even though the newspapers have already given it good coverage. At that party, Zia Abbas, an opposition leader, said, "The no-confidence movement has failed, but it did shake up the prime minister. She is very worried now." Retired General Umar, who was sitting next to him, replied, "You are mistaken. The

no-confidence movement cannot shake the prime minister and she is not worried at all. She is becoming stronger gradually."

Both gentlemen were looking at each other while talking. Pir Pagara saw them and ordered, "Now Mr Sabazwari should tell us what is going to happen." Mr Sabazwari was caught unaware by Pir Pagara's question, but managed to say that the "month of December is usually very difficult." I asked if it would be difficult for the PPP or the United Front. Mr Sabazwari did not reply and excused himself. Later, at the conclusion of the debate over the Eighth amendment and the rights of the prime minister and the president, Pir Pagara said that all these issues had resulted from martial law and that a new Constitution should be written. He even suggested return to the pre-parity position (pre-1956 position when there was only one representation from East and West Pakistan).

Four very important people visited Pir Pagara a few days before his birthday. I did not know them. They asked Pir Pagara several important things. They asked, "Did the IJI [Islami Jamhoori Ittehad] leaders that had gathered at Iltaf Hussain's residence come to meet you? When are you meeting with Iltaf Hussain? Will you go visit him when he invite you or will Iltaf Hussain come to see you?" Pir Pagara replied that he was asked about it when those political leaders had visited him and that he had told them that he did not want to discuss political issues. "I did not go there as I did not want to discuss politics." One of the visitor had said, "It is good that IJI leaders from Punjab have joined Iltaf Hussain. This means there will be no more arson and riots." Pir Pagara said, "There should never have been any violence. So many people have been killed, others have lost homes, and many people have their assets burned. Why did all this happen? How can we say that it will not happen again?" one of the visitors asked something about Benazir Bhutto, but Pir Pagara did not answer him. This person asked, "Are you angry at Nawab Sharif?" Pir Pagara replied, "He is more interested in his business."

My talks with the PPP leaders can be summarized in these words: "Our team included MQM [Muhajir Qaumi Movement]. The opposition stole them from us before the match began. They betrayed us. The opposition wrongly believed that it was going to win. It accepted the defeat gracefully in the National Assembly, however, later began to raise a hue and cry just like the proverbial frustrated cat attacks a pole." When the opposition leaders gathered at Mr Iltaf Hussain's residence, their combined feeling was, "We lost because some of our members were led astray and we only lost the first round. We are going to win in the second round."

At the Baluchistan House, an opposition leader declared that they have hurt the PPP badly. They wondered how the PPP was managing to run the government since no government had ever governed Pakistan with a majority of only 12 members. That made me remember a joke. Mulla Nasruddin used to tell imaginary stories about his skills as a marksman and a hunter. A few friends once

took him on a hunt. Mulla took aim and fired at a duck swimming in a pond. He missed and the duck flew away. Mulla looked at his friends and instead of being embarrassed, said, "My aim was perfect." Then he looked at the flying duck and said, "This is the first time in my life that I am seeing a dead duck fly!"

It is said that the events in love and politics are repeated. A united front was formed against Zulfiqar Ali Bhutto when he was the prime minister. Now, another front is being united against Prime Minister Benazir Bhutto. Madam Bhutto appears to be cornered into calling a round table conference. It was said that Mr Bhutto's talks with the opposition leaders were successful to an extent. However, the situation was so bad by then that the military had to takeover the government. The situation is bad now, however, it is not necessary that we face the same result again. It is agreed that Madam Bhutto is standing on the same point on the political road where her father once stood. The present alliance of opposition parties has the same position as the Qaumi Ittehad had at that time. The two groups should think about what the opposition gained by demanding a change in the government instead of negotiating with Mr Bhutto.

The government was overthrown. There were calamities when the martial law regime was established. The people cried for a democratic government for a long time. The nation is still suffering from that clash among the leaders with vested interests. The only difference is that there was no Eighth amendment at that time. The whole present political action is focused on this amendment. Prime Minister Benazir Bhutto may believe that General Zia had passed this amendment because of her. However, at that time no one had thought that the PPP would become so successful or Benazir Bhutto was going to become the prime minister. She has wanted to remove this amendment from the very beginning and the opposition is afraid that this will make her very powerful and she will take retaliatory action against them. President Ghulam Ishaq Khan will also find himself a powerless president like Chowdhury Fazal Ilahi if this amendment is removed. Some people will benefit from this amendment, and some will lose. Some want to save it, and other want to remove it. Everyone is going around and around it and no one is able to get his word in.

We should not be so afraid of this amendment. The Constitution and its amendments are called upon only when there are serious difference of opinion and the case is brought to a court of law. Ziaul Haq is responsible for getting this eighth amendment passed. Ghulam Ishaq Khan is our president now. Affairs can be settled without referring to any amendment. We are sure that all this was discussed when Benazir was appointed prime minister. Any problems that arise now can be negotiated. Similarly, authority can also be divided without referring to the amendment. All of this is possible only in an atmosphere of mutual trust and honesty. There is no strong ruler facing the opposition. Instead, there is Madam Benazir Bhutto whose administrative style is totally

different than the late Mr Bhutto. The opposition need not take such a strong stand. The prime minister, regardless of her rights, will not be able to crush the opposition since this opposition is not a weak one.

Prime Minister Benazir Bhutto must also think about straightening the situation with her people. Otherwise, she cannot deal with the people outside. She is not dealing with Ziaul Haq, but with Ghulam Ishaq Khan who is very different from the former president. He is a very law abiding president. It is true that the PPP wants to stay in power until the next elections and the opposition desires to overthrow the PPP government before the elections. All of this can be settled if they sit down around a table to talk. All should take a moderate stand. The daily fights, rumors, statements against each other, lack of trust, challenges, and accusations and counter-accusations are not increasing respect for our politicians in the eyes of the people. The people are being forced to form other opinion about the intelligence and wisdom of our politicians.

The bureaucracy is greatly benefiting from this confrontation between the politicians. No one is checking or supervising them. Even the people's ordinary requests are not taken care of. Bribery is practiced everywhere. The people ask for justice which they cannot get. Only those with money can get what they want. The powerful do what they want to do. Peace and harmony are gone. Robberies are committed daily, bullets are flying everywhere, and curfews are being ordered. A few days ago, an employment notice for packing girls for a Korangi factory was circulated. This advertisement carried a note telling the girls in Maler and Drug Colony not to apply. Ladies are forced to look for work now because of large families and the high cost of living. Now those living in curfew zones are not offered employment. Why should the people thank their leaders and officers? I wonder what the children of today will tell about these days when they are grown up. How did they grow up among the bullets, murders, curfews, police raids, and military patrols?

Politics is service. There was a time when only people with a desire to serve and sacrifice joined politics. They were not greedy. All they wanted was to serve the nation! Now, all the politicians pay attention to is each other or business.

Whenever a leader or politician entered the arena, the people elevated him to Olympian heights with slogans and tied their hopes with him. The politicians spend all their energy fighting with each other and they ignore the people. The government and the opposition remain busy fighting with each other, and the bureaucracy, with its anti-people attitude, has ruined the whole nation. The situation is so bad that one does not know which officer to complain to against which officer. [As the poet said] "We thought we would complain to the officer about you, but he turned out to be your lover!"

The people have lost their peace of mind and the whole situation is very bad. Now they are so fed up with confrontational politics that we are afraid to even think of what they might do in their desperation. Our only solution now is to

end this atmosphere of distrust and stop making statements. The government and the opposition should sit down honestly and issue a joint statement about running the government or having new elections.

Commentary Views Proposed National Unity Government

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in Urdu 10 Dec 89 p 10

[Editorial: "National Unity Government: A National Plan or Convenience?"]

[Text] According to a news report, some representatives of the federal government have proposed to Nawabzada Nasrulla Khan, the opposition leader, a plan to establish a "National Unity Government" to meet the nation's need for a stable government. The people had given these parties with different ideologies a mixed message in the last elections. This required that all major political groups work together in order to form a strong and stable government. It was important for all political parties to cooperate with each other instead of pulling each other's legs to rectify the problems caused by the 8 and 1/2 years of the martial law regime. This would have helped to promote democracy and reconciliation among the opposing groups. We had proposed a high-powered multiparty government when the 17 November 1989 election results were announced. President Ghulam Ishaq Khan and Chief of Army Staff General Mirza had also proposed a similar plan. Veteran politician Nawabzada Nasrulla Khan had also declared such a plan an answer to the country's problems. However, the PPP [Pakistan People's Party], the winning party at the federal level, insisted on forming a government even though it did not have a clear majority. As a result of this none of the nations problems have been solved nor has the majority party been able to relax 1 year after the elections.

Perhaps after 1 year, the government has finally learned that it can neither enjoy the government with the cooperation of others nor can it implement its plans. When the situation got worse, it also learned that the country's demands for a strong government could be met with the opposition's cooperation. However, it is not easy to get rid of the negative results of the conflict and confrontation between the government and the opposition. The government does not only have to deal with those who were sitting on the opposition benches last December. There are people who, for the sake of the nation's greater interest, decided to cooperate with the government and stayed with it for several months. They have also joined ranks with the opposition now, and are bent upon opposing the government because of its policies. It will be very difficult even for Nawabzada Nasrulla Khan to satisfy them and convince them to join a multiparty government.

The government learned something during the past year and the opposition also experienced dealing with the government. The mutual confrontation caused so much mistrust that the opposition does not seem to be ready to

accept the idea of a combined government. Mr Nawaz Sharif, the IJI [Islamic Jamhoori Ittehad] leader, rejected the idea of such a government. In a recent condolence meeting in Rawalpindi, Chowdhury Shujait Hussain, leader of IJI's parliamentary party, announced that he would rather die than collaborate with the government. Mrs Nusrat Bhutto, PPP chairman, also announced in a speech in Lahore that she will not be party to creating a climate conducive to collaboration and reconciliation. Both the government and the opposition have been busy with accusations and counter accusation as well as character assassination against each other. The government's proposal in such an atmosphere is obviously a political ploy which is not acceptable to the opposition. If the government is serious about this proposal, it should pay attention to the prerequisites for such an action before formally opening talks with the opposition.

The government is still trying to break up the opposition. Only 2 or 3 days earlier, the prime minister and her associates claimed that they had won over some Senate and National Assembly Members. Character assassination of the opposition continues on the radio, television, and in

the government-owned newspapers and magazines. The ministers are still issuing threatening statements and no steps are taken to deal with the complaints filed by the states against the federal government. The federal government insists on continuing the People's program despite strong opposition by the state governments. The program's anniversary was celebrated recently, in spite of all the opposition, and the prime minister issued a statement at that time. The opposition also continues to issue threats of no-confidence motions and allegations of impropriety and the lack of a national program against the government. The establishment of a "national unity government" in such an atmosphere appears to be impossible. If both groups forget their differences and show their willingness to work together for the safety of the nation and helping democracy, then we can have not only a strong and dynamic government, but also a joint program for our country's growth and development. Nawabzada Sahib, an expert in negotiations, has the ability to make the opposing parties sit down at a table and discuss all angles. He should pay attention to all these aspects. The government should also prove its sincerity by meeting the demands that are necessary for such talks.

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