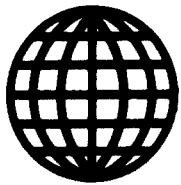


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NEAR EAST & SOUTH ASIA

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MINISTER OF SUPPLY, INTERNAL TRADE VIEWS FOOD SUBSIDY

Cairo AKHIR SA'AH in Arabic 3 Jun 87 pp 8, 9

[Interview with Minister of Supply and Internal Trade Dr Jamal Abu al-Dhahab by Suhayr al-Husayni: "Subsidy Continuing; Plans to Ensure it Reaches Those Entitled to it; Rise in Dollar Rate Will not Affect Prices of Food Commodities; Importation of Meat From Australia to Curb Rise in Local Prices; State to Bear Price Differences in New Plan for the Sake of Those with Limited Incomes; in Cairo, date not specified]

[Text] The dialogue on subsidy is continuing, especially after the IMF, through Dr 'Abd al-Shakur Sha'lan, affirmed that it did not ask for the abolition of subsidy as part of the terms of the agreement with Egypt. Rather, it has asked that the necessary plans be laid so that subsidy can reach those entitled to it.

Now, what is the volume of subsidy allocated for food commodities in the next plan? What is the effect of the rise in dollar rate on amounts allocated for subsidy and on the price of foodstuffs? What is the plan the Ministry of Supply has prepared to ensure that subsidy reaches those entitled to it? What are the reasons for the rise in vegetable and food prices despite the increase in agricultural production? What measures has the Ministry of Supply taken in order to deal with the phenomenon of polluted imported foodstuffs and to ensure ample food supplies?

In a frank interview with Dr Jalal Abu al-Dhahab, minister of supply and internal trade, he clearly told AKHIR SA'AH: Subsidy is continuing at the same rate. The state will bear the price differences in order to ease hardship of the low-income people. There is a firm plan aimed at ensuring that subsidy reaches those entitled to it.

The minister of supply said: The rise in the dollar rate will not lead to an increase in prices; indeed it could have an opposite effect and certain prices, particularly those of vegetables and fruits, may drop.

This has in fact happened after the new price list became effective. The price of tomatoes and cucumbers during the holidays, for example, dropped to only 20 piasters from 55 piasters per kilo for tomatoes and to 40 piasters from 100 piasters per kilo for cucumbers. AKHAR SA'AH had made this observation.

The frank dialogue with the minister of supply and internal trade, Dr Jalal Abu al-Dhahab began with a discussion about subsidy, whether subsidy allocated for basic food commodities will continue, and about the volume of such subsidy in the coming plan.

The minister of supply said: Subsidy is continuing as it is and the present government, the NDP government, is completing what the previous governments have initiated. For this reason I would like to reassure the citizens that subsidy will continue during the coming 5-year plan. By subsidy I mean:

First: Direct subsidy

This is represented in the loaf of bread which is sold to the consumer for 2 piasters, both for local and European-type bread. Some people may not realize that Egypt's total wheat production is hardly sufficient to meet public consumption of bread, macaroni, and pastries for 3 or 4 months at most. For this reason we need to import 4.3 million tons of wheat in addition to 1.5 million tons of flour. Therefore, when one considers that the price of wheat is \$100 to \$120 per ton CIF port excluding the cost of transportation, storage, milling, and baking, one would realize the large amount of subsidy the government is providing when it sells the loaf of bread for 2 piasters. This subsidy will continue in the coming plan, God willing, and at the same rate.

Continuing, Dr Jalal Abu al-Dhahab said: Subsidy is also provided for tea, sugar, oil, soap, and butane gas. Although liquid gas has been installed in a number of houses, this represents only a small fraction of consumers in Cairo only. Subsidy also covers macaroni, rice, feta cheese, popular clothing, and a large proportion of poultry as well as frozen and fresh red meat. All this will continue. The public can rest assured.

[Question] Will the volume of subsidy continue as it is?

[Answer] Certainly, and the government will be bearing the price differences. For example, the amount of subsidy for rice in the 1985-86 budget was 74 million pounds when the price of long grain rice supplied by the farmer was 125 pounds per ton. It was sold to the consumer for 14 piasters per kilo. In May 1986 the price of rice supplied by the farmer went up to 175 pounds, thus adding 24 million to the 74 million pounds and making the total subsidy for rice alone 98 million pounds. And in 1985 the price of long grain rice supplied by the farmer rose once again to 200 pounds per ton. Consequently, the amount of subsidy allocated for rice in the budget will increase from 98 million to 122 million pounds so that we will maintain the price of rice for the consumer at the same level.

Rise In The Dollar Rate And The Subsidy

[Question] The dollar rate had been rising in the recent past before stabilizing more recently. Does this affect the subsidy of food commodities, especially since we import most of these commodities from abroad?

[Answer] I would like to make it clear that Egypt's dollar resources are divided into two parts. The first part is what is known as the Central Bank complex in which the dollar is calculated at 70 piasters. These resources are allocated for the purchase of wheat, flour and rationed sugar since our production of sugar in Egypt barely meets our consumption for 8 months. The resources of the Central Bank complex are also allocated for the purchase of tea, oil, and lubricants from which rationed soap is manufactured. The Central Bank's dollar resources will not be affected by the new economic decisions and, consequently, the prices of these basic and individual commodities will not rise for the citizens. As for the second part of Egypt's dollar resources, it is what is known as the commercial banks complex. It is the rate of these resources that has gone up, but these represent only a small proportion and are allocated for food commodities imported by the private sector. These resources too will not be affected.

The fact is that in the past when the ministry of supply calculated the dollar for the importers it did so on the basis of an incentive factor as well as on other factors which brought up the dollar rate to about 2 pounds. Therefore, leaving the dollar to float in the free market will not have a great effect on the food commodities imported by the private sector.

The minister of supply and internal trade added:

This too will not happen because, as we all know, the bills that used to be submitted to the ministry by some of the importers were "imaginary." Unfortunately some of the importers used to do so in order to compensate for the difference in the dollar rate between what they actually contracted for in their imports and the rate which the ministry imposed on them. But now these few importers will no longer submit such imaginary bills as long as we settle our accounts with them on the basis of the dollar rate posted in the free market. Therefore, I believe that the prices will not go up; on the contrary, I expect them to drop in the coming period.

Who Are Those Entitled To Subsidy?

[Question] The Ministry of Supply has declared more than once that in cooperation with the NDP it will submit a study about those who actually need the subsidy so that it would reach those who deserve it and so that the government would not bear increasing burdens. Where is this study?

[Answer] We had indeed promised to submit such a study in cooperation with the NDP's supply committee which is headed by brother Ahmad Nuh. The study is still being prepared.

[Question] When will this study appear, particularly since its preparation has taken many long years?

[Answer] In fact we need a long time to complete this study in the desired manner in order to achieve the principle of social justice. This is due to several reasons.

[Question] What are these reasons?

[Answer] First, the lack of correct and accurate information about various incomes.

Second, the lack of data about the income of skilled workers and other classes of people whose income increased in the past years.

Third, the lack of sufficient data on employment in the private and investment sectors.

[Question] What is the solution, especially since it is evidently not easy to obtain such data and correct and accurate information?

[Answer] The citizens who, prompted by their patriotism and sense of national and religious responsibility feel that they do not need subsidy must change their green card that entitles them to full subsidy into a red card.

[Question] Could this happen?

[Answer] In fact it has happened and many citizens have begun to turn in their green cards prompted by their conscience and patriotism. That is until we issue the study in question.

[Question] In the view of Minister of Supply Dr Jalal Abu al-Dhahab, who are those entitled to subsidy?

[Answer] Every government and public sector employee, including policemen and the armed forces as well as the pensioners.

[Question] You assumed the responsibility of the Ministry of Supply only 6 months ago. Have any specific efforts been made during this time to attempt to make subsidy reach those entitled to it?

[Answer] The responsibility for ensuring that subsidy reaches those entitled to it was one of the first tasks I have tried to achieve since I had the honor of assuming the responsibility of the Ministry of Supply. For example, there is the question of oil, tea, and the non-rationed sugar for 30 piasters per kilo. We have directed these commodities to the grocer dealing with rationed supplies, thus enabling the citizen to obtain his food allocations, whether those under the ration card or the additional items, from the same grocer with whom he deals. Thus the citizen will deal with one place to obtain his requirements instead of obtaining rationed foodstuffs from the grocer and then go to the consumer cooperative in order to obtain the additional material. Thus we have ensured that subsidy reaches those entitled to it and done away with the phenomenon of auctioneers.

Furthermore, black beans used to be distributed at the consumer cooperatives at 15 piasters per kilo. Since I assumed the ministry it has been included

in the ration card. I have also issued a decision providing that kiosks selling bread should also offer subsidized goods such as macaroni, flour, and pastries, thus increasing the distribution outlets so that distribution is no longer restricted to the consumer cooperatives. Today, for example, I inaugurated the outlet for the sale of popular clothing for the Central Security forces at al-Darrasah. This is the beginning of establishing a chain of outlets for the sale of popular clothing to our sons, the officers and men of the Central Security.

The minister added: We have also begun a survey of the workforce in the private sector bakeries in order to apply to them the system of sale of popular clothing. This would result in the workers staying with their jobs and therefore improving the worker's productivity and improving the bread quality.

[Question] Are you now satisfied with the quality of the loaf of bread and is there any attempt to improve it?

[Answer] In fact, since I assumed the ministry I have been saying that all the Egyptian citizens are honorable; in other words, all the classes of people with their various interests are honorable. From this premise I started dealing with all those who are directly or indirectly involved with the ministry or with the Egyptian consumer in general. We have increased meetings with bakery owners in the public sector and I found out that there are seven independent organizations that inspect them. I sat with them and discussed their complaints and recently tried to meet many of these just demands. I believe this has been reflected in the loaf of bread and an improvement in its quality to a certain extent. In this regard I would like to explain certain points to the consumers.

[Question] What are they?

[Answer] First that, as I have already mentioned, Egypt imports 4.3 million tons of wheat annually, half of which comes from the United States and Canada. This is known as the red wheat which after milling produces a somewhat brown flour. The other half is imported from Australia and is known as white wheat. Therefore, the bread made in the area to which the red wheat is sent will be somewhat more brown than the other areas. Therefore, the ministry has sought to mix the two kinds together. I believe that the citizens must have noticed that the quality of the local-type bread has improved. Indeed in our new contracts we have begun insisting in the bids on the delivery of white wheat. All this is in order to improve the color of the loaf.

Second, the public sector is responsible for a small portion of the bread industry whereas the private sector is the major part of it. After consistently meeting with those in the private sector and appealing to their conscience I believe that we have succeeded in improving the bread industry to a great extent.

Third, milling is largely carried out by the mills that come under the Ministry of Supply. Since I assumed the ministry I have substituted strict controls on the mills and began changing some of the mills' spareparts so that every mill could produce the desired filtering results, thus improving the characteristics of the milled flour.

Fourth, storage, whether of wheat or flour. There is a plan of which much has been put into effect and the implementation of the rest is underway. The plan is to build giant silos in Alexandria, Shubra, Safajah, and Dumyat with a capacity of 100,000 tons each. This is in addition to the already existing silos in the provinces. These are either metal or concrete silos with a capacity of 30,000 tons each. With regard to flour storage, the ministry's stores and depots are now being renovated and their storage capabilities are being improved. A timetable is being drawn up to deal with incoming and outgoing flour in order to preserve the flour's proper characteristics. All these efforts, as you may have noticed, are aimed at improving the bread industry and ensuring that the loaf of bread reaches the consumer in a manner quite satisfactory to him.

Rise In Fruit And Vegetable Prices

[Question] The rise in the price of fruit and vegetables is having its effect, particularly on the low-income people. Is there any remedy for this?

[Answer] The price of fruit and vegetables is confusing to consumers. We all know that there is a limited season to every kind of vegetable. At the beginning of the season vegetables are sold at high prices and when produce becomes abundant at the peak of the season prices begin to drop.

But with the development of modern agricultural techniques the Ministry of Agriculture has been able to produce summer vegetables in the winter and vice versa. For example, we all have noticed the presence of cucumber throughout the year while usually we are accustomed to seeing it during the month of August and seeing okra and mulukhiah in March and April. This definitely affects the price of fruit and vegetables. The planting of these vegetables outside their season under plastic tents no doubt increases their production cost.

This is in addition to the fact that the cost of farming in general has increased. For example, the salary of the agricultural worker whose workday ends at noon has gone up. And so have the marketing expenses as well as the expenses of centers where these products are distributed. Added to this is the fact that the standard of living of certain working classes, particularly the skilled workers and others, has risen. This has increased their purchasing power in terms of fruit and vegetables, meat and various other food commodities. This is in addition to the fact that price increases of various commodities is taking place not only in Egypt but around the world.

Meat Prices: How Far?

[Question] What about meat prices and is the ministry making efforts to curb or at least stabilize price increases?

[Answer] With regard to meat in particular the government is playing a major role in providing it and stabilizing its prices. Frozen meat is now being sold for 3 pounds per kilo and prime cut frozen meat for 3.5 pounds. The Egyptian local meat produced by the Ministry of Agriculture is sold for 4.5 pounds for regular cuts and 5.5 pounds for prime cuts. This is in addition to the hamburger, sausages, and minced meat that are produced by the companies that come under the Ministry of Supply. I have sought to expand this system since I assumed this ministry, and the Ministry of Supply's factories and companies now employ more than 16,000 workers.

The minister of supply added:

I believe that this experiment was evidently successful during the month of Ramadan when we supplied 22,000 live sheep imported from Australia. These were slaughtered in Egyptian slaughter houses and then offered for sale for 4.5 pounds per kilo. These heads of sheep were imported by the private sector.

[Question] What about poultry?

[Answer] I believe that poultry has now become available in the market at all times. The Egyptian poultry is being sold for 180 piasters per kilo. They are fully subsidized. There is also unsubsidized Egyptian poultry which is sold for 325 piasters per kilo and imported poultry that is sold at 240 to 280 piasters per kilo, depending on the size of the chicken. This goes to show that we offer numerous goods of various kinds and types and at prices suitable for various incomes.

Dr Jalal Abu al-Dhahab continued:

The same thing can be said about feta cheese. It is worth noting that we now supply the markets with four kinds of this cheese both in the cooperatives and the grocery stores. There is the feta cheese produced by both the public and Egyptian sector in Egypt then there is the Bulgarian and Romanian cheese. Each of these cheeses has a different price and it is up to the consumer to choose the kind that suits his income. It is worth noting that we have decided to stop producing and distributing the feta cheese that used to be sold for 95 piasters per kilo because of public complaint about its low quality and lack of purchasers.

[Question] The phenomenon of polluted foodstuffs, whether those imported from abroad or purchased from Egypt--in the latter case because of the spread of foot and mouth disease among cattle--is causing deep concern among the citizens. Is there a specific policy that the ministry pursues in order to ensure the safety of food before it distributes it and sells it to the consumer?

[Answer] With regard to the foot and mouth disease that has hit some of the cattle in certain provinces, the ministry has been able to rapidly bring this disease under control. Here I would like to advise the citizens that in order to be reassured about the quality of the meat they buy they should make sure that the cattle was slaughtered in a government slaughter house where it is inspected before and after slaughtering and is stamped in order to prove its suitability for consumption.

With regard to imported foodstuffs whose condition could be contrary to health safety controls, we would like to reassure the citizens that the government does not allow the entry of any commodity that does not comply with international guidelines. Even then, after these goods are allowed in the market, inspections are carried out regularly by food inspectors in consumer cooperatives and groceries as well as other outlets where they remove samples from shelves for analysis as an added measure of precaution. If any of the goods appear to be defective it is removed promptly. This is the system followed in the whole world.

[Question] Where will the confiscated goods go after that?

[Answer] If the commodity is defective, rotten, or its consumption date has expired it is destroyed immediately. If it is confiscated because it was smuggled but is suitable for consumption then we auction it off and the income from such a sale is deposited with the court until the case is adjudicated. For example, had you visited the consumer cooperatives during the month of Ramadan you would have found dried fruits despite the ban on importing them. This was the result of the confiscation of smuggled dried fruits in Port Said. We confiscated these dried fruits and examined samples of it. And after it was proven to be fit for human consumption we offered those quantities of dried fruit in the consumer cooperatives and their price has been deposited with the court pending its adjudication. Another quantity of the dried fruits in the consumer cooperatives was found with merchants who had bought it and had bills for it showing that the purchase took place before the ban. These merchants came to us and we found that these dried fruits were tantamount to a national treasure. The choice was either to let the dried fruits rot or let the merchants sell it on the black market. We had no choice but to buy these quantities of dried fruits with local currency and to offer them for sale in the consumer cooperatives.

[Question] What is your philosophy in directing the Ministry of Supply and which you have tried to apply in the past 6 months in order to secure ample supplies?

[Answer] First, as I have already said, my philosophy is to deal with everybody on the grounds that they all are honest Egyptian citizens be they importers, wholesale or retail merchants, grocers, bakers, macaroni factory owners, butchers and other producers or consumers. I am aware that all these factions have contradictory interests. The consumer wants the

commodity at the cheapest possible price and the producer wants to sell it at the highest possible price. The importer, the wholesaler and the retailer want to make the biggest profit possible. But I would say that if each one of them conceded a small portion of his personal interest for the sake of Egypt we would all be able to live in peace and stability.

The second point in my policy in the ministry is that I am one of those who believe in the policy of abundance, that is to offer goods in large quantities in the markets and in the public sector. The government has dollar funds allocated for importing food commodities that would adequately meet the citizens' requirements in sufficient quantities and suitable proportions. But since I have taken over the ministerial responsibility I have been anxious to involve the private sector with us so that we would achieve the policy of abundance. Let it be known that all the quantities of free sugar which is being sold for 60 piasters per kilo and is now available abundantly in the market was imported by the private sector. The ministry receives those quantities of sugar and pays them [the importers] in accordance with the current laws.

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MINISTER OF ELECTRICITY AND ENERGY INTERVIEWED

Cairo AL-MUSAWWAR in Arabic 12 Jun 87 pp 36-37

[Interview with Muhammad Mahir Abazah, minister of electricity and energy, by Faruq Abazah: "Conversation with the Minister of Electricity and Energy About the New Plan; Ten-Year Plan To Replace Five-Year Plan for Implementing Energy Strategy for the Year 2000"; place and date not given]

[Text] The Ministry of Electricity has been able to realize a great achievement during its implementation of the 5-year plan, with averages that have pushed the energy sector into a new phase. By its production, the ministry has been able to meet the increasing demand for power and has responded to industrial, economic, and building demands. The Electricity Ministry's plan was designed to contain a crisis which we predicted would threaten our production of energy in the year 1900 [as published]. However, uninterrupted work to renovate, establish, and build new plants has enabled us to overcome this crisis. This meeting with Engineer Muhammad Mahir Abazah, the minister of electricity and energy, took place when the ambitious new plan was first implemented.

[Question] The Ministry of Electricity and Power is unique in its reliance on a long-range plan whose operation will extend to the year 2000. What are the most important features of this plan?

[Answer] Our long-range plan, which aims to provide energy until the year 2000, has a goal of raising the individual's annual share of electrical power to 1,600 kilowatt hours a year in the year 2000, with an increase in production from 18,500 million kilowatt hours in 1980, to 101,000 million kilowatt hours in 2000. It aims to increase generating plant capacity to 22,000 megawatts, with the provision of the necessary electrical power to cover all the requirements of the production and service sectors, public works, construction, and food security; to link remote and coastal cities with the country's general network to insure their being supplied, and to expand the use of computers for the most economical operation of generating plants. As for the 10-year plan, which extends to 1990, it aims to raise the individual's share of electrical power to 1,000 kilowatt hours a year and to increase energy production so that in 1990 it reaches 52,000 [million] kilowatt hours a year.

An Ambitious Plan

[Question] What is your evaluation of what was accomplished during the first 5-year plan that is ending? Were accomplishments consistent with this plan's goals in the realm of electricity and energy?

[Answer] Nearly \$2.5 billion were earmarked for this plan's electricity and power projects. The basic projects for generating electricity, whether thermal (using steam or gas) or hydroelectric, have been completed in the country. We have intensified efforts and available resources to the maximum degree in order to avoid predicted power shortages. Measures were quickly taken to install new plants and to contract for the building of other plants and operate them with Egyptian engineers and technicians, who have shown high ability. In fact, all friendly countries have cooperated with us in building these plants, whose costs were financed by the World Bank and by such other financial institutions as the German Construction Bank Hamisch and the French COFAZ, and by other grants from Canada, Sweden, Japan, East Germany, and Czechoslovakia. In this way, new gas-powered generating plants have been built, such as the new Abu-Qir plant in cooperation with France (capacity 600,000 kilowatts), the Abu-Sultan electrical plant in cooperation with the United States (600,000 kilowatts), the 'Ataqah plant in partnership with West Germany (800,000 kilowatts), and the Shubra al-Khaymah plant (1 million kilowatts). The latter is an important plant, and its financing was shared by a number of international institutions and banks, including the Bank of Africa, the European Common Market, and Japan. Through Egyptian labor, it was possible to save \$1 billion of the cost of the project. The fourth stage of this giant plant will soon be finished, so that its power will reach 1,300 megawatts. There are, in addition, a large 400-megawatt gas-powered generating plant in al-Mahmudiyah, the 100-megawatt thermal (steam) generating plant in Damanhur, and the expansion of the Czech plant in Kafr al-Dawwar to 220 megawatts. All this has been accomplished in a short period of time. In addition, there is the main control center, which controls the entire unified network with lines whose length measures thousands of kilometers (.5 million volt lines, then 220,000 volts, 132, 36, 22, [and] 11 [thousand] volts, after which the electricity enters homes for lighting at 220 volts). This network resembles the arteries of the heart. Current travels through these arteries at a speed of 300,000 kilometers a second. All this current is controlled by a huge computer at the main center, which President Husni Mubarak opened 3 years ago. He is giving the electricity sector particular attention and has kindly opened the plants at Alexandria, Damanhur, Talkha, al-Mahmudiyah, Kafr al-Dawwar, Cairo (Shubra al-Khaymah), al-Isma'iliyah, and Suez. His encouragement to us has given the work a new impetus. In addition, many transformer stations have been constructed, including one with a capacity of Egypt and the Delta, extending thousands of kilometers in cities and villages. We have opened many training stations, in addition to training courses for engineers and workers, to raise the level of performance. We have added gas and diesel plants to the unified network in Marsa Matruh, al-'Alamayn, al-Ghurdaqah, Safajah, al-Qusayr, and North and South Sinai, to link them with the unified network.

First Center in the Middle East

[Question] After the delay in beginning the nuclear project for power generation, what is the ministry's plan for using alternative energies?

[Answer] We began to take an interest in exploiting new kinds of energy during the first 5-year plan. This interest will continue during the new 5-year plan. Drafts are now being completed for the first center of its kind in the Middle East to use the new forms of energy. The center will be in Madinat Nasir, and it will work toward our success in independence in solar, wind, and salt-water energy. Also, solar heater production will be expanded in cooperation with Jordan to decrease manufacturing costs so that their use would become available to everyone at a reasonable price. We have begun studying the construction of factories for 11-kilovolt electrical transformers in partnership with France and Germany. The transformers will be manufactured by Egyptian expertise and labor to cover the local market. The surplus will be used for export. These transformers will put out power of 33,000 [and] 36,000 kilovolts, so that we can build a 66,000 kilovolt transformer station. Importing a single station costs us more than \$1 million. There are also other electrical equipment factories to produce capacitors, knives, and electrical switches. This means we will save the \$4 million with which we would have imported this equipment from abroad. Because electrical technology is complicated, we have agreed to use experts from Spain for assistance in building and manufacturing the equipment for the generating stations, and to seek assistance in this area from the war production factories and the resources of the Ministry of Industry to realize self-sufficiency in electrical equipment.

[Question] Can this be accomplished, given the desire of the technologically advanced nations not to transfer the progress they have reached in this area to the countries of the Third World?

[Answer] While it is true that it is difficult for the technologically advanced countries to transfer the progress they have reached in this area to the countries of the Third World, these countries have begun to develop their industries so as not to require a large work force or too great a cost. For example, the European industrial countries and the United States have begun to neglect industries that cost too much and require many workers, replacing them with industries in which the computer is used. Raw materials worth 100 pounds are used to manufacture goods whose value is 1,000 pounds. Indeed, things have reached the point of using robots as an alternative to workers, thus reducing cost. Therefore these countries are no longer reluctant to export technology that is costly and that requires a large work force to the Third World. We in Egypt rely on the superior ability of Egyptian technicians, who are no less skilled than European workers, particularly if we provide them with material and psychological security.

[Question] In regard to the first 5-year electricity and energy plan, have the accomplishments fulfilled the goals of the Electricity Ministry for the period ending in the year 2000? Or has the ministry fallen short of its

objectives and will therefore fail to implement the plan? What are the features of the new plan?

[Answer] What has been accomplished is in accord with the strategy laid out by the ministry to be implemented by the year 2000. The 5-year plan completely realized its goal. With the passage of years, it has become clear to us that what we have implemented is consistent with sound planning. This is indicated to us by the total figures for what has been accomplished. As for the new 5-year plan, it will soon be presented to the People's Assembly. It will give us new additional power, represented by expansions to the West, North, and South Cairo plants, as well as the Asyut plants. We also have a new plan to build composite circuit gas and thermal plants. These plants will provide an operating and generating efficiency 50 percent above that of ordinary plants, for a fuel saving of 27 percent. We have implemented some of these plans in Talkha with the help of the United States, and we will also implement them in Dumyat, God willing. Bids for them are open in the international market, and they are being funded in part by the Bank of Africa and the World Bank. In addition there are plants being designed in accordance with the composite circuit system in West and North Cairo, together with expansion of the Suez and West Asyut plants to a power production of 4,000 megavolts.

Coal Plants

[Question] What about the use of coal as a new source of energy?

[Answer] When we begin to implement the second 5-year plan, we will contract for the construction of coal-fueled generating plants. Specifications for building and equipping the first coal-powered plant in Sinai and another in al-Za'faranah will be presented in the international market during the new 5-year plan. By the way, we must state that the implementation of electricity projects differs completely from the implementation of other public works projects, such as factory building, land reclamation, or housing. Sound planning for electricity projects requires the use of a 10-year plan, not a 5-year one, so that these projects can be integrated and work on them can continue. The deputy prime minister has agreed that Electricity Ministry planning should be on a 10-year basis, not a 5-year one.

[Question] Are the High Dam turbines operating at normal capacity, or is there something hindering their operation, especially after the drop in water level in the High Dam lake?

[Answer] The turbines are now operating at full capacity following the renewal of their propellers. No crisis is expected, at least not this year or next, because of the constancy of the flood water level.

[Question] Many consumers are complaining about the recent rise in the price of home electricity use. Isn't this an injustice to them, particularly in light of the continued overall rise of prices?

[Answer] Prices of electricity consumption have increased only for owners of luxury equipment, for example, those who use more than one air conditioner, more than one refrigerator, a deep freeze, and a heater. Their number does not exceed 3 percent. For the remaining consumers, those who use from 100 to 500 kilowatts, the price of electricity consumption will not rise.

UNKNOWN GUNMEN TRY TO ASSASSINATE AL-MUSAWWAR EDITOR

Interview With Editor

Cairo UKTUBAR in Arabic 14 Jun 87 p 78

[Interview With AL-MUSAWWAR Editor Mukarram Muhammad Ahmad, by Mahmud Fawzi: "Now I Write My Articles Accompanied By a Machinegun;" date and place not specified]

[Text] Well-known Columnist Mukarram Muhammad Ahmad has been exposed to death many times. When he was a military correspondent for AL-AHRAM in 1967, Gazah City was besieged by Israeli tanks, artillery and soldiers, who would fire their guns in the streets in all directions. He managed to flee aboard a small boat which was attacked by an Israeli plane in the al-Bayda' area, but he miraculously escaped. Several times he was exposed to death during the Yemeni war. But this time it was different--an assassination attempt by terrorist groups which was, in his words, a strange, unique experiment in assassinating free speech. He had never imagined, in his 30 years' experience with the pen, that machine guns would be pointed at the heart of free speech.

[Question] Mr. Ahmad, you began your journalistic career as a crime reporter for AL-AHRAM. How would you describe the attempt on your life by these terrorist groups? What exactly happened?

[Answer] I was sitting in my car on Tahrir Street when I heard the sound of a horn from a car near mine, so I made way for him. When the bullets were fired rapidly, I ducked under the steering wheel and then raised my head to see what had happened. I saw the gunman still pointing the muzzle of his rifle in my direction, so I immediately dropped to the floor of the car. At the time I was wishing that this terrifying spectacle would end. Then the car disappeared. When I got out of my car to try to get a glimpse of the criminals, I was seized by a disquieting thought--that they might go around the square again and come back to assassinate me when they found out that I was not dead. Then I stood in the square for a full 25 minutes waiting for a policeman to find me and take me to the Interior Ministry or the hospital. God gave me tranquility and calm, even after I reached the hospital. The doctor told me, "You need three stitches in your hand, but we don't have any anesthetics." I said, "It doesn't matter; I can bear the stitches without any anesthetics. There is no problem."

[Question] If you were to see the criminal before you, would you recognize him?

[Answer] If I were to see him in front of me, I would perhaps be able to feel that this was the man who had shot at me. Perhaps, if I saw his face, that terrible sight would come back to me. I remember that his features were very sharp, his face was narrow and relatively lean, and the body was slim. He had bushy eyebrows, and his features were sharp and well-defined.

[Question] Who was the criminal shooting at? The "system" or a "person?"

[Answer] He was not shooting at Mukarram Muhammad Ahmad. The issue here is Egypt's security, stability and free speech combined.

[Question] What is the meaning of this attempt to assassinate you in the heart of one of Cairo's largest squares, in sight and hearing of people, and just a few steps from the Interior Ministry and Public Security? Wouldn't it have been easier to hunt you down near your home, which is in one of Cairo's most remote suburbs?

[Answer] They are telling everyone to be silent. I don't know how and when they started tailing me, whether they began when I was at the Gezirah Sheraton or when I went to Faruq Khurshid's home and found he was out. I was on my way around the square a second time on my way to Misr al-Jadidah. I had refused a guard because I felt it was a kind of artificial distinction and a heavy burden. Then I reluctantly agreed to have a guard. When the assassination attempt against Abu-Basha took place, the people at the Interior Ministry wanted to increase the guards around me. I said, "They are preoccupied with you because they are being pursued. Does it make sense for them to go after someone like me?" But that is just what happened!

[Question] Does your editorial policy for the oldest Egyptian magazine, calling for giving every group which supports or opposes the Islamist groups an opportunity to speak out, have anything to do with what happened? Or were your last few articles before the assassination attempt, or the precise and detailed information you have published on terrorist organizations, the reason for the attempt?

[Answer] AL-MUSAWWAR's intellectual and political reviews of these groups do not date from yesterday and today, but began some time ago. No one would allow such destructive groups to prevail, or permit us to regress in such a manner. Unfortunately, these groups have no regard for the era of the caliphs 'Umar or 'Uthman, but want to go even further back. These are deranged thoughts and a terrorist plot.

[Question] But some people feel that your recent articles aroused the authorities against these groups, particularly the cover of the last issue of AL-MUSAWWAR which came out at the same time as the attempt to assassinate you, and which showed question marks on the ugly faces of the criminals.

[Answer] I am not trying to arouse the authorities, even though my articles were provocative. I use the language of dialog, logic, facts and information. The last cover showed two examples of terrorists, one known and the other

unknown. Even now we don't know how many such armed groups there are in Egypt, such as "Egypt's Revolution" and "Jihad." I might also say that there may be an organization working on behalf of Abu-Nidal's Palestinian wing.

[Question] Since these groups feel that you are closer to the left, did your political inclinations have anything to do with your life being targeted, out of a long list of journalists who have also attacked terrorist groups?

[Answer] They don't distinguish between right and left. Their party, which they call "The Party of God" [Hizballah], is highly emotional. How many times we have called on them to get together and talk, and they have refused.

[Question] The latest fast-moving sequence of violence, from Abu-Basha to diplomats to the attempt to assassinate you--is this a plot planned by a small, violent group of Egyptian origin, or did the original nucleus of the group come from outside the country?

[Answer] I am convinced that it is partly of foreign origin, for the ideas of violence of those terrorist groups which perpetrated the incidents with the Israeli and American diplomats were imported, even though their outer shell appears local in origin. For example, even though the Jihad group appears to be local, its ideas basically come from South-east Asia. I can confidently say that the organization called "Egypt's Revolution" was not behind the attempt to assassinate me.

[Question] Some people think that al-Qadhdhafi has had a long arm in the attempt to export terrorism to Egypt.

[Answer] Certainly. In the sequence of violence, al-Qadhdhafi's crimes have been going on for a long time. I am convinced that every Egyptian knows that, and has no doubt that he was involved in the al-Tahrir complex incident, the explosion of the gas station, and the explosive-laden cars which were seized before they were detonated.

[Question] Have the state agencies and the political parties been "socially and politically remiss" in confronting the religious and terrorist extremism which seeks to wipe out Egypt bodily? Are our present legal methods adequate to confront terrorism?

[Answer] What we must do is figure out how to mobilize the people against terrorism, because such rejection will make these groups feel that they are a strange plant which has no place in this society--not like some writers, who justified what happened or found reasons and pretexts for it, saying, "Look at where the story began." The story doesn't begin with terrorism, or with the nation's stand, but begins at the social research center. We must denounce terrorism. It is said that a bus driver in the square made room for the criminals, rather than blocking their way. Such things will make any citizen who witnesses a crime indifferent. There must be a mass stand condemning terrorism. Furthermore, the political parties have not been unanimous about terrorism, its nature, or how to resist it. Instead of asking the Interior Minister how many were arrested, they should raise questions about those detained on charges of terrorism.

[Question] But now that there has been one assassination attempt, don't you think that there could be another one at any moment, as long as the criminals have not yet been arrested?

[Answer] There is absolutely nothing preventing a repeat attempt at any moment. This possibility exists in spite of the guard. I see two guards in front of my house, one in my vehicle and another accompanying me. Imagine-- here I am in my office, writing my article accompanied by a machine gun.

[Question] If you met the criminal who shot at you face to face after his arrest, what would you say to him?

[Answer] I would tell him, "You are killing without a crime, without any justification or reason. You have certainly never read any of my articles, and you probably don't even know who Mukarram Muhammad Ahmad is--you were only told that this man is an enemy of the awakening!

The Editor's Feelings

Cairo AL-MUSAWWAR in Arabic 12 Jun 87 pp 4-6

[Article by Mukarram Muhammad Ahmad: "There Was Nothing Personal About the Matter"]

[Text] I thank you, My Lord. Praise be to you. You have no partner, you are all-powerful, and life and death is in your hands. No other hand has the power of deliverance and the power of death. Even if someone unjust, ignorant, and crude of intellect and heart showers his victim with a hail of bullets, only you alone, God, could have willed it. Praise be to God, who knows what is hidden.

Two minutes? Three? More?

All I know is that it was a long time. Time stood still, weighing heavily on my chest and taking away my breath. Death was rushing at me--a better fate than the fear of waiting.

I was barricaded in my automobile, under the steering wheel, with the bullets roaring and raining down around me, and the car windows shattering and splintering around me.

I had not yet realized that I was the target. When I raised my head from under the steering wheel and looked out of the car window, which had been pierced by two bullets directed at my brain, my eyes met his. He was in the back seat of a car, with his weapon still pointed at me. There were 6 meters between us.

My eyes asked him, with alarmed amazement and horror, "What are you doing? What did I do?" But my eyes were addressing a face of terrorism, a frozen face like a wax mask, behind a hand that was still holding out death. When the sound of the shot rang out again, panic reigned. They fired a final round at the pavement, terrorizing everyone.

When the sound of the shooting stopped, I raised my head again, to see the criminal's car tearing through the crowded square. I got out quickly and stood on the pavement in the midst of the bystanders, who were helping those who had been injured by the Peugeot and those who had been knocked down in the street by the splintered glass from the bullets which had hit the nearby shop windows.

I stood on the sidewalk, blood pouring down from a wound caused by a splinter of glass which had hit my palm. I was safe, even though I felt the deepest sorrow within me. I felt ashamed, seeing everyone carrying the wounded away for first aid. I was confused, overcome with uneasiness that the criminals would go around the square and come back to try again. I asked myself with concern how many victims there would be the second time, since seven persons had already been wounded the first time.

What was their crime? What had they done?

Since chance had brought us together in an incident which had been intended for me, I felt deeply apologetic, and hoped that they realized that I was the last one to have committed any crime. I pleaded with them that we were all victims of the terrorists' bullets.

Twenty minutes later I was delivered from this distress by a police car which took me to the Interior Ministry.

"Who were they?" "I don't know." "Were they Islamists?" "No, although they had Muslim names."

In Islam, God's forgiveness extends to all crimes except that of polytheism. Why did this uncouth act take place--25 bullets fired by terrorists an hour before midnight, in a square which is always full of people until one in the morning? To get an unarmed writer, seven ordinary Egyptians, whose only crime was being at the coffeehouse or driving their cars around, were wounded. By sheer chance this writer's car passed near them. Perhaps they didn't know him; maybe they read his column and maybe they don't. But he was a target, not because he is braver than anyone else, but because his only crime is that he has refused to believe that religion can be a tool of terrorism.

His great offense was that he asks about ends, means and pretexts.

The crime for which he was sentenced to execution was that he doubts people's intentions. He has asked himself, and has asked them as well, "What can you hope to achieve from terrorist bullets fired here and there but to blast away the stability of a country which needs stability more than any other country in order to rebuild itself?"

When the Egyptians began busying themselves with emerging from their long, difficult experiences onto a clearer path, they set just development and true democracy as their goals. So shouldn't an Egyptian writer have the right to question terrorist bullets no matter what their source? Why do you want to block Egypt's path just when it is struggling through many huge hardships and reconstructing itself in order to build a better tomorrow for its exhausted

people, so that it won't always be the poorest country of all when it had once been the richest? So that it won't always have meager territory and a meager sustenance, unable to provide even the barest existence for its coming generations?

Isn't an Egyptian writer who owns nothing but his words entitled to fight to protect the first steps along the right road to perfect democracy after full choice had been delayed so long? Isn't he entitled to question the alternatives, since total chaos is now embodied right before our eyes in the ruins of Lebanon and the all-consuming destruction in Teheran?

Is it not his right to believe that any comprehensive choice will never be good for today's Egypt as long as this choice is based on the rule of the just despot, whether he wears the cloak of the revolutionary or the cloak of the priest? Justice and despotism will never meet, and one-man rule, no matter what its status or sanctity, will ultimately lead to inevitable disaster.

In Egypt, we have only to consider what happened during the 1967 defeat.

In Teheran, who now dares to say to the ruling religious elite, "Enough of this destruction?"

If a man plucks up enough courage to say this, his fate will be death for having dared to oppose the will of an individual who thinks that his will is the will of God.

Who can tell us how many victims' bodies have hung on the gallows or have fallen to the executioners' bullets in Teheran for having dared to ask this question?

Isn't it the right of an Egyptian writer who sees two active wellsprings of terrorism in his country to warn people that Egypt is the target of several circles which don't want the Egyptian domestic scene to remain calm while the windstorms rage around it? Which want to uproot the nation's unity, snatch away its legitimacy, and send it into unknown, seemingly endless chaos?

What does this writer have but words, even though he might be mistaken? In the true Islam he gains merit from independent judgement. In the true Islam, even greater merit belongs to the one who corrects a mistake through discussion, words, proper speech, and counter-arguments—not through accusing people of unbelief or sentencing them to execution.

My crime, gentlemen, was that I saw an alternative to this road, because I don't feel that it is the way to God.

My crime, gentlemen, was that I don't yet know who they are!

Islamists? No, not Islamists, although they have Muslim names.

Egyptians? No, not Egyptians, although they carry identification cards. Because there is nothing in my poor soul which believes that this could be the intention of an Egyptian.

I don't steal, I don't hoard, I don't cheat, and I don't take bribes.

I have lived a hard life. I have concentrated on my dream of a better tomorrow for Egypt.

I have made mistakes scores of times in order to be shot at once. But all those times I have only talked, I have only spoken. I have put down ideas and information on paper which one could either accept or reject, ideas binding on no one but myself.

Why me? There are other colleagues in the Egyptian press, in the same situation, but perhaps they are more courageous and more widely read.

Perhaps it was only because I was what people call easy prey. They knew my address and had been following the way I live--home, office, friend's home.

The bullets missed me, but the incident put me in a position which might not last very long. I have been overwhelmed by the generous feelings of the Egyptians.

Ordinary Egyptians, seeing me on the road to my office, squeezed into my car between two guards, wave their hands in greeting and encouragement.

Honored professors and worthy colleagues have poured out feelings which cannot be written down--Ihsan, Mustafa Amin, Haykal, Baha¹, al-Khuli, al-Shargawi, Murad, Muhsin, Idris, al-Tawilah, Jallab and al-Ansari. They have all refused to be categorized as leftists, rightists or centrists, in order to say no to the terrorizing of free speech.

Distinguished persons in whom Egyptian culture and thought flourishes, such as Khalid Muhammad Khalid, Muhammad Hasan al-Zayyat, Faraj Fawdah, and others who belong to this courageous guild, which had always been a fortress defending Egypt's right to a free, independent press, have found themselves faced with a new concern--defending Egypt's right to a free and safe press.

Young people in the profession who are still new to terrorism wrote in their telegrams, "Even if they had shot off your right hand, your toes and fingers would be enough to grasp the pen firmly without shaking."

My family at Dar al-Hilal warned me to be afraid, for God alone is the best protector.

Even people I had never met before, even people on television, spoke up.

How friendly and encouraging were the just words which resounded from one side of Cairo to the other: we artists have to do something; the hour has struck; we must go out and demonstrate; it is important for all of Egypt to know that we also say no, because if we let them assassinate words today, tomorrow they will assassinate our songs and our tunes, our jokes and our drawings. Art cannot live in the shadow of terrorism.

The bullets missed, but the incident put me in a position which I fear will not last long. I am not the most courageous person, or among the best of people. In Egypt there are many thousands of people who have given their lives for this country, who have contributed works and achievements which will outlast words, and ideas more mature, correct and vital than my own. My only virtue is that I got away safely.

The incident took place before midnight on Wednesday. On Saturday, I received a bouquet of roses and a letter from someone calling themselves "Egypt's Revolution." They denounced the assassination attempt and assured me that their activities are directed only at Israelis, Americans, military personnel and security men, and not at distinguished patriotic Egyptian writers. They denied that their original nucleus came from outside Egypt; they denied that one of their aims was to strike at Egypt's security and stability. Strangest of all, they said that their bullets could bolster Egyptian legitimacy!

They were obviously replying to my article, the ink of which was not yet dry, which was in the issue of AL-MUSAWWAR which went to market on the night of the incident. In this article I discussed the two wellsprings of terrorism in Egypt.

I may not be able to withstand the anger of those professionals who, as I have said, are very good at sharpshooting, deception, camouflage, escape methods, and determining the best time and place for committing crimes. However, at the end of their letter, they said that they would allow me to speak out in safety.

I don't know what their reaction would be if I were to tell them that revolution is not one of Egypt's traditions; that in Egypt's roots there is nothing to indicate that terrorism was ever a means of revolutionary struggle. 'Arrabi didn't use it, and Zaghlul never thought of it. 'Abd-al-Nasir thought of it and tried it once, when he shot at Husayn Sirri 'Amir from his small car. That night 'Abd-al-Nasir returned feverishly to hide remorsefully in a friend's house. After that he wrote, in his philosophy of revolution, an apologetic and remorseful letter for having thought for even one day that terrorism might be a means of revolutionary struggle.

I don't know how they would react if I were to tell them that terrorist bullets from overseas are the same as Egyptian terrorist bullets because both are intended to breach the barricade of true national legitimacy behind which we take refuge, hoping for a better future. This legitimacy has two goals: equitable development and perfect democracy. All the bullets of bloody violence, whether Egyptian-made or wrapped in plastic bearing the importer's marks, are terrorist bullets lacking true struggling purpose. The whole thing has become an insoluble puzzle. In their letter they say that they hope that their deeds will support Egyptian legitimacy. How? I don't know, and I don't believe it!

Also, I don't know what their reaction would be to me personally if I were to tell them that I don't believe what their letter said about their desire for security and stability for Egypt. There is no security or stability if a

group, no matter how well-intentioned, imagines that it can kill Egyptians or foreigners without authority from the state and without the support of the law. There is no security or stability if some illegitimate group skilled in violence and bloodshed imagines that it can exempt itself from being considered a terrorist group in a society threatened by other terrorists and by enormous dangers so destructive to Egypt's security and stability that the country is unable to concentrate on its own development.

Thirdly, I don't know how they would react if I were to tell them again that expelling Israelis and Americans from Egypt is not a true goal of the struggle, because Egypt is still governed by its national will, not the will of these people. As Arafat has said, the struggle against the Israelis must be in occupied Palestine. As for the Americans, there is nothing between us right now which merits attacking and killing individuals, even if they are military personnel, because they are not an occupying force which is dominating Egypt or usurping its right to free choice.

Finally, I don't know what their reaction would be if I were to tell them that I am still convinced that their origins lie beyond the borders, even if they are acting in partnership with native-born Egyptians.

Who are they?

So far, I have been unable to find out. Nevertheless, I say to those of you who have demanded a dialog that such a dialog might perhaps correct a mistake on my part or one on your part. Wasn't that the conclusion of the letter I received?

On Wednesday, the eve of the assassination attempt, I had asked in my article, the ink of which had not yet dried, "What should be done, since there are now in Egypt two active wellsprings of terrorism threatening this country's security and stability?"

It is difficult for many people, myself among them, to imagine that Egypt could become another Lebanon, as the latest sign that we must review our good intentions.

What happened in Lebanon?

They broke the chief writers of the country, one after another, until silence prevailed, the mind fell mute, and the country became riddled by foreign and domestic bullets.

What will prevent what happened in Lebanon from repeating itself in our well-guarded Egypt, unless we are more alert and more aware?

In his column in AL-AHRAM the day before yesterday, our chief, Abd-al-Rahman al-Sharqawi, said that all of us--journalists, intellectuals, and thinking men of whatever kind--must stand together in a united front, pointing our pens at terrorism and fashioning them into an impenetrable barrier. I suppose that we are all at the start of such a stand.

Al-Sharqaqi suggested an intellectual conference the slogan of which would be "Egypt's Right to a Secure Press." I imagine the union will spare no effort to lead everyone to this conference, entitled "Secure Pens In a Secure Country."

Al-Sharqawi suggested that we ask our political parties to consider this issue, and that we ask the government to get all the legitimate forces in Egypt involved in helping bury the phenomenon and its perils. The struggle against terrorism requires a broad, determined front, citizen awareness, partisan efforts, and a government plan for uprooting this phenomenon before it gets out of control.

If this were to happen, terrorism would shake with fear, and we could defeat it from within. But afterwards, somewhere in the country, there might be a young Egyptian led astray by incorrect ideas, who might allow the edifice to be torn down. Instead of being a force of accomplishment and growth, he would become a source of unquiet and insecurity.

Terrorism may be able to assassinate one writer, but it can't assassinate all of them. Every one of us is a drop of oil in the nation's lamp, ensuring that Egypt remain an Egypt of tolerance, culture, enlightenment, free speech, and the plow, hoe and trowel--not an Egypt whose security is now disturbed by the bullets of terrorists whom we have not yet fully identified.

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ECONOMIC PROGRESS IN DAMIETTA OUTLINED

Cairo AL-AKHBAR in Arabic 20 May 87 p 3

[Article by Sayyid al-Jabarti]

[Excerpts] Will the miracle performed by Japan be repeated in Damietta? Can that governorate become a national example of development to be replicated in other governorates, without the pitfalls and disasters of foreign consulting firms, or reams of carbon paper to transfer experience gained by others? What are the strong points and weaknesses of the Damietta model of development? Pay attention; for there in the Northern Delta governorate famed for its cheese, braided candy, furniture, and Rais al-Barr summer resort is an experience worthy of evaluation and diffusion.

How were millions of pounds removed from their caches and brought out into the open to contribute to production, public services and scientific research? How did inherited, professional family secrets become transformed into lessons in industrial apprenticeship to be taught in other governorates? How did the catch phrase: "Go to Damietta, not Kuwait" spread among workers in Cairo, Giza, al-Charbiyah and al-Sharqiyah governorates who flocked in their thousands to work and settle there? Has the traditional make up of Damietta remained static or has it changed to cope with mass production and export with the opening of Damietta's mammoth seaport? Have the "ego," the family, the community, and administrative machinery responded adequately to the golden opportunities and promising vistas of the future? Have the geographical, social, and economic features of the new Damietta governorate begun to make their appearance?

These questions continued to pose themselves all along the drive to Damietta. That was on my first visit before the new seaport was due to be opened.

The mammoth port was inaugurated and had begun operating at 60 percent capacity, and the questions became more pressing making a second visit necessary.

The port was no longer a Damietta dream, but had become a gigantic reality influencing the life of all Egyptians.

Construction work to widen roads within and leading into the governorate and increased traffic on land appeared in the distance as signs that the new seaport had begun to affect utilities and increase the flow of lifeblood into the arteries of the economy. These were indications that "central government agencies" were beginning to respond within reason to the need to develop the facilities and adjust them to the requirements of the huge seaport. However, comments by drivers and passengers tended to squelch any early enthusiasm and hasty conclusions.

"Development of access routes to the new port is slow; the performance level of companies implementing the work is low." The port's potential is being throttled by bottlenecks such as delays in completing Fariskur bridge.

People's interest does not match the importance of this tremendous urban event. With good reason. That interest is about on a par with the mild importance attached by our media to "High Dam II," which is what the people of Damietta call the new port.

Not everyone who comes to Damietta is bent on buying furniture, the basic industry that has converted Damietta into a vast factory with 15,000 workshops employing close to 50,000 workers, nor have they all come to relax in Ra's al-Barr summer resort. They have come to work in the vast factory, Damietta.

Thousands of workmen--according to Mahmud Abu-al-Sa'ud, Damietta Ports Department Director--are thronging in from al-Sharqiyah, Cairo, Giza, al-Gharbiyah and al-Daqahliyah seeking employment in their various fields of economic activity, attracted by productive labor, their motto being: "Go to Damietta not Kuwait."

There are 74,000 job opportunities that have already been, or are yet to be provided by the port in the future.

The professional family-held secrets of Damiettans are being converted to lessons in industrial apprenticeship to cover mass production and export needs. The children of Damietta's manufacturers are studying by day. Wages in the town are rising.

The migration to Damietta can be observed daily. Shortly before 6 o'clock in the evening thousands of boys, youth and men can be seen making their way through the packed streets to Damietta railway station, on their way home to their homes and villages stretching along the Damietta-Cairo railroad after a long, long day's work.

Experts put the present population of Damietta at 70,000, expected to increase to 400,000 in 20 years. Total population of the governorate is 1,250,000.

The change is already beginning to show. The inhabitants of Kafr al-Battikh, for example, have increased from 17,000 to 39,000. The economic and social

life of the village has changed in a way expected to recur in a planned--or more likely unplanned--fashion in many other villages.

When a Damiettans suddenly realizes that the whole world does not really consist totally of enemies he discovers a tremendous capacity for giving. This is embodied in an ingenious potential for self help. The people's list of honors is a long one: university establishments, facilities, laboratories, lecture halls, amphitheatres for the training colleges, and faculties of science and commerce; dormitories for Damietta's male and female students in Madinat Nasr, Port Said, Mansurah and Imbah.

To deal with inadequate sewage in the governorate (25 percent of Damietta town sewage is discharged into Lake Manzalah) popular organizations are actively constructing sewage purification stations and are also arranging to finance their operation and maintenance.

Nine kidney dialysis units as well as a laser scanning center and an intensive care unit have been set up and outfitted. Surplus medication is collected by friends of the sick association and redistributed to needy patients. Another association is promoting proper sanitary practices and district garbage disposal and although slow to start it is continuing with its efforts.

In the village of Mit al-Shuyukh, Fariskur District, a unique experience, one of a kind in Egypt, is taking place. One of the villagers has set up an Islamic complex comprising a mosque, community hall and headquarters for a community development center. There is nothing new about this, except...what is interesting is that the contributor, a university professor, has constructed premises for research workers who will be conducting comprehensive scientific research for the villagers and those of neighboring villages, and has earmarked an annuity for expenditure on such research and the implementation of its findings.

Two mosques at a cost of 3 million Egyptian pounds.

Gauging by the past: Damiettans do not like prying eyes in their homes, or in their pockets, even those of the commissioners of taxes.

At all public meetings, the basic issue is always taxation. "Private coffers" are kept, rather than dealing with banks and having disclosure of income. Nevertheless the Law of Change is making itself felt in Damietta's make up.

At a governorate development meeting studying the potential of "millionaires" to contribute to investments, a question was asked about the volume of deposits in the Development Bank. The reply was a shock to everyone. The amount came to 110,000,000 Egyptian pounds, the highest rate of savings in terms of population, in Egypt.

When the idea of "joint stock companies" to upgrade the household type economy to a more advanced institutional stage with more sophisticated

financial capacity and technological potential, some people held their breath. It was felt that Damiettans would not like others as partners. Joint stock companies would be open to "others." There would be accounting and taxation. Partners would have to be invited to working dinners rather than to a little nap.

However, faced with development the demands of mass production, golden export opportunities, and tremendous profits, came the surprise--which was to be expected--joint stock companies began to make their appearance with the spread of a newborn phenomenon.

Examples abound:

--Damietta National Maritime and Navigation Services.

--Damietta Tourism and Hotel Company active in the development of tourism and hotel construction.

--Damietta Woodworks Marketing Company and a modern shipbuilding firm both of which are in the process of being set up at the present time.

The changes affecting Damietta's inhabitants have begun to spread to Egyptians living abroad, attracting investments into Damietta.

According to Ayman al-Sunbaty from the governorate's Economic Department, a booklet distributed by the Ministry of Emigration to Egyptians living abroad aroused the interest of a millionaire engineer Dr Ibrahim al-Sisi, living in Italy, who wrote to express his desire to invest funds in a shrimp raising enterprise on 1000 feddans of Lake Manzalah. Governor of Damietta Dr Ahmad al-Juwayly accepted the offer referring the matter to the Investment Authority.

Even Damietta's geographical physical features have changed according to Dr al-Juwayly. A 4.5 km long, 5 meter deep and 30 meter broad navigation canal linking the new port and the Nile is now appearing on maps of Damietta. The canal is designed to facilitate river navigation and transport of goods to the other governorates directly since it will be usable by large freighters and fishing boats.

New Damietta is being constructed on an area of 3300 feddans on the north coast some 6 kilometers distant from the port, to house about 750,000 inhabitants.

Transition from the production of candy to a whole industrial zone for the manufacture of canned foods, furniture, footwear, Damietta cheese, readywear apparel and candy. Production will be geared to export. The Damietta navigation canal will help provide a fishery in front of each farmer's house.

The governorate's agricultural cropping pattern will change to meet port requirements and the whole of the governorate's agricultural map will be modified with acreage under vegetables and fruit being expanded to supply new immigrants and shipping in transit. Some of the villages will grow into small townships with farm workers moving to other occupations.

A Damietta "Palm Beach" will be created on the north coast nestled in the groves to provide sailing facilities and water sports.

In response to a plea by the inhabitants of Izbet al-Burj who owns 50 percent of the whole of the country's fishing fleet, the governorate has decided that the villagers will be able to establish a joint stock company to build modern fishing boats, instead of the wooden vessels now in use, and their own repair dock, with the help of local experience, the Suez Canal Authority and foreign expertise.

How did this silent revolution take place in the millionaires' governorate? Was it spontaneous or organized? What was the part played by professor of agronomy, Governor Dr Ahmad al-Juwayli, in changing the structural makeup of Damietta?

In a lengthy interview to explain the drastic change in the social, economic and physical map of Damietta, the governor said that in the first place there was the government, with its First Five-Year Plan being a primary factor. Then came a careful and scientific comprehension of Damietta society's special make up, with its more important features of family oriented economy, close family ties, religious fervor, ambitious individualism and veneration for hard work. The governor said that he tried to absorb and conserve these characteristics and deal with them by dint of persuasion. Then there was the special importance of scientific study and economic feasibility of projects, the value of democratic and group institutions, and the seminar system bringing together all interested parties to address all the various issues candidly, with democratic style dialogue ending in decisionmaking. The administration's role is to assist and support, leaving everything to the private sector, to those with practical experience onto which is grafted scientific research represented by Mansurah university and Damietta's own Faculty of Science. "That" he concluded, "was how we were able to ensure the success of our development and modernizing process.

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HUNGARIAN OFFICIAL SAYS RENEWAL OF RELATIONS NOT IMMINENT

Tel Aviv MA'ARIV in Hebrew 6 May 87 pp 1, 2

[Article by Avraham Tirosh: "Hungary Makes It Clear: Renewal of Relations With Israel Should Not Be Expected in the Near Future"]

[Text] The head of the Department for International Affairs in Hungary's Communist Party, Zodi Zoltan, said yesterday that renewal of diplomatic relations between Hungary and Israel should not be expected in the near future. On the other hand, cooperation between the two countries is developing in the areas of economics, culture, and sports.

The senior Hungarian official added that his country is interested in expanding commerce with Israel, especially in the area of methods of cultivation and irrigation in agriculture.

Zoltan announced this in a meeting with a MAPAM representative in the administration of the World Jewish Congress, Heini Borenstein. He said that within the Communist Party, there had been some opposition to a meeting of the leadership of the World Jewish Congress in Budapest, but that, finally, a majority had been in favor of the gathering. According to him, "Hungary has no problem with its Jewish minority. We have a liberal tradition, and the Jews here have no problem with their relationship to Israel."

On the subject of the Middle East, Zoltan said that Hungary sees an international conference, with both the Soviet Union and the PLO participating, as the right way to arrive at direct talks between the opposing sides. Zoltan pointed out that he had met the previous day with the director general of the Iraqi Communist Party. He got the impression from that conversation that there was a chance of a shift in the PLO position.

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IMPORT STATISTICS PRESENTED

Tel Aviv HA'ARETZ in Hebrew 6 May 87 pp 1, 2

[Article by Tzvi Zerahia: "A Drop in Imports of Durable Goods and an Increase in the Numbers Going Abroad"]

[Text] A substantial drop in imports of durable goods was recorded last month as compared to March 1987. The amount of the drop is as follows: refrigerators 40 percent, videocassette recorders 32 percent, color televisions 27 percent, and washing machines 12 percent. An increase of 2 percent was also noted in auto imports. Another unusual increase of 3 percent was recorded for dishwasher imports.

Refrigerator imports in April came to 1,073, compared to 1,790 in March 1987. Imports of videocassette recorders last month amounted to 2,800 compared to 4,107 in March 1987, color televisions 6,026 compared to 8,234 in March, washing machines 5,991 last month compared to 6,821 the previous month.

Automobile imports came to 5,908 in April and 5,782 in March. Last month 3,827 dishwashers were imported, compared to 3,730 in March 1987.

The assistant in charge of government revenues, Yoram Gabai, explained yesterday that the drop in imported durable goods apparently stems from the vacation of the customs department on Passover, which brought about a reduction in the number of work days and in the release of packages from customs. He pointed out that it would be difficult to say with any certainty that the drop in imports of durable goods stemmed from a change in goals. Along with this, the small increase in imports of private autos came after an extended period of ambiguity in relation to prices of automobiles.

An increase in State Revenues

From Treasury Department data, it appears that state revenues increased last month by 1.3 percent compared to the same month last year, and totaled 1.487 billion shekels. Revenues of the division of income tax and inheritance tax totaled 775 million shekels, which represents the real increase for the department for the month of March. By last month, the effect of income tax reform for individuals and businesses on state revenues from taxes was not yet in evidence. Also, state revenues were less because of the elimination of the employers' tax and the vehicle tax.

State revenues from Value-Added Tax totaled 341 million shekels last month representing a real drop of 7 percent compared to the same month last year. Gabai pointed out that the relatively moderate level of revenues from VAT taxes stems from the change from monthly reporting to bimonthly reporting of VAT for small businesses.

State revenues from other indirect taxes were lower compared to the same months last year and compared to recent months. Revenues from local sales tax dropped 6.7 percent compared to the same month last year, apparently because of a moderate decrease in demand for local durable goods.

State revenues were also low from the tax on the sale of foreign currency and the tax on foreign currency pensions due to the relatively low use of foreign currency for travel abroad and due to the cancellation of the tax on airline tickets and the lowering of taxes on imported ground services.

State revenues from deposits dropped by 19 percent last month, mainly due to a 3 percent decline in the rate of deposits since the beginning of April 1987.

An Increase in the Numbers of People Going Abroad

An increase of 19 percent in the number of Israelis who went abroad was recorded from January-March 1987. In the first quarter of 1987, 114,200 residents went abroad, as compared to 96,300 during the same period last year.

According to data from the Central Office of Statistics, since October 1986 there has been an increase in the number of residents going abroad, after a period of stability in the number going abroad from May to September 1986.

From January to March of this year, 103,200 left the country by air. This represents an increase of 12 percent compared to the same period last year. By land, 9,400 went to Egypt (including tours of the Sinai), as compared to 2,300 in the first quarter of 1986.

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MEXICO TO INCREASE PHOSPHATE PURCHASES

Tel Aviv HA'ARETZ in Hebrew 12 May 87 p 5

[Article by Aryeh Lavi: "Mexico Will Increase Its Purchases from Israel After Israel Has Spent Billions of Dollars on Mexican Oil"]

[Text] Mexico will buy approximately 100,000 tons of phosphates from Israel this year, and will try to increase its purchases of Israeli products in the areas of energy, agricultural industry, and advanced technology. This was agreed upon at the end of the first work meeting yesterday between Minister of Energy and Infrastructure Moshe Shahal and Mexican Energy Minister Alfredo Del Mazo.

It should be noted that Mexico supplies Israel with about a third of its oil needs. In the past 12 years, Israel has spent about \$5 billion on Mexican oil, while Mexico's purchases from Israel have been very meager.

Improving the Quality of Oil

The Mexican energy minister granted Minister Shahal's request to send a delegation of oil experts from Mexico to Israel to investigate ways to improve the quality of the oil coming to Israel from Mexico. Minister Shahal said that this would significantly affect the quality of the air in the Haifa port area.

The two energy ministers agreed that a joint staff of Israeli and Mexican personnel would start this week to work substantively toward expanding trade between the two countries. This would include producing tugboats for the Mexican oil company in Israeli shipyards. This transaction would come to about \$150 million.

In the course of his visit, the Mexican energy minister will meet with the president, the prime minister, the acting prime minister, and the foreign minister. He will also visit industrial plants and research institutes.

The Mexican energy minister told Minister Shahal that he estimates that the worldwide price of oil will remain stable and that he does not foresee any far-reaching changes in the current prices. Both ministers estimate that the price of oil will remain stable until the end of the year at \$18-20 per barrel.

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SECOND TV NETWORK OPERATING

Tel Aviv HA'ARETZ in Hebrew 3 May 87 p 3

[Article by Lily Galili: "Harish Decides that Channel 2 Will Now Operate as a Second Television Network"]

[Text] Channel 2 will temporarily become the second television network and will operate under the supervision of the legal broadcasting authority until it is legally approved in the Knesset. This decision was made in a meeting on Friday in the office of Yosef Harish, legal advisor to the government. Also participating were representatives of the broadcasting authority, the Ministry of Communications, and the law office.

With Harish wielding the decisive power, the two sides came to an agreement about the future composition of the trial broadcasts. They decided that the programs would continue in cooperation with Channel 2, government television, and educational television "with the purpose of broadening, enriching, and diversifying them." Temporary subordination to the law of the broadcasting authority is necessary in order to lend a legal framework to Channel 2 until the law is approved by the Knesset.

Threats to Petition the High Court of Justice and the Police

The consultation with Harish was proposed after broadcasting sources threatened to petition the High Court and to turn to the police when they discovered that Channel 2 intended to expand its programming and set up a special studio for Independence Day. In fact, the agreement states that the planning of the Channel 2 program schedule will be determined in coordination with the television director, Haim Yavin, and that the television will even provide programs for Channel 2 from its own inventory.

In the spirit of Harish's decision, Channel 2 was forced to cancel all the broadcast planning, which included films from the Israeli film service and private companies. With institutionalized planning, a schedule of weekly programs will be advertised in advance. With this system, which is likely to operate for quite a while, Channel 2 will not broadcast news programs or advertisements.

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BRIEFS

POLLS INDICATE DECLINING SATISFACTION--The popularity of Prime Minister Yitzhak Shamir and Defense Minister Yitzhak Rabin has dropped substantially. The popularity of Foreign Minister Shimon Peres has made a slight comeback, and the popularity of Treasury Minister Moshe Nissim continues to rise. These are the findings of a nationwide survey carried out in the third week of April by Pori Institute at the request of HA'ARETZ. Only 26.1 percent are now satisfied with Yitzhak Shamir as prime minister. This is the lowest rate of satisfaction in all the years since Shamir has been prime minister or foreign minister. During his first two years of service as foreign minister (1981-1982), 50 percent were satisfied with Shamir. From 1983-1986, 40 percent were satisfied with him. During the week of the study, after Defense Minister Yitzhak Rabin's announcements about settlements, his popularity dropped to 52.6 percent. This is also the lowest percent satisfied with Rabin in all the years of his tenure as defense minister. In 1984-1985 his popularity stood at about 60 percent, and in 1986 reached as high as 70 percent or more. The percentage satisfied with Shimon Peres as foreign minister is now 51.5 percent as compared to a low of 47.7 percent in March (HA'ARETZ 24 March 1987). The percent satisfied with Moshe Nissim as treasury minister rose 6.5 percent from 33.8 percent in March to 40.3 percent now. The survey included a random sample of 1200 men and women who were interviewed all over the country. [Text] [Tel Aviv HA'ARETZ in Hebrew 6 May 87 p 1] 9348/12851

COOPERATION AGREEMENT WITH CATALONIA--An agricultural cooperation agreement was signed this week in the office of the minister of agriculture in Tel Aviv by Agriculture Minister Arik Nehemqin and the agriculture minister of Catalonia, Spain, Jose Miro Ardabol. The Catalonian minister is in Israel now with a high-level business delegation from Spain. It was determined in the agreement that Israel and Catalonia would cooperate on agricultural research topics, and also in the development of arid regions by means of modern irrigation techniques. The minister of agriculture and his Catalonian counterpart agreed that Israel would help Catalonia develop a big irrigation project for local olive groves. As a sign of good will, Catalonia has already given Israel approximately 500,000 small fish for breeding, within the framework of cooperation in the fishing division. These fish were given to Israel at no charge. [Text] [Tel Aviv HA'ARETZ in Hebrew 12 May 87 p 5] 9348/12851

CSO: 4423/32

BRIEFS

SOLIDARITY WITH EGYPT APPLAUDED--"Egypt and Saudi Arabia have undertaken a tangible, positive role regarding the issues which pertain to Arab unity, the most important of which is the liberation of the Palestinian people, and support for the independence of Arab countries and Islamic peoples." These remarks by President Husni Mubarak were delivered on his behalf by Minister of Education and Higher Education Dr Fathi Surur at the opening of a seminar on Egyptian-Saudi relations which was organized in Egypt by al-Zaqaziq University. President Mubarak emphasized that relations between Egypt and Saudi Arabia have been marked by strong cooperation in the cultural, social, economic and political fields, underscoring the strength and firmness of relations between the two countries. The president stated that King 'Abd-al-'Aziz was stirring to strengthen relations with Egypt, and has advised the people of his state to receive Egyptians well. President Mubarak welcomed the Saudi religious scholars participating in the seminar, on behalf of their second country, Egypt. He reiterated his belief that this seminar is an affirmation of the mutual understanding, brotherhood and true, correct friendship between the Egyptian and Saudi people, whose firm ties have continued thanks to the Arab and Islamic civilization which adorns both countries and which expresses the strength of their cultural character. [Text] [Paris AL-MUSTAQBAL in Arabic 25 Apr 87 p 14]. 13286/12859

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'ALI SALIM AL-BID INTERVIEWED ON RECONCILIATION

London AL-MAJALLAH in Arabic 22-28 Apr 87 pp 16, 17

[Interview with 'Ali Salim al-Bid, general secretary of the Socialist Party in Aden, by Fadiyah al-Zu'bi: "Targeted Broadcasts and the Issuance of Opposition Newspapers are not in the Interest of Successful Reconciliation Efforts"; date and place not given]

[Text] The general Secretary of the ruling Socialist Party in Aden, 'Ali Salim al-Bid, affirmed that the way to restore the nation's unity peacefully lies in restoring life to the unity committees, resuming the efforts of the Supreme Yemeni Council, and pursuing a sincere national dialogue. He stated that targeted broadcasts and the issuance of opposition newspapers do not serve Yemeni conciliation efforts. He added that his country welcomes the return of all fugitives with the exception of 48 persons belonging to 'Ali Nasir Muhammad's faction. He proceeded to say that the general amnesty decree was extended until next June in order to give the greatest number of those who fled the country the opportunity to return. He emphasized that all guarantees are available for them to return and to resume their previous jobs.

The general secretary of the ruling party in Aden spoke of the economic difficulties which face the country and the efforts exerted to invest the money of Yemeni workers abroad. The text of the interview is as follows:

[Question] How can the general situation in the republic stabilize following the events of 13 January? Is there a possibility of additional clashes as some observers believe? And what lessons have you derived from those events?

[Answer] The extent of destruction caused by the bloody conspiracy of 13 January in the country was very great. Based on the extent of destruction and the widespread killing operations by the perpetrators of this conspiracy, one can see what they wanted to achieve in terms of the final liquidation of this experiment and its achievements and symbols. Yet, since the failure of the coup conspiracy, we have focused our attention on allowing party organizations, popular organizations and governmental and public institutions to resume their functions. A great effort has been exerted to control the fallout of this crime and to spread law and order. The awareness of our people and their rallying around the national salvation policy followed by the party, have played a decisive role in the stabilization of the general situation in the republic. We believe that our party and our people will not allow the recurrence of such

a crime. We deeply believe that democracy, a close relationship with the masses, the representation of their interests, and involving them in governing, are the essence of true security which would prevent the recurrence of what happened on 13 January. We have learned from this bitter experience, that individualism, exclusive power, departure from collective opinion, the lack of adherence to the party's ideological line, mores and internal regulations, and the lack of a resolute obligation to the constitution and valid statutes and laws, are the gateway to deviation and conspiracy.

[Question] How have you dealt with the two governorates of Shabwah and Abyan which are considered to be among the governorates most supportive of 'Ali Nasir Muhammad?

[Answer] Shawbah and Abyan are two of the republic's six governorates which receive the same attention and care that the rest of the governorates receive. Projects designated for them prior to the events [of 13 January] are being implemented. Our citizens in these two governorates have a high, nationalistic spirit, and you are incorrect in believing that 'Ali Nasir Muhammad has many supporters in these two governorates. The future will prove that 'Ali Nasir Muhammad's supporters are only those 47 people sought in connection with their participation in the planning and implementation of his action. They then turned their backs, along with him, on others whom they deceived.

Unification of the Two Yemens

[Question] How can the views of the two peoples be brought closer despite their conflicting orientations?

[Answer] Throughout our long unity march with our brothers in the northern part of the country, we have reached a number of agreements, and have realized a number of unity achievements. We believe that one of the most significant achievements is the Yemeni Supreme Council, and we believe that the way to restore the Yemeni nation's unity by peaceful and democratic is to revive the unity committees, to reactivate the Yemeni Supreme Council, and to pursue a sincere national dialogue. We believe that all problems, difficulties and complicated issues are open to solutions through dialogue and the continuation of the unity efforts which ceased prior to the bloody events of 13 January.

[Question] The greatest number of 'Ali Nasir Muhammad's supporters who are outside the PDRY constitute a critical problem for the regime. How can this problem be solved? Does the general amnesty law apply to these citizens? What guarantees have been given to them? Have some of them returned to the PDRY?

[Answer] We do not believe that all those who left Yemen following the events of 13 January are supporters of 'Ali Nasir Muhammad. We consider the majority of them as having been deceived. There is also a considerable number of them who left the country for special reasons. The very small minority comprises supporters of 'Ali Nasir Muhammad. We issued a general amnesty decree, and extended it till the end of next July. This decree pertains to all those who left the republic after the events [of 13 January] with the exception of 48 persons, including 'Ali Nasir Muhammad. They are required to stand trial.

Everyone covered by the general amnesty, who returns, will be guaranteed the right to work at his previous grade and salary. Those few who lost their homes, will have their houses returned to them or will be compensated with equivalent houses. A considerable number of those who left the republic after the bloody events of 13 January have returned. They have returned to their country, homes, families and friends. Some of them have obtained high-level positions, and others have obtained their previous jobs or have returned to their regions as they wished. We are certain that the overwhelming majority of those outside the republic's borders wish to return. But they are encountering numerous difficulties in making their choice and expressing it. All of us are aware that 'Ali Nasir Muhammad and his faction are the ones who benefit if the innocent ones remain in the camps outside the republic. We will, however, exert every political effort along with our brothers who view with us the human situation of those brothers among our citizens, and we will do everything to assist their return to their country, families and jobs.

Detainees and Legal Proceedings

[Question] The number of detainees following the events of 13 January is very high. What is the fate of these detainees? What is the status of their families and the families of the martyrs and casualties?

[Answer] The number of detainees during that period approached 5,000. Most of them have been released. Their number is now certainly less than 200 detainees. One group will stand trial, another is in prison, and some are being detained until the situation calms down sufficiently for their release. We would be pleased if we did not have a single prisoner. As for their families and the families of the martyrs and casualties, and despite the actions of 'Ali Nasir Muhammad and his faction and their departure from the country, we have been assessing the effects of what they left behind. Based on our sense of responsibility for them we have been working relentlessly and sincerely toward taking care of the families who have lost their providers. In addition, we will continue to measure the psychological effects which the events [of 13 January] had on the average youth of the coming generation. This matter requires continuous effort in educational and political spheres.

[Question] What is the status of Kuwaiti mediation between you and the northern part of Yemen regarding the return of those who fled?

[Answer] We very much appreciate the efforts of our Kuwaiti brothers and we thank them for their genuine efforts. We cannot, however, speak on their behalf concerning how far their praiseworthy efforts have reached. As far as we are concerned, we have provided every guarantee for the return of our deceived brothers located outside the republic. As we previously made clear, we expect our brothers from the northern part of the country to help us in facilitating this task.

[Question] How are you dealing with the infiltration operations mounted by supporters of 'Ali Nasir Muhammad? What is the number of infiltrators?

[Answer] All infiltration operations are under control. They are very few in number. The last one involved sending a booby-trapped car. We say to those

infiltrators who sent it or to whomever facilitated their infiltration and sent the booby-trapped cars: This is a double-edged sword which can turn against the person carrying it in moments of failure and despair in the face of the vigilance of our security forces, army and people toward whomever sent it or facilitated the operation. We call on the Yemeni people to avoid excessive bloodshed. But we will unmercifully punish anyone who lets himself be seduced into inflicting pain upon our country, government and people.

[Question] What is the meaning of your recent visit to the Soviet Union? What came out of this meeting? Have they changed their attitude toward you considering that at the outset of the January events they were not enthusiastic about your faction?

[Answer] Our recent visit to the Soviet Union was very successful, representing a qualitative transformation in bilateral relations, which have reached unprecedented peaks. The two sides are carefully assessing the results of the visit. Regarding the change in the Soviet Union's position relative to the beginning of events in January, we state with confidence that the Soviet Union has never changed its position regarding our regime. The Soviet Union is a friend who stands by our side amid adversity and hardships, and who provides support and assistance with no ulterior motives.

[Question] The events of January cost much in terms of destruction; psychological and material restoration will require much effort and money. Do you have agreements to obtain financial assistance to rebuild what was destroyed? Which countries have promised assistance?

[Answer] On the material side we have rebuilt Aden, which was subjected to material damage. We now believe that it is more beautiful than it previously was. We are also striving with great effort to restore our economy, and correct its course so as to make it productive. In order to achieve this, we have undertaken numerous austerity measures. At the same time, we have taken into consideration the importance of loans and assistance as contributors to the building process. In this connection, friends and neighbors have given us praiseworthy assistance. We are of the opinion, however, that the psychological effects of the tragic events of 13 January require greater effort. In this regard, we are mounting our best efforts to strengthen national unity and educate our youth in brotherhood, and love and loyalty to the Yemeni nation.

[Question] Are there limitations on Yemeni remittances from the southern half. What is the volume of your remittances? Have you developed investment opportunities for these remittances in the southern half?

[Answer] There is a benefit to be realized from the influx of immigrants' remittances to the domestic scene, where they contribute foreign currency to the financing of our development programs. Consequently, it is illogical to impose any restrictions on this type of remittance. Among the facilities that we provided to immigrants is permission to open non-resident accounts so that they can transfer these accounts abroad at any time they so desire. With regard to investment opportunities, we have sought to encourage immigrants to invest their money domestically, and to take advantage of the facilities and

benefits achieved by the Investment Encouragement Law. Immigrants are presently undertaking industrial and private housing projects.

Palestinian Reconciliation

[Question] Recently, you have been active in the restoration of unity to Palestinian ranks. Do you believe this unity will yield the necessary results?

[Answer] It is necessary and possible, now more so than ever. Our Palestinian brothers have no option before them except unity. The only alternative is unity. We are completely confident that the next several days will bear this out. We believe that the Palestine National Council in Algeria will represent a positive impetus toward establishing unity among the Palestinian factions which would be based on their anti-imperialist and anti-Zionist national programs. This would be for the sake of restoring all the legitimate rights of the fraternal Palestinian, Arab people including the right to return to their land, to determine their destiny, and to build their independent state.

[Question] How do you view the siege of the Palestinian camps in Beirut. How can it be alleviated?

[Answer] We have continuously called for the immediate end of the siege against the camps. We requested that food and medical supplies be permitted to get through to our besieged brothers. The camps war, in the final analysis, only serves our common enemies, the enemies of the Lebanese and Palestinian people, Zionism and American imperialism. We are hoping for a relaxation in the near future, and are predicting that the higher strategic and national interests of Arab security will prevail over everything else.

[Question] It is being reiterated that the demand to end the Gulf war is no longer a serious one. How do you view this war? How can it be ended?

[Answer] We consider this war destructive to both warring sides. It is exhausting the efforts and capabilities of the Muslim people of Iraq and Iran. The greatest beneficiaries of the war are Israel and American imperialism. Our country is pursuing--with all the energy and capabilities available to it, along with all of the sides in the Arab and international arena--an end to this war, and the negotiation of the warring sides in order to solve all undecided issues, in a manner respectful of each country's sovereignty and independence. We hope to continue efforts in this regard, but we believe that those truly capable of ending the war are the two warring sides themselves.

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GENERAL SECRETARY NAJIB ON NATIONAL RECONCILIATION

Moscow NEW TIMES in English No 21, Jun 87 pp 18-19

[Interview with General Secretary Najib by members of the PDDA]

[Text]

Is the policy of national reconciliation a strategy or a tactic?

National reconciliation is the strategic objective necessary for the entire nation and for the party as its political vanguard. Today this objective is still remote, but we have set our sights on it, and outlined the general line of advance in this direction; in this sense national reconciliation policy is a strategy.

The attainment of the lofty objective calls for the use of varied mutually complementary and interchangeable forms, methods and techniques of work. Putting an end to hostilities, the forming of extraordinary commissions at all levels all the way up to the top, conducting negotiations with the other side, working together in these commissions, resettling the returnees, the fair distribution of free aid, restoring and repairing war-ravaged mosques, roads, bridges, hospitals, schools—all these are tactical means towards this general objective. But in any case the most important immediate task now is to redouble our efforts—in fact, to intensify them three- and even tenfold in order to end combat action everywhere, reach agreements with the other side, and heal the numerous bleeding wounds inflicted by the eight-year fratricidal war. This is the No. 1 task for us today. We must deal with these problems more efficiently today than we did yesterday.

Is national reconciliation linked to the PDDA's practical programme?

Yes, there is an immediate connection between them. The PDDA's practical programme is a programme of action

adopted at its first national conference in 1982. The programme makes it perfectly clear that the party's policy aims at the unity of the national patriotic forces comprising representatives of all ethnic and social groups, strata and organizations including workers, peasants, artisans, traders, entrepreneurs, mullahs and ulamas, elders and local authorities, tribal chiefs, judges, teachers, doctors and engineers. In a word, all those who constitute modern Afghan society, with the exception of its imperialist and reactionaries. Our compatriots who have found themselves abroad for a variety of reasons are being called upon to come back. They are guaranteed that they will not be persecuted for their past activities.

Isn't national reconciliation a sign of weakness in the party and the government?

It is not. The weak relinquish power, relieve themselves of responsibility for the fate of their people and their homeland, flee abroad and start what they call "fighting for the liberation of their country" there. We don't want to threaten anyone, but, make no mistake about it, our government has more and better equipped troops than any other Afghan government has had before it. And besides, no previous Afghan government has had such loyal, powerful and disinterestedly helpful friends as we do. This is not a matter of weakness or strength, but a matter of observing the laws governing the national democratic stage of the revolution. If we proceeded from this factor, alone, we might deal ever stronger blows to the enemy and carry the war to a victorious conclusion. But the point is that

the war in question is being fought in Afghanistan, not somewhere outside it. If continued, the war will bring death and suffering to millions of people. The demise of our young people may deprive the nation of the future. This cannot be the aim of our revolution, the party or the government.

This is why we have formulated the concept of national reconciliation and are persistently putting it into practice. It has been initiated by the PDPA Central Committee, Politbureau and Secretariat, rather than by any individual. The party grew aware, and became convinced, of the fact that armed struggle is not the way to achieve an early political settlement in Afghanistan, or of the Afghan issue in general.

How will the national government be established or formed?

A coalition—or, simply speaking, joint—government already exists. It is functioning and being consolidated at village-district-regional level, gradually working up to the provincial level, and will certainly reach the national level. More than four thousand representatives of the other side have joined extraordinary local reconciliation commissions. This is a distinguishing feature of the situation in the sphere of coalition rule which begins at grass roots in Afghanistan. It would take less effort and time, of course, to start right at the top, in the centre, and to proceed to lower levels. But the question does not rest entirely with us here. The implacable and fanatical quarters on the other side refuse to negotiate a coalition government, the "top to bottom" coalition I have mentioned. We have left the door open for negotiations. We have honestly gone our part of the way towards a coalition. But we are not going to stand waiting at this open door. We shall make every effort to expand and strengthen the coalition bodies, and elevate them to higher levels, in the sphere both of government and of extraordinary commissions, the national front and public organizations.

What posts will the other side get? Could you specify the persons you are going to share power with? How many, and what posts will you keep for yourselves?

We invite all those concerned to reach an agreement on the basis of reconciliation, and today we are saying once again that we are prepared to discuss with representatives from opposition groups concrete suggestions as to the composition of a coalition

government. These discussions could be held in Kabul or in a neutral country.

I should like to stress the fact that our present government has four ministers of former regimes and 35 non-party men in it. A few of the former leaders of armed opposition groups now hold administrative posts at provincial, regional and district government levels. This is an example of the national reconciliation policy in action.

How can we be reconciled with feudal lords, deputies and senators from royal times? How can we be reconciled with those who have killed?

My answer is that we are not going to make peace with all the former feudal lords, deputies and senators but only with those of them who recognize the new order and come home not to try and restore the old regime, but to work for national reconciliation, for the good of the people and the country. We shall talk to them from positions of friendship. If they cooperate, we shall give them a chance to work, and live among us. If they show their teeth, it will be a bad lookout for them.

If counterrevolutionary groups respond to the bid for national reconciliation and return home, will they be forgiven by the relatives and families of those they have murdered?

We understand the relatives' feelings, and we ask them to forgive their former enemies like good Moslems, so as not to aggravate the people's and their own grief and cause our compatriots to sustain further losses.

What shall we do if, within six months of the cease-fire, our political opponents prove not to be prepared for peace and the imperialists start giving them still more aid?

As our people say, friendship is something you cannot cut with a sword. We value friendship and call upon all our opponents to do so, as well. Those who don't will be treated accordingly. We shall defend our country and our revolution.

Article 13 of the PDPA Rules calls for an irreconcilable attitude towards enemies. Doesn't this article make national reconciliation impossible? Will it be altered? Will any amendments be made in the Party Programme or Rules after the formation of a government of national unity?

One must indeed be intolerant of convinced out-and-out enemies of our party and our revolution, which is being carried out in the name of the people. Therefore, Article 13 of the

PDPA Rules needn't be changed. As we see it, there is no contradiction between this article and the policy of national reconciliation. By national reconciliation we mean a compromise with those who do not oppose the PDPA. In other words, we are after reconciliation with those forces that, while disagreeing with the PDPA's position in the past, are prepared to build a new progressive democratic Afghanistan in a united front with the PDPA.

Only time will tell when the government of national unity also referred to as a coalition government—is formed. I'm putting it this way because its formation does not depend entirely on us. It is likewise hard to tell what its composition and programme will be. I repeat, this does not depend only on us.

While accepting a common programme or platform of the coalition government which may differ somewhat from our party's programme, we shall retain our own identity and our programme. Let history pass its verdict on which programme best suits the true interests of our homeland and our people.

We are told to promote criticism. But when we do come up with criticism, we are told we are opposing the decisions of the Central Committee's plenary meetings.

Criticisms differ. If a criticism is constructive, if it is aimed at improving things, then it must certainly be taken into account. At the same time, criticism should never be offensive.

No person or organization should be above criticism. Recent meetings, held to uniform agendas, have confirmed that party members are boldly criticizing whatever shortcomings there are, without respect of persons.

Certain party and state bodies are wanting in order, discipline and unity. What measures are being taken to enforce them?

Order, discipline and unity can be strengthened not by a special campaign but by constant and systematic effort. Take the unity of the party, for instance. This is an important factor characterizing the state of the party; the problems connected with achieving party unity cannot be solved once and for all. At the same time, this factor is anything but abstract. Today the party members' attitude to the policy of restructuring our political work, to the policy of national reconciliation is the basic criterion of party unity. Each

party organization and each party committee must work for unity of action in the process of restructuring and reconciliation.

The same applies to discipline and order. At the present extraordinary juncture we must be more exacting in all sectors of the party setup and state machinery and take stronger measures against those guilty of violating discipline and order, whoever they are and whatever posts they hold. This is also recorded in the Party Rules.

Certain members of the party indulge in debauchery and drinking, take bribes and engage in red tape. Why aren't strong measures taken against them? Party and government functionaries make free with office cars, and some party members do not work as revolutionaries. This is being done about this!

These are few examples, on the whole. As I read them I thought: here is a case of the party being judged by the behaviour of just one person. Therefore, I'd like to make it clear that mistakes, even serious ones, committed by one person cannot be identified with the entire party or society, although the party bears responsibility for the integrity and honesty of each of its members. On the whole, our party is in good health, and an overwhelming majority of party members abide strictly and unflinchingly by its Rules. The abuses you've mentioned are due to inadequate work on the part of party organizations, insufficient criticism and self-criticism, a lack of control from the top and from below, and from the fact that there is still not enough openness. The latest plenary meetings of the Central Committee, the Politbureau and the PDPA Central Committee Secretariat have adopted decisions on personnel questions aimed at eradicating these disgraceful phenomena. We shall call to account those who abuse their authority and the party's trust in them and who damage the PDPA by their behaviour. Local party organizations should also step up their activity.

Why, with the present situation as tense as it is, is the Revolutionary Council headed by an acting president? This gives the West reason to assert that ex-King Zahir Shah will be appointed president of the Revolutionary Council.

What can I say to that? A new constitution is in the making. A new president of the Revolutionary Council or some other supreme authority of the country will be elected in accordance with the new constitution. Let us not try to guess at whom the people will prefer and elect.

How will the state deal with the nationalities' question?

Let me tell you straight away that this is a very delicate question. It will be dealt with in due course, as our economy and social sphere develop. This question is being resolved in principle: all the ethnic groups and tribes of the D.R.A. are equal, certain problems of ethnic relations should be resolved on the spot in the spirit of the basic principles of the D.R.A. and the PDPA's programme of action and, after this programme is adopted, in the spirit of the new D.R.A. constitution. Aid to individual tribes and ethnic groups is given through the D.R.A. Ministry of Tribe and Nationalities Affairs. However, the PDPA Central Committee and the government seek to increase this aid and, most importantly, to make sure that it reaches all those who need it.

/13046

CSO: 4600/256

PAPER GIVES TEXT OF GANDHI 28 MAY WARNING TO SRI LANKA

Madras THE HINDU in English 29 May 87 p 1

[Text]

NEW DELHI, May 28.

The Prime Minister, Mr. Rajiv Gandhi, today administered a stiff warning to Sri Lanka against continuing the massacre of unarmed civilians in Jaffna. "The time to desist from a military occupation of Jaffna is now. Later may be too late," he said in a statement notable for the sternness of its tone and content.

The statement impliedly indicated that the phase of New Delhi's good office and bilateral dealings for a settlement of the ethnic issue was over. Mr. Gandhi appealed to the international community to impress upon Colombo the imperative need for restraint. He considered it necessary because of "the grave violation of every tenet of human rights," by the Sri Lankan Government in launching the present offensive in the Jaffna peninsula. The calculated cold-blooded slaughter of thousands of Sri Lankan citizens by their own Government, he said, could not promote a solution.

This was the second strongly-worded statement by India and contained several significant pointers. In sharp contrast to its earlier stress on a solution within the framework of a united Sri Lanka, today's statement said that by mercilessly bombing a defenceless people and spreading misery on the basis of only ethnic difference, "Sri Lanka is itself putting its unity and integrity in jeopardy."

Perfidy

It signified New Delhi's disenchantment with the conduct of the Sri Lankan Government in its dealings with India on the ethnic issue. The fact that the Sri Lankan Government was preparing for military operations while professing to be keen on India's good offices obviously shocked Mr. Gandhi. This was evident from his observation that "while India was patient and painstakingly working towards a political solution, it is apparent now that the Sri Lankan Government was buying time for pursuing the military option." This is how Mr. Gandhi saw the present offensive.

Yesterday the External Affairs Minister, Mr. N. D. Tiwari had condemned the massive as-

sault in Jaffna, seeing in it evidence of the increasing influence of external elements.

MGR's air-dash

Two significant developments preceded the Prime Minister's statement—a hurried dash here by the Tamil Nadu Chief Minister, Mr. M. G. Ramachandran, to plead for a firm action in dealing with the new challenge posed by the Jayewardene Government and, Mr. Gandhi's prolonged discussions since yesterday with senior officials from different governmental agencies, including the intelligence set-up. The militants, it was clear, would not take the attacks lying down and would put up effective resistance.

Mr. Ramachandran got a patient and sympathetic response from the Prime Minister. Among other things the Chief Minister wanted the international community to be approached for an end to the present offensive in Jaffna. Mr. Gandhi mentioned this point in his statement, while promising to consider the various ideas that had been mooted during the discussions. Mr. Gandhi left little doubt about Delhi's sympathies for the prevailing sentiments in Tamil Nadu.

Among other things, it had been suggested to the Centre that the situation in Sri Lanka warranted a plan of action that would make a strong practical impact on the ground. Another suggestion envisaged a naval blockade of Sri Lanka as a show of solidarity to the people of Jaffna. The Congress (D) MPs from Tamil Nadu wanted India to sever diplomatic and economic relations with Sri Lanka. That New Delhi would keep in mind these ideas while reviewing the developing situation in the next few days was not considered unlikely. Also, it was reasonable to assume that various contingency plans would be finalised even as New Delhi was seized of the problem.

In fact, the process of examining the various options available to the Government was already on. On the basis of reports from various agencies the Government had no difficulty in concluding that the situation in Jaffna peninsula had changed qualitatively in that the latest

operations were directed against the entire civilian population and not just against the militants. The Government had also to reckon with the blunt rejection by Mr. Jayewardene of Mr. Gandhi's plea for restraint. The Government viewed with concern that the airport from which helicopters, operating in Jaffna, took-off was manned by Israelis.

Text of PM's statement

The following is the text of the Prime Minister's statement:

"Violence has already claimed thousands of lives in Sri Lanka. The military option is adding to the carnage. Hundreds have died in the last few days. The death toll will quickly rise, as thousands of defenceless civilians in Jaffna are strafed from the air and repeatedly and systematically subjected to carpet-bombing.

"The Sri Lankan authorities know this and acknowledge it. Yet they justify this massacre of unarmed noncombatant civilians on this scale.

"The horrific loss of innocent life of this magnitude is totally disproportionate to the avowed aim of exterminating the Tamil militant groups. The calculated slaughter of thousands of Sri Lankan citizens by their own Government cannot promote a solution. It is a gross violation of every tenet of human rights. The international community must impress upon the Sri Lankan authorities the imperative need for restraint.

"While India was patiently and painstakingly working towards a political solution, it is apparent now that the Sri Lankan Government was buying time for pursuing the military option. The present offensive is part of this plan. India has done everything to find solutions compatible with the unity of Sri Lanka. But by mercilessly bombing a defenceless people and spreading misery, on the basis of only ethnic difference, Sri Lanka is itself putting its unity and integrity in jeopardy. From the rubble and the ashes, there can only arise the total alienation of an entire people, a more determined militancy, more extreme options.

"The time to desist from a military occupation of Jaffna is now. Later may be too late."

/9274

CSO: 4600/1770

PAPER GIVES DETAILS OF SINO-INDIAN TRADE PROTOCOL

Madras THE HINDU in English 28 May 87 p 9

[Text]

BEIJING, May 27.

India and China today signed their second protocol envisaging a total trade volume of between \$150 millions and \$200 millions (Rs. 190 to Rs. 250 crores) between January 1987 and March 1988.

The protocol signed here by the Commerce Secretary, Mr. Prem Kumar, and the Chinese Vice-Minister for Foreign Economic Relations and Trade, Mr. Lu Xue-Jian, calls for a significant 35 per cent increase over the \$100-160 million target for 1986.

Expressing satisfaction at the outcome of three days of negotiations, Mr. Prem Kumar said there was appreciation at all levels that development of bilateral trade and economic relations was important for the region as well as in the context of cooperation between the developing countries.

Among the commodities which India proposes to export under the protocol are iron ore, tobacco, chemicals, engineering products, plywood, jewels and processed diamonds.

China, in turn, hopes to sell raw silk, agricultural products, metals and minerals, chemicals and petroleum products, fresh water cultivated pearls, engineering products and pharmaceuticals.

The protocol calls for significant increases in the import of iron ore and engineering products from India, including power generation and transmission equipment, mining and building machinery, steel and steel products, wire ropes, pumps and compressors, and electronic components like microchips.

Potential for further growth: The two sides expressed satisfaction at the growth of trade between the two countries since the signing of their first trade protocol in November 1985 and noted the potential for further growth on a balanced basis.

But Mr. Prem Kumar said they had not provided for any institutional mechanism to achieve balanced trade. But trade organisations and traders would be encouraged to explore new avenues of cooperation, including counter trade.

The two sides also discussed possible cooperation in joint ventures, though no details were revealed.

India and China achieved a trade turnover of \$140 millions in 1986, within the \$100-160 million target set in the 1986 protocol, but the balance was heavily tilted in China's favour with Indian exports being as little as \$21 millions.

Before signing the protocol today, Mr. Prem Kumar called on the Chinese Minister for Foreign Economic Relations and Trade Mr. Zhng Toubin and met officials of the China International Trade and Investment Corporation and the China Council for the Promotion of International Trade.

Mr. Zhng told Mr. Prem Kumar that China attached importance to cooperation with India in pursuing its policy of opening to the outside world. He also sought suggestions from India in the running of special economic zones. —PTI

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CSO • 4600/1769

DETAILS OF INDO-SOVIET PROTOCOL ON SPACE METEOROLOGY

Madras THE HINDU in English 2 Jun 87 p 3

[Text]

BANGALORE, June 1.

A protocol was signed between the State Committee of Hydrometeorology and Control of Natural Environment (SCHCNE) of the USSR and the Indian Space Research Organisation (ISRO) in space meteorology and Aeronomy here on May 30. A nine-member Soviet delegation headed by Prof. V. M. Zakharov, Deputy Chairman, SCHCNE, met Prof. U. R. Rao, Chairman, ISRO and discussed various aspects of the cooperation. The five-day programme which took place during May 26-30 included a two-day workshop to discuss the scientific results obtained so far under the ISRO-SHCNE cooperation. This was followed by the meeting of the joint working group culminating in the signing of the protocol. The Indian team was led by Prof. R. R. Daniel, Chairman, Advisory Committee for Space Sciences, ISRO.

According to the ISRO, the climatic models of the middle atmospheric temperature and winds over the low latitudes with seasonal trends had been established jointly by the ISRO

and SCHCNE, using weekly M-100 rocket data over Thumba during 1970-86 and computations carried out for global energetics of the middle atmosphere using grid point data derived from balloon, rocket and satellite observations all over the globe.

The ISRO said the joint studies also include measurement of ozone concentration profiles over Thumba in a campaign using 16 M-100 B rockets and seven high altitude balloons carrying Soviet and Indian payloads during March-April, 1983, launching of eight additional M-100 B rockets from Thumba during February, 1986 to study the effect of high latitude stratospheric warming on the middle atmospheric meteorological parameters over low latitudes, and measurement of ion composition and electron densities in the ionosphere carried out using Centaur rockets from Thumba carrying mass-spectrometer and Langmuir probe payloads. The results of these experiments have added significantly to the understanding of the meteorological and ionisation characteristics of the middle and upper atmosphere.—

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CSO: 4600/1778

FURTHER REPORTAGE ON ALLEGED GANDHI-SINGH CONTROVERSY

Second Letter to Rajiv

Bombay THE TIMES OF INDIA in English 22 May 87 p 1

[Text]

NEW DELHI, May 21.

PRESIDENT Zail Singh, has apparently again insisted on his right to be informed under Article 78 of the Constitution in a fresh communication to the Prime Minister, Mr Rajiv Gandhi.

Mr Gandhi rather reluctantly confirmed today of having received the letter from the President, but said, "I have not read it."

The letter is a reply to the communication sent by Mr Gandhi, after consulting the cabinet with regard to the quantum of information to be supplied to the President on the Bofors guns deal.

Mr Gandhi had taken the issue of the cabinet after receiving a message from Mr Zail Singh, soliciting detailed information on the much-talked-about defence deal.

Mr Gandhi good humouredly parried all questions about the letter. "You won't get a word out of me," he told press correspondents with a disarming smile when he arrived at the minister for tourism, Mufti Mohammad Sayeed's residence on Akbar Road to attend iftar and dinner.

Apparently, the prime minister did not wish to react till the cabinet had considered the letter, as it is likely to raise the President's right to be informed by the government under Article 78.

Mr Gandhi said in a lighter vein that the contents of the correspondence between the Prime Minister and the President would not be known for another 35 years. He was apparently referring to the practice of keeping controversial documents in the archives and then releasing them after 35 years.

Some newsmen pointed out that the mystery of the letters was causing a lot of speculation. Mr Gandhi said that he himself was not against releasing the correspondence to the press, but it was a question of propriety.

He said that with regard to interpretation of Article 78, it was not his view but that of the government that was expressed in his letter to the President.

He reiterated that the government's stand was on a very firm ground in view of the various precedents and the interpretations of the Article.

He said he would welcome a debate over the Article if various points of view were expressed. When the correspondents pointed out that a lot had been written on the issue in newspapers, Mr Gandhi said, "There was controversy but not a debate."

When a correspondent pointed out that there was a debate on the subject in a programme telecast by Doordarshan, Mr Gandhi laughed, "I couldn't hear anything, the sound was so bad."

A correspondent pointed out, "There must be something wrong with your television set." The Prime Minister assured him that this was not so and that he had tried to watch the programme.

Mr Gandhi said that there should be a national debate on the Article so that various issues pertaining to it can be clarified for all times instead of coming up again and again.

Mr Ayyub Sayed of "Current" recited a Urdu couplet with regard to the correspondence between the President and the Prime Minister. According to the couplet Prophet Moses asked God if man should eat opium. A sound like "hoon" came from God (implying that God already had a strong dose of it).

"It would be very embarrassing," quipped Mr Gandhi, "if one had to talk about a reply of that nature."

The iftar was attended by Mr Vasant Sathe, Mr Arun Singh, Mr H. K. L. Bhagat, Mr Mohammad Yunus, Mrs Tajdar Babbar, Mr Khurshed Alam Khan, Mrs Najma Heptullah, Mr Jitendra Prasad and other Congress leaders.

More Details on Letter

Madras THE HINDU in English 22 May 87 p 1

[Text]

NEW DELHI, May 21.

The President, Mr. Zail Singh, today opted out of the controversy on his constitutional relationship with the Prime Minister, Mr. Rajiv Gandhi, and left the issue to be pursued by his successor. However, he reiterated his stand that the President has an unfettered right to call for information from the Government.

In his long-awaited reply to Mr. Gandhi's letter of May 6, Mr. Zail Singh said, in so many words, that he considered it futile to carry on the controversy now that his term was due to end in about two months. In doing so, he was primarily guided by national interest, he was believed to have said.

Contention disputed: The two-page reply, it is learnt, disputed the Prime Minister's contention that the President's right to seek information from the Government was limited or that it was for the Council of Ministers to decide what information be conveyed to the President and when.

Using the case material and quotations, perhaps from the Supreme Court judgments, the President stuck to his interpretation of the relevant constitutional provision, Art. 78(2), relating to "duties of the Prime Minister as regards the furnishing of information to the President, etc.", which said: "It shall be the duty of the Prime Minister...to furnish such information relating to the affairs of the Union and proposals for legislation as the President may call for". The wording, in his opinion, did not leave any scope for ambiguity about the intentions of the framers of the Constitution.

Swedish deal: Even though the President considered it inappropriate to continue the discussion towards the end of his term, he felt that the issues involved were too important to be wished away and that the present inconclusive round could be picked up by his successor. However, Mr. Zail Singh did not appear keen on a follow-up discussion on the specific issue on which he did not get the information from the Government namely, the

details of the Swedish gun deal.

In his letter of April 30, the President wanted the Prime Minister to supply him the telegrams exchanged between the Indian Embassy in Stockholm and the External Affairs Ministry (as also between the mission in Bonn and New Delhi on the West German submarine transaction), the report of the Evaluation Committee, the delivery schedule of the guns and ammunition and the test trial reports. Having disputed the unfettered right theory, the Prime Minister saw no case for furnishing the information sought by the President. Mr. Zail Singh did not like to join issue with Mr. Gandhi on this point. This much was clear from the absence of any reference to it in the President's reply.

According to one account, the idea of consulting the Supreme Court did suggest itself to the President at one stage, but was finally disfavoured in the belief that the court's opinion was unlikely to be available in the next two months. However, there was nothing to bar the next President from seeking the advisory opinion of the Supreme Court under Article 143.

The President's reply was in the nature of anti-climax to the recent build-up in the wake of wild rumours and conjectures which, on the one hand, credited Mr. Zail Singh with planning a drastic step like dismissal of the Rajiv Government and on the other with a desire to quit in protest. These courses, according to Rashtrapati Bhavan sources, were never contemplated by the President. He, it was pointed out, had denied that he intended to dismiss the Prime Minister. No apparent reason was thus seen for the revival now of the speculation on the point. A resignation at this stage, it could not but have been realised, would make the President a laughing stock, apart from destabilising the polity and thus providing vindication to his critics. Frightful scenarios, visualised in the last few days appeared so very misplaced today.

End to Controversy Reported

Calcutta THE TELEGRAPH in English 23 May 87 p 1

[Text]

New Delhi, May 22: The three-month old controversy between

the Prime Minister and the President over the latter's right to information under Article 78 seems to be over.

Information channels in the Prime Minister's office and the President's secretariat rang out a clear message today that truce has been called.

The President, Mr Zail Singh, in his two-page letter to the Prime Minister yesterday, appears to have made it amply clear that he stands by the interpretation of Article 78 of the Constitution whereby he has to be furnished with any information he seeks from the government.

But having reiterated his position firmly and unambiguously, Mr Zail Singh has made it clear that he will not pursue the matter any further. In a sobering assurance, the President has indicated that he will leave the legacy of the controversy—the President sees it as a “debate”—to his successor. Mr Zail Singh's term ends in July.

The controversy over the President's right to information under Article 78 began in March when Mr Zail Singh wrote to the

Prime Minister challenging his statement in Parliament that he was keeping the President informed on all important matters.

Since then their relationship had deteriorated sharply following another exchange of letters, almost leading to a constitutional crisis.

Zail consulted eminent jurists

Mr Zail Singh, after consulting several legal luminaries on the Presidential powers and prerogatives, had issued a statement to the press to the effect that he had no intention to dismiss the ministry headed by Mr Rajiv Gandhi.

However, in his letter yesterday, Mr Zail Singh appears to have stuck to his earlier stand that the issues like Bofors deals were too serious to be ignored but since he was to relinquish office in two months, it would be up to his successor to take it up.

National debate

Mr Gandhi, in an informal chat with newsmen yesterday at an Iftar party at the residence of the Union minister, Syed Mufti Mohammad, had said he felt that the stand taken by the government on the President-Prime Minister relation was correct, making clear at the same time that he would welcome a national debate on the issue.

/9274

CSO: 4600/1762

PAPER REPORTS OPINION POLL ON GANDHI STANDING

Decline Noted

Madras THE HINDU in English 22 May 87 p 1

[Text]

There has been a marked decline in the public image of the Prime Minister, Mr. Rajiv Gandhi, in urban India following the political controversies of the recent months, THE HINDU-ORG opinion poll has revealed.

A feeling that Mr. Rajiv Gandhi is at fault in his dealings with the President; a poor rating of his performance as Prime Minister in the last three months; a reluctance to vote for the Congress(I) again in Lok Sabha elections; the view that the defeat of the Congress(I) in West Bengal and Kerala was "deserved"; and the predominant impression that "top politicians" would have taken bribes in defence purchases and that Mr. V. P. Singh's resignation was a blow to clean values in government—all these add up to a clear finding of substantial erosion of support midway through his term.

After two years of relatively easy-going, the Rajiv Gandhi administration was faced with a rash of political controversies starting with the problematical relations with the President that spilled over into the realm of public and parliamentary debate, the Fairfax issue, Mr. V. P. Singh's resignation, and allegations of payoffs in the West German submarine and the Bofors howitzer deals.

How precisely Mr. Gandhi emerges from this phase ultimately remains to be seen. But THE HINDU sought to assess the immediate impact of the developments through an opinion poll conducted by the Operations Research Group. The survey covered 2071 respondents in 35 urban centres, including 11 major cities, and was conducted between May 10 and 14.

Courtesy to President: On the current controversy over whether the Prime Minister has shown the courtesy due to the President and kept him informed of the affairs of the State, 35.9 per cent in the country as a whole felt that Mr. Rajiv Gandhi was at fault.

Only 13.6 per cent were of the view that Mr. Zail Singh was solely to blame while 30.9 per cent felt that both were at fault. Of the different regions, the west tended to disapprove of Mr. Rajiv Gandhi's attitude the most while the north and the south tended to be somewhat more sympathetic.

Interestingly, the disapproval of the Prime Minister's actions in the controversy does not translate itself into support for Mr. Zail Singh as a statesman or individual. Indeed, an overwhelming majority around the country (69.2 per cent) do not want him as President for a second term. The opposition to his continuance is the most marked in the north (77.6 per cent) while in the east it is the lowest but still substantial (61.6 per cent).

On the performance of Mr. Rajiv Gandhi as Prime Minister in the last three months, 50.2 per cent rate it "poor" or "very poor" while 30.9 per cent felt it was "fair", 16.7 per cent "good" and 2.2 per cent "excellent". Here again, the south seems to have a somewhat more favourable impression of his performance than the other regions while the north was the most disapproving.

Voting for Cong(I): Asked if they would vote for the Congress(I) if elections to the Lok Sabha were to be held now, the largest group (40.5 per cent) said they would not while 34.6 per cent said they would and 24.9 per cent were undecided.

Interestingly, in the south, 40.7 per cent said they would vote for the party as against 36.9 per cent who said they would not, despite the fact that all the four southern States have opted for non-Congress(I) Governments. Opposition to the Congress(I) was particularly marked in the west and the east.

On the outcome of the Assembly elections in West Bengal and Kerala 53.7 per cent in the country as a whole felt the defeat of the Congress(I) was "deserved" while 16.5 per cent thought it was undeserved. The opinion against the Congress(I) on this point seemed the strongest in the east while it was relatively high even in the south.

Image eroded: That the recent developments have eroded the image of the Rajiv Gandhi administration as a clean Government is clear from the finding that 73.2 per cent overall felt that it was certain or likely that "top politicians" had earned commissions or kickbacks in defence purchases such as the Bofors artillery and the West German submarine.

On the other hand, only 4.3 per cent felt that was "unlikely" and only 4.4 per cent would rule it out definitely while 18.1 per cent were not sure.

Surprisingly, it was in an otherwise sympathetic south that the impression of the venality of the top politicians was the most marked, with 79.4 per cent expressing the view that it was "certain" or "likely" that they were given payoffs.

It is clear from the survey that Mr. V. P. Singh's image as an honest politician remains dominant in the urban public eye and an overwhelming majority (63.9 per cent) was of the opinion that his exit from the Union Ministry was "a blow to clean values in government" (in response to a question phrased that way). This feeling was remarkably uniform among the different regions.

Interview Methodology

Madras THE HINDU in English 22 May 87 p 4

[Text]

There has been a marked decline in the public image of the Prime Minister, Mr. Rajiv Gandhi, and the Congress (I) in the recent period right across urban India. This phenomenon is expressed in the way the urban public currently views the performance of the Prime Minister and the ruling party on a number of controversial issues and vis-a-vis Mr. V. P. Singh, the former Cabinet Minister, and Mr. Zail Singh, the President. Mr. V. P. Singh scores very high in urban public sympathy, but there is no such support for Mr. Zail Singh as a statesman or an individual. If Lok Sabha elections were held right now, the Congress (I) would seem to be in big trouble in urban India and especially in the North and the East.

These are the main findings of THE HINDU-ORG public opinion survey conducted between May 10 and 14, 1987 as part of a wider exercise of ascertaining public opinion on a systematic basis on a number of issues and developments of public significance. The survey covered 35 urban centres, including 11 major cities. In all, 2071 adult respondents were sampled and data elicited from them by the ORG's full-time investigators on the basis of a structured questionnaire formulated by THE HINDU which commissioned the survey.

Methodology

Respondents were selected in each of the 35 urban centres using a two-stage random sampling procedure. In the first stage, the required number of households was selected by adopting a systematic sampling technique. From each of the sampled households, an adult member was selected for a personal interview using a simple random sampling procedure. Men and women were given equal representation in the sample. The analysis is subject to a margin of error of 5 to 6 per cent either way. Rural India was not covered in the survey and this is an important qualification.

Controversy with the President

People across urban India tend to blame Prime Minister Rajiv Gandhi more than President Zail Singh in the current controversy—although it is significant that nearly one third of the respondents consider that both are at fault. The pattern is observed in all the four regions (North, East, South and West). Feeling against Mr. Rajiv Gandhi gets emphasised in the West and against Mr. Zail Singh in the South while in the North a very high proportion of the respondents blame both. A clear finding on this question is that urban public opinion views the controversy between the Prime Minister and the President as unnecessary and regrettable.

Q1: In the current controversy between President Zail Singh and Prime Minister Rajiv Gandhi, who do you think is at fault?

Person at fault	India				
	North	East	West	South	
	<i>Percentages</i>				
Rajiv Gandhi	35.9	26.4	35.1	47.4	32.2
Zail Singh	13.6	13.0	8.2	10.8	22.1
Both	30.9	44.0	30.9	23.7	28.1
Neither	4.9	3.0	4.4	4.2	7.5
No Opinion	14.7	13.6	21.4	13.9	10.1

Performance of Rajiv in the past three months

It is very significant that fewer than one fifth of the respondents rate the Prime Minister's performance over the past three months positively. Regionwise in this respect, Mr. Rajiv Gandhi fares worst in the East, quite poorly in the North and best in the South. The rating of "poor" to "very poor" performance is shared by over 50 per cent of the respondents in every region except the South where it is shared by some 40 per cent of the respondents.

Q2: How do you rate the performance of Prime Minister Rajiv Gandhi in the last three months?

Rating	India				
	North	East	West	South	
	<i>Percentages</i>				
Excellent	2.2	1.8	1.3	2.2	3.2
Good	16.7	17.5	11.3	16.3	21.8
Fair	30.9	23.7	34.7	29.7	34.2
Poor	37.9	47.9	39.3	35.7	31.3
Very poor	12.3	9.1	13.4	16.1	9.5

If Lok Sabha elections were held now

The question is hypothetical, as no Lok Sabha elections are either due or conceivable now; nevertheless, sampling the urban public mood on this question turns up a significant result—revealing the extent to which popular support for the Prime Minister and the Congress (I) has eroded in urban India since the landslide victory in the Lok Sabha elections of December 1984.

Over 40 per cent of the respondents say they would not vote for Mr. Rajiv Gandhi and the Congress (I) if Lok Sabha elections were held now, with the

negative mood being less emphasised in the South and East and very strongly expressed in the North and the West. Just over a third of the respondents say they would vote for the Prime Minister and the ruling party, with the proportion being lowest in the East and highest in the South. Considering that Lok Sabha elections are nowhere on the agenda currently, those who have responded with "don't know" (either because they have not made up their minds on a hypothetical question, or because they do not want to reveal their mind) cannot be considered an unusually high proportion except perhaps in the East. Read along with the analysis of the responses to the other questions asked in this survey, these results suggest that the recent political developments and controversies have made a strong impact on the urban public mind.

Q3: If Lok Sabha elections were held now, would you vote for Rajiv Gandhi and Congress (I)?

	India	North	East	West	South
	Percentages				
Yes	34.6	30.6	27.6	38.0	40.7
No	40.5	43.5	37.6	44.3	36.9
Don't Know	24.9	25.9	34.8	17.7	22.4

A second term for Zail Singh?

There is no ambiguity whatsoever in the urban public mind on this question: an overwhelming proportion of the respondents do not want Mr. Zail Singh to get a second term as President. While this opinion is prevalent in all the four regions, it is strongest in the North and the South; in both these regions, just about one tenth of the respondents favour a second term for Mr. Zail Singh. It is significant that a much higher proportion of the respondents are against a second term for Mr. Zail Singh than the proportion which in response to Question 1, thinks he is at fault (either solely or jointly) in the current controversy with the Prime Minister. All this suggests that the urban public is able to differentiate between the issues, the problems and the individuals involved in this controversy.

Q4: Do you want Zail Singh as President for a second term?

	India	North	East	West	South
	Percentages				
Yes	15.9	10.5	20.2	21.4	10.6
No	69.2	77.6	61.6	62.3	78.7
No Opinion	14.9	11.9	18.2	16.3	12.7

Defeat of Congress (I) in the West Bengal and Kerala elections

It is an interesting result in the current context that a clear majority of the respondents consider that the defeat of the Congress (I) and Prime Minister Rajiv Gandhi was "deserved" in the recent Assembly elections in West Bengal and Kerala. Predictably, this view or feeling is strongest in the East and relatively strong in the South. It is interesting that in no region does the proportion of those who think the defeat was "undeserved" comes up even to the one fifth level. Considering that the question is very specific (asking for a value judgment on Assembly election results in two States) the proportion of the respondents reporting "no opinion" cannot be considered unusually high. The trend of response to this question confirms the main finding of a marked decline in the public image of the Prime Minister and the Congress (I) in urban India.

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Q5: What do you think of the defeat of Congress (I) and Prime Minister Rajiv Gandhi in the recent West Bengal and Kerala elections?

	India	North	East	West	South
	Percentages				
Deserved	53.7	50.5	60.2	48.9	54.6
Undeserved	16.5	12.8	17.6	17.7	17.1
No Opinion	29.8	36.7	22.2	33.4	28.3

Commission in defence purchases

It is interesting, although perhaps not surprising (given the detailed coverage in the press of the controversies), that an overwhelming proportion (73.2 per cent) of respondents believe that "top politicians" have earned "commissions" or "kickbacks" in major defence purchases, specifically in the Bofors and West German submarine deals. This view prevails—more or less to the same extent—in all the four regions, with those reporting "certainty" about the proposition of involvement being highest in the North and the West. Those who entertain a good opinion of "top politicians" in respect of these controversies constitute an insignificant proportion (less than 10 per cent) of the respondents. The "no opinion" response (18.1 per cent) seems very low considering that precise and detailed public information on the defence deal controversies has not yet surfaced. The responses to this question strongly suggest that public opinion has not been convinced by the repeated denials of the allegations by the Central Government. They do argue for coming out fully with the facts relating to these controversies.

Q6: Do you believe that top politicians have earned commissions or kickbacks in major defence purchases, specifically in the Bofors and West German submarine deals?

	India	North	East	West	South
	Percentages				
Certainly	38.4	47.7	26.9	41.5	38.8
Likely	34.8	28.1	33.3	35.7	40.6
Unlikely	4.3	3.2	4.6	5.2	3.9
No	4.4	4.2	5.0	6.6	1.9
No Opinion	18.1	16.8	30.2	11.0	14.8

V. P. Singh—a clear winner

It is significant that at a time when the public image of the Prime Minister and the Congress (I) has taken a visible beating, the public image of Mr. V. P. Singh, the former Finance and Defence Minister who resigned from the Cabinet under controversial circumstances, is very high. Nearly two thirds of the respondents believe that the exit of Mr. V. P. Singh was "a blow to clean values in government" and, very significantly, this opinion is shared uniformly across urban India. Those who report "no opinion" form a very low proportion in the South and West and approximate one fifth of the sample in the North and East. Two points emerge: (a) such a clear-cut public opinion suggests that the V. P. Singh controversy has made a big impact on the urban public mind and (b) the pro-V. P. Singh mood suggests that the handling of this controversy has proved very costly for the Prime Minister and the Congress (I) right across urban India.

Q7: Do you believe that the exit of Mr. V. P. Singh is a blow to clean values in government?

	India	North	East	West	South
	Percentages				
Yes	63.9	65.2	62.7	62.5	65.5
No	18.6	14.0	16.7	22.5	20.1
No Opinion	17.5	20.8	20.6	15.0	14.4

WRITER ANALYZES PROVISIONS OF ASSAM ACCORD

Madras THE HINDU in English 27, 28 May 87

[Two part article by M. S. Prabhakara]

[27 May 87 p 8]

[Text]

THE All Assam Students Union (AASU) has announced a fresh programme of agitation for the speedy and satisfactory implementation of the Assam accord. As part of the latest programme it has already observed a symbolic 12-hour hunger strike in front of the Raj Bhavan in Guwahati. On May 27, AASU volunteers will picket branches of all nationalised banks in Assam with a view to drawing attention to the allegedly unfair and anti-local people policies of the banks in the matter of appointments and disbursement of loans; and there is to be a 24-hour all Assam bandh beginning at 5 a.m. on June 5.

The programme was finalised during a meeting of the AASU executive on April 29 and announced on May 2. About the same time, there were two other confabulations in Guwahati. On April 23, some regional political parties of the north-east met in conference in Guwahati. The meeting had been convened on the initiative of the ruling Asom Gana Parishad. At this meeting some important resolutions were adopted including one calling upon the Union Government to extend the 'inner line' regulations, now applicable to Nagaland, Mizoram and Arunachal Pradesh, to the whole north-east region "to prevent the influx of outsiders into the region". The meeting also called upon the Union Government to enact "suitable legislation to prevent the transfer and acquisition of land and to deny business and employment opportunities to outsiders in the whole region and to extend Article 371-A of the Constitution to all the States of the region."

Clear understanding

Two days later, on April 25, the executive committee of the Asom Gana Parishad meeting in Guwahati reiterated in the strongest terms possible its oft repeated

charge that the Union Government 'lacked sincerity' about implementing the Assam accord and said that "the time has come to have a clear understanding of the Union Government's views in the matter."

It was against the background of these developments that the Chief Minister of Assam went to Delhi on the evening of April 29 for yet another round of discussions with the Prime Minister on the implementation of the accord. When the Chief Minister began his discussions with the Prime Minister on April 30, the Union Government was fully posted with the developments in the AGP, its (sought-for) ideological allies in the region and in the parent organisation, the AASU; indeed with the advantage of hindsight it now appears as if the Chief Minister had armed himself with the decisions taken in these forums for his confabulations with the authorities of the Union Government. It is clear that these developments were considered as strengthening his hands.

Serious impediment

The initial impressions after the Chief Minister's return from Delhi were that such indeed had been the case. On May 3, the Chief Minister announced at a press conference in Dispur that the Union Government had conceded the State Government's demand that the Illegal Migrants (Detection by Tribunals) Act of 1983 should be amended and gave the impression that the State's expectations in this regard had been met by the Centre. As is well known, the lack of progress in this regard has for long been held as a serious impediment to the implementation of the Assam accord. Otherwise too, the Chief Minister gave the impression of being satisfied with his talks with the Prime Minister; the State's Home Minister, the Law Minister, the Chief Secretary and the Home Missioner and other senior officials

were to go into the nuts and bolts of the matter but the broad guidelines had been agreed upon.

These impressions were confirmed by the State's Law Minister who with the Home Minister and senior officials went into the nitty gritty of the whole question, including the far more sensitive question of "constitutional safeguards" for the Assamese people (Clause 6 of the accord) over three days of discussions and returned to Guwahati entirely satisfied.

Tardy progress

And yet, not only the call of the AASU has not been withdrawn but dissatisfaction continues to be voiced over the tardy progress of the implementation of the accord from the highest quarters of the Government and the ruling party. The resentment against what is viewed as the chicanery of the Union Government is clearly widespread. In private senior leaders of the ruling party and the Government continue to express fear about the understanding arrived at between the Prime Minister and the Chief Minister being 'sabotaged' by 'anti-Assamese lobbies' in the New Delhi establishment.

The current programme of agitation by the AASU has to be viewed in the context of these interrelated developments. For though the AASU has, for the first time since the AGP Government assumed office, given a call for an all Assam bandh specifically blaming the State Government (for its 'lack of firmness') and the Union Government ('indifference') for lack of progress in the implementation of the accord, it is still premature to speak of a 'break' in the relations between the AASU and its progenitor, the AGP. It is true that after nearly a year and half in office, AGP leaders, particularly those occupying official positions, have begun to chafe at and resent the fact that they are still considered answerable to the parent student body; but this is a heritage which cannot be repudiated. For, the AGP's own legitimacy as a political party, and certainly its spectacular success in the elections held barely two months after the party formally came into being are intimately and perhaps even unbreakably connected to these organic and inseparable links that bind it to the student body.

Statewide bandh

Apart from numerous localised agitations, including bandhs confined to particular areas, this will be the second Statewide bandh called by the AASU since the AGP Government assumed office. On November 6 last year the AASU had given a call for a 12-hour bandh to protest against the AGP Government's failure to prevent alleged police atrocities; the immediate provocation was the death in police firing on the night of November 1-2 of a young man, Parikshat Barman, who was described as an 'AASU activist' (a description that could fit several hundred thousand young persons in Assam). The young man had been shot in circumstances still obscure though leaders of

the United Liberation Front of Assam have claimed that Barman was, while not an active member of the ULFA, a sympathiser, one who was certainly close to the organisation. The police had that night been on the lookout for suspects involved in a dacoity, and Parikshat Barman was viewed as quite simply a victim of trigger happy policemen.

That bandh was the first open confrontation between the AASU and the AGP Government though neither side pressed the confrontation to its extreme. The Government chose to take the path of least resistance and allowed its own directives to the Government staff to be ignored. Soon, the AGP itself, meeting under the chairmanship of its President, Mr. Prafulla Kumar Mahanta, gave a bandh call of its own on December 8; that bandh too was 'total and peaceful'. It was called specifically to protest against the Centre's "insincere attitude towards the implementation of the Assam accord."

However both the bandhs were of 12-hour duration; and since the bandh formally began at the relatively early hour of 5 a.m. normal activity including commerce could be conducted for part of the day and the harshness associated with such bandhs was substantially mitigated.

This 'amiability' that was a feature of the two earlier bandhs will not be there on June 5 when the AASU has called for a 24-hour bandh. In fact AASU leaders specifically told this correspondent that there would be few exemptions from the bandh and it is possible that 'essential services' too will be affected.

Hardening of attitude

The decision to call the bandh has been taken well in advance of the actual bandh day, and the decision of the AASU has come in the wake of other major decisions taken by the AGP, and by the regional parties of the north-east convened on the AGP's initiative. These facts may reasonably be interpreted as a certain hardening of the attitude towards the Union Government in general insofar as its attitude towards the region is concerned and, more specifically, in the matter of the implementation of the accord, and may well mark the beginning of fresh wrangles. All the issues raised during this period—implementation of the Assam accord, and the perceived need vastly to enlarge the present powers enjoyed by the States in the region, the demand for special constitutional safeguards, the necessity to introduce legislation restricting the free entry of 'outsiders' into the region—are going to figure as bargaining points in the developing confrontation with the Centre.

The wrangles are bound to get severe especially as the fundamental fact about the Assam accord—that it cannot be implemented in its totality—sinks in, as indeed it has already done after a year and half of experience of administration and political office.

Difficult provisions

For not merely are there commitments and provisions in the accord which are ex-

tremely difficult to implement, there is also a whole range of interests within Assam which are convinced that the 'accord will do no good to them' and are committed to getting it scrapped. Not all this opposition can be dismissed as being inspired by the entrenched 'foreigners' lobby'; far more formidable is the opposition from the State's own indigenous people, the tribals, who are now demanding the scrapping of two of the most crucial clauses of the accord, Clauses 6 and 10. Clause 6 which provides for "constitutional, legislative and administrative safeguards... to protect, preserve and promote the cultural, social, linguistic identity and heritage of the Assamese people" has provoked some of the worst passions since many indigenous people who are the most truly 'Assamese' people now spurn such description and choose to view themselves more restrictively as one or other tribal group. Indeed this alienation of a section of the State's indigenous people from the broad Assamese mainstream is one of the most disturbing features of Assamese society and poses the gravest challenge to the AGP's own view of the process of social formations in Assam and consolidation of Assamese society. The rejection of Clause 10 too is related to the same perception; that though ostensibly intended to secure the land rights of the truly indigenous people of the State and evict all encroachers from tribal belts and blocks, in actual practice this provision has been used, according to some tribal leaders, by "a narrow-minded casteist upper caste Assamese Hindu leadership entrenched in the AGP," to secure the eviction of tribal persons themselves from forest areas—for in the view of the tribal people they by definition cannot be encroachers.

Expelling aliens

But leaving aside these inherently controversial clauses, or even the clauses committing the signatories to 'expelling' proven illegal aliens, the progress in the matter of the implementation of the implementable clauses too has not been satisfactory. In that sense, surely the State Government (and the AASU too) has a case; that is, while the Centre has been dragging its feet, the State Government has not been all brisk efficiency either—though in the latter case sheer procedural requirements too have caused delays. Indeed a document entitled 'Assam Accord and its Implementation' (March 1987) put out by the State Government makes most instructive reading and provides, perhaps without intending to do so, the most convincing proof of the unimplementability of the accord in its totality. Even on such routine commitments as the appointment of more staff to strengthen the detection work, or the revival of the 'Prevention of Infiltration of Foreigners' scheme (Clauses 5.4, 5.5, 5.6, 5.7 and 5.8) the document presents in exhaustive detail only one bit of progress—that letters on these subjects continue to be exchanged between the State Government and the Centre.

Unnecessary legislation

Going seriatim, one comes to Clause 5.9 (proposals for amendments to the Illegal

Migrants (Determination by Tribunals) Act of 1983) over which protracted negotiations at the highest levels have not yet resulted in any agreement, though the recent discussions in Delhi are believed to have narrowed the differences considerably. The problem here is that the new legislation was not necessary at all because alleged foreign nationals in other parts of the region (as indeed in the rest of the country) are dealt with by the Foreigners Act of 1946; the IMDT Act is specifically meant for Assam. The infirmities of this piece of legislation (in the view of the present Assam Government and indeed of the people of the Brahmaputra valley) are so grave that the Act as it stands merely ensures that not a single illegal foreigner is detected, much less deported. (In fact the IMDT Act nowhere uses the expression 'deportation'.)

But then the IMDT Act having come to symbolise in the minds of the linguistic and religious minorities in Assam the surest guarantee against vindictive persecution by over-zealous Assamese 'foreigner-baiters', any move to amend the Act along the lines proposed by the AGP Government is sure to meet with stiff opposition. The result is an impasse. And though the AGP leaders have been speaking of changes in the IMDT Act as being imminent, there is an underlying anxiety that the optimism might have been misplaced.

Constitutional safeguards

On the promised constitutional safeguards for the 'Assamese people', the AGP Government submitted its proposals as long ago as October 20, 1986. These broadly conform to the proposals made in the Memorandum submitted by the AASU about the same time, in August 1986 (THE HINDU, October 1, 1986). Nothing has been heard about these proposals in the last eight months.

The commitment to the "speedy all round economic development of Assam" (Clause 7) is of so general and unexceptionable a kind as not to have roused controversies. But even here, as the State Government's document notes, the percentage increase in plan allocation for Assam has been lower than that of many other States.

However the commitment included in Clause 8.1 has been fulfilled speedily—understandably since this explicitly urged the Union Government to divest the States of one of the powers they till then enjoyed, the power to issue citizenship certificates.

But the rest of the progress report—on the strengthening of the border roads and construction of border fence (Clause 9.1 and 9.2), the commitment to review sympathetically and withdraw cases of disciplinary action taken against employees in the context of the Assam agitation and make ex-gratia payments to the next of kin of those killed in the course of the agitation (Clause 14), and the promises (curiously included as an annexure to the accord) to establish an oil refinery and an IIT in the State—makes pitiful reading.

For instance, the progress report details, over 30 paragraphs (and citing almost as many communications between the State and Union Governments), the 'progress' in the matter of the reinstatement of the victimised employees; and yet, the matter as far as Central Government employees are concerned stands as it was in the beginning. Even on so non-controversial a commitment as the one on strengthening border security (Clauses 9.1 and 9.2), the document dwells at length on notes and memoranda exchanged between the State and the Centre and concludes: "There is no visible effect of the strengthening of vigilance on the border by the Government of India."

Damning Indictment

There can be no more damning indictment than this document of the tardy progress (leaving aside the question of who is responsible for this tardiness) of the implementation of the accord. But if one were to inquire dispassionately as to the responsibility for this tardy progress, one is perforce to conclude that at least some of the commitments of the accord itself are of such a kind as to make any implementation tardy—for ever. Because of this fundamental flaw, even those clauses which could have been implemented have remained mere promises.

The Assam accord, one should be realistic enough to acknowledge, now that the heat and passions of the agitation are spent, was essentially a device intended to attain two objectives—one immediate and the second intermediate: the withdrawal of the agitation, and the assumption of political office by the leadership of the agitation. The signatories worked in such perfect harmony and coordination that both these objectives were realised barely four months after the signing of the accord.

But then the leaders of the agitation are not made of the stuff of which traditional politicians are made; and whatever the lessons they have learnt in the one and half years in office, and whatever the allurements they have come to take for granted, the old agitational elan still animates the more serious elements among its leadership. The error one should avoid is to view the present Govern-

ment in isolation, overlooking the history of the struggle that preceded the formation of the political party and its Government.

To cap it all, the AASU which led the agitation and created the AGP continues to be an active force. It is true that of late it has been receiving a lot of flak on account of the presence of alleged 'extremist' elements within the organisation. But in the Assam context, such normative distinctions between 'extremists' and 'moderates' is quite meaningless; on certain fundamental issues seen as affecting the Assamese people such distinctions make no sense.

In other words, though there is a formal distinction between the AGP as the party of Government, and the AASU as the student body which gave birth to it and both zealously maintain the distinction, the organic links that bind the Government to its ideological roots continue to be strong. This was demonstrated tellingly on November 6 when even the Chief Minister had to retreat from an AASU picket and could enter his office only after clearance was obtained from the AASU headquarters at the University campus 20 km away.

Tribute to AGP, AASU

Seven months to the day, on June 5, there is going to be another confrontation at the gates of the Janata Bhavan in Dispur. And though the protest is going to be directed as much against the State Government as against the Centre, it is unlikely that the AGP leaders would be less considerate towards the AASU than they were seven months ago. For the heritage of the AASU continues to be cherished by the AGP leaders as a proud medal of victory; however irksome may be some of its actions, the AASU has not become a cross to bear. That such a delicate relationship has been sustained is a tribute as much to the political sophistication of the AGP and AASU leaders as to the ineptitude of the Centre in dealing with the basic problem that gave rise to the agitation and culminated in the accord.

But to say this is indeed to beg the question, for at least some of these 'basic problems' are by their nature incapable of any solution.

[28 May 87 p 8]

[Text]

“OPERATION successful but the patient died.” is a common saying and one is reminded of this by the current efforts to save the Seventh Plan. Even when the Plan was launched in 1985, it was feared that the resource crunch might affect it but the nation was assured that necessary policy initiatives would be taken to get over the problem. These were subsequently enunciated in the Long Term Fiscal Policy (LTFP) Statement. If one were to go by the bright picture

of the economy painted by the Prime Minister, Mr. Rajiv Gandhi, in his reply to the budget debate in Parliament and the credit he took for having achieved more than 60 per cent of the Plan in the first three years, one would conclude that the policy measures initiated by the Government had been successful. But a recent discussion at a full meeting of the Planning Commission on the resources position shows that all is not well with the Plan.

At one stage before the Seventh Plan was launched, the Planning Commission had proposed to scale down the public sector outlay to Rs. 1,67,000 crores from Rs. 1,80,000 crores on the basis of an assessment of the resource mobilisation effort of both the Central and the State Governments. But the Prime Minister, as Chairman of the Planning Commission, vetoed it and ordered a fresh assessment. Three months later, he announced at a press conference that there was no longer any resource gap. "How has it disappeared," he was asked, and his reply was that it had not disappeared but had been closed after discussion with the States and an evaluation of the additional resource mobilisation which the States had agreed to undertake. In fact, he was critical of the sceptics and claimed that he was optimistic of not only finding the resources for a Plan of the size of Rs. 1,80,000 crores but of doing even better. That was in July 1985 and he has reason to feel happy to note two years later that a record has been set by fulfilling about 63 per cent of the Plan in three years. But the concern comes when one realises how this miracle has been achieved.

Closely guarded secret

The note which formed the basis for the discussion at the recent Planning Commission meeting is being kept a closely guarded secret but one could get an idea of the trends and issues from a background note prepared by Mr. Arun Bagchi of the National Institute of Public Finance and Policy for a seminar held last month. One of the disturbing trends brought out in this note is that the Centre has been able to finance over 60 per cent of the Central Plan outlay in the first three years only by resorting to a much larger scale of borrowing (including a record budgetary deficit) than was thought desirable by the framers of the Seventh Plan. Whereas the proportion of external debt to the GDP has come down from 9.9 per cent in 1973-74 to 7.8 per cent in 1984-85 and has remained at around seven per cent since then, that of internal debt of the Centre and States together has risen from 36 per cent in 1973-74 to 58 per cent now. Of this, the debt of the States accounts for a small portion (only six per cent) and the rest constitutes the liability of the Centre. In the circumstances, the interest burden inevitably keeps growing. The burden of interest payments on internal debt as a proportion of total Government revenues has increased from 8.2 per cent in 1974-75 to 15.6 per cent in 1984-85. It has been found that nearly a quarter of the Centre's revenues, after devolution to the States, at present goes to interest payments. The proportion of domestic borrowing to the GDP is found to be over seven per cent (7.8 per cent in 1986-87 and 7.3 per cent in 1987-88), whereas according to the LTFP the ratio was envisaged to drop from 6.4 per cent in 1985-86 and 5.6 per cent in 1986-87 to 5 per cent in 1987-88.

Internal debt trap

In fact, this trend towards an "internal

debt trap" was witnessed even in the Sixth Plan, when the total domestic borrowings contributed more than a third of the public sector outlay, compared with around one-fifth in most of the earlier plans, with consequent increase in the burden of debt servicing. The shortfalls in budgetary savings and inadequate surpluses of the public sector enterprises (PSEs) had led to greater reliance on domestic borrowing. This was sought to be corrected in the Seventh Plan by ensuring a higher savings rate and generation of surpluses by the PSEs. The LTFP spelt out the measures required for this. However, the results have not been on the lines expected. As the note by Mr. Bagchi points out, the shortfalls in revenue to meet current expenditures, the record budgetary deficit in the Union Government in 1986-87 and the large deficit anticipated in the current year testify to the persistence of the imbalances in Government finance which were noticed in the Sixth Plan.

The ratio of public savings to the GDP is found to be trailing way behind the parameters envisaged in the LTFP. The ratio was envisaged to rise from 2.5 per cent in 1985-86 to 3.7 per cent in 1987-88 and to 4.3 per cent in 1988-89 and 1989-90. But it is stagnating around 2.5 per cent, showing no sign of picking up to reach the targeted four per cent by the Plan end. In fact, at the present level of 2.5 per cent, the ratio is even lower than that recorded in the last year of the Sixth Plan.

Negative BCR

The poor showing of public savings is attributed to continued deficits in the current account of the Government budget and inadequate surplus generation in the PSEs. If the targets enunciated in the LTFP are to be adhered to, the BCR (balance from current revenues) has to break even by the current year. But the current year's budget indicates that the Centre's BCR is going to remain negative, reversing the improvement noticed in 1985-86. The deterioration in the BCR is taking place despite an improvement in the revenue position brought about by the larger receipts from indirect taxes and non-tax sources. But this has been offset by the rise in current expenditure much beyond the projections in the LTFP. According to the LTFP, the ratio of non-Plan revenue expenditure to the GDP should not exceed 11.5 per cent but currently it is estimated to be around 12.5 per cent.

At the same time, the generation of resources by the PSEs has fallen short of the targets. According to the LTFP, the internal and extra budgetary resources of the PSEs should be 3.7 per cent of the GDP in the current year but it will actually be only three per cent. The Seventh Plan document envisaged that 53 per cent of the Central public sector outlay of Rs. 93,534 crores should be met from the internal resources of the PSEs and the remaining 47 per cent from budgetary support. But in the first year of the Plan only 34 per cent of the Central Plan outlay of Rs. 20,094 crores could be

met from the resources of the PSEs. This figure rose to 37 per cent in 1986-87 and is expected to be around 39 per cent in the current year. The resources of the PSEs include bonds, deposits and external commercial borrowings and if these are excluded, the contribution of the internal resources of the PSEs would be less than 25 per cent. Another significant point is that roughly 65 per cent of the savings of the PSEs is made up of depreciation provisions.

Costly measures

As regards the trends in Plan financing in the States, it has been found that there has been a perceptible improvement in the first two years of the Plan in the revenue account of the States and Union Territories. This is because the growth of current (revenue) expenditure has slowed down, in contrast to the upward trend in the growth of current expenditure at the Centre. But the non-development expenditures of the States and Union Territories are found to be growing at a faster rate than the development expenditures. Among the non-development expenditures, the fastest growing item is social security and welfare measures. The expenditure under this head has grown at 22 per cent.

The PSEs at the State level are yet to show improvement. The State Electricity Boards continue to make losses, while the capital employed in them has been increasing. The State Road Transport Corporations are found to have reduced their losses as a percentage of the capital employed but their overall loss is on the rise. At this rate, it is estimated, the total losses of SEBs and SRTCs will be around Rs. 9,000 crores, whereas the Seventh Plan had expected them to net an additional revenue of around Rs. 9,200 crores—Rs. 7,000 crores by SEBs and Rs. 2,200 crores by SRTCs.

Large resource gap

Thus, the public sector resource gap, taking the Centre, States and Union Territories together, is still large. In the circumstances plan financing has to depend on borrowing, with the consequent result of getting into the internal debt trap. The main question before the planners is how to reverse these trends.

/9274

CSO: 4600/1768

FORMER PRESIDENT: GANDHI UNCLEAR ABOUT INDIA'S PROBLEMS

Madras THE HINDU in English 2 Jun 87 p 11

[Text]

ANANTAPUR, June 1.

"The Prime Minister, Mr. Rajiv Gandhi, seemed to be not quite clear about the problems confronting the nation" the former President, Mr. N. Sanjiva Reddi has said.

Mr. Sanjiva Reddi, who returned here from New Delhi on Saturday night told presspersons at his Nagavihar residence on Sunday that during his talk with the "young Prime Minister" for over an hour, they discussed many issues—ranging from the problems of the Tamils in Sri Lanka to minimising the role of money bags in elections. They also discussed the choice of candidate for the presidency.

Mr. Rajiv Gandhi, the former President said, was not quite clear about the dimensions of the problem facing the country. He was "in a state of confused mind with regard to their solutions". Asked if he offered any solution to the problems they had discussed, Mr. Reddi said, "I had been there to give a bit of my mind to Mr. Rajiv Gandhi in resolving the problems. I discussed freely with him, without any inhibitions, and gave my views frankly. It is now for the Prime Minister to consider them in the interest of the nation".

Sri Lankan issue: Mr. Sanjiva Reddi told the Prime Minister that keeping the Sri Lankan issue burning would only further worsen the situation. There was need to take a firm stand on the issue.

"What holds good for Punjab holds good to Sri Lanka too. If the right of the Sri Lanka Tamils to form a free State is supported, the same right cannot be denied to the Sikhs in Punjab. It is impossible for a patriot to concede such a demand.

The Prime Minister should take immediate steps to explain the country's stand with regard to the Eelam groups, and also persuade the Sri Lankan Government against continuing the massacre of the Tamils in Jaffna and other parts of the island".

The problem of Tamil ethnic groups in Sri Lanka was a sensitive one, he said it should be

tackled with more imagination and, at the same time, firmness, "without giving any impression to Sri Lanka that the Indian Government is giving encouragement to the secessionists. The guidelines of Jawaharlal Nehru in formulating the country's foreign policy holds good in resolving the Sri Lankan Tamil problem".

The former President also told the Prime Minister that by keeping Messrs Prakash Singh Badal, Gurcharan Singh Tohra and several others behind bars for indefinite periods the Punjab problem could not be solved. All political prisoners, other than extremists, should be freed.

Edifice cracked: The former President said by allowing the money bags to play a major role in the elections, the democratic edifice of the country was being cracked. If it was to be safeguarded from collapse, Mr. Reddi said, the role of money should be minimised.

The Government should amend the election law to provide some fixed amount to the candidates of recognised parties. Any expenditure made over and above that amount should be made illegal and the candidate violating the rule disqualified, even if he had won the election. The Government need not provide any funds for the Independents but should allow them to contest on their own.

Candidates contesting on behalf of recognised parties should be given money on the basis of the percentage of votes polled by the parties in the previous elections, he said. Money was playing a pernicious role in the elections and was responsible for the deterioration in the political standards of the country.

Consensus: Mr. Sanjiva Reddi said during his talks with Mr. Rajiv Gandhi the choice of candidate for the post of President was also discussed. He had suggested to the prime Minister to strive for consensus. He also told Mr. Rajiv Gandhi that among the names being mentioned in the press as prospective candidates, he did not find any one objectionable. However his preference was for the Vice-President, Mr. R. Venkataraman.

Asked whether he was successful in bringing about a reconciliation between the President, Mr. Zail Singh and the Prime Minister, Mr. Sanjiva Reddi said, "the press had blown up the issue but of proportion.... President Zail Singh told me that he never entertained the idea of dismissing the Rajiv Gandhi Government and I told the same thing to Mr. Rajiv Gandhi. But still some lingering suspicion is there and both of them are not treating it as an article faith".

Mr. Sanjiva Reddi also said he had advised Mr. Rajiv Gandhi to seek the advice of elderly leaders like Mr. E. M. S. Namboothiripad, Mr. Jothi Basu, and Mr. C. Rajeswara Rao though their political philosophy differed from the Congress (I)'s. Their love for the nation was not lesser than that of anyone else.

The former President said he had advised the Chief Minister, Mr. N. T. Rama Rao—when the latter called on him during his brief stay at Hyderabad on Saturday—"not to dabble in national politics too much". Mr. Rama Rao had a lot to do at the State level. Mr. Reddi told Mr. Rama Rao that when people in the State were suffering for want of drinking water, there was no point in he entrenching himself in other things.

/9274

CSO: 4600/1778

WRITER SAYS POLITICIANS 'SOWING WHIRLWIND' AMONG MUSLIMS

Calcutta THE TELEGRAPH in English 2 Jun 87 p 1

[Article by M. J. Akbar]

[Text]

Meerut, June 1: Salim Ahmed Ansari loves the alias he himself has promoted: he is known in Meerut as Salim urf (the Urdu for alias) Bhindranwale. Around 40 years of age, he edged his way into politics through the Muslim Youth Conference organised by Javed Habib. When the Babari Masjid issue came up, he at once hitched his wagon to this cause. His road to "salvation" for Muslims, repeated in conversation after conversation with the city's youth, was, "*Jarhna, marna hai* (we will fight and die)." And he would buttress this line with the example of Punjab: "*Ek karor sardar hain, aur yeh to samhal nahin rahe Rajiv Gandhi sey, ham 20 karor hain, hamen kaise samhalega?* (There are one crore Sikhs, and Rajiv Gandhi cannot tackle them, how will he tackle 20 crore Muslims?)" The accuracy of the figures is not the point, the direction of the message is. Other, more famous, Muslim leaders of this ilk have been giving their support to such preaching. Ansari organised a meeting of the Hyderabad MP Salahuddin Owaisi, and Owaisi's message to the Muslims of Meerut was: "*Taakat paida karo. Taakat maa ke qaatilon se samjhauta karwa deti hai* (Build your strength. It is strength which creates a settlement with the killers of your mother)." It does not take much intelligence to appreciate the reference points.

The new politics of these mod-

ern extremists is actually an echo of the old Muslim League politics: turn nationalism into a bargaining point. Threaten the state with revolt in order to win your demands. And arm yourself to prove how strong you can be.

This provocative challenge to India was given a kind of formal status at the Boat Club rally in support of the Babari Masjid demands. There is no proper understanding yet of the impact the speeches made there have had on excitable Muslims, particularly the youth. Meerut, being a town close to Delhi, sent thousands to that rally. Imam Bukhari's speech there, declaring that this country could not be called a legitimate home of the Muslims, has been reported, but not the more dangerous speech of Syed Shahabuddin. This correspondent has a video cassette of that speech, and the implicit and explicit call to violence that exists there has to be heard to be believed. Syed Shahabuddin warned India of the "consequences" of Muslim anger.

The reason why Shahabuddin is more dangerous than the Imam is because he provides the legitimacy of a respectable politician to these provocative arguments. When the Imam says all this, well he was a loudmouth extremist even when everyone from H.N. Bahuguna to Mrs Indira Gandhi kept tripping over one other to purchase his support. But Shahabuddin repre-

sents what secular Indian Muslim leadership *should* be all about: his career in the foreign service was interrupted when eminent leaders like Atal Behari Vajpayee and Chandra Shekhar brought him to politics to become the Muslim leader of the Janata ranks. Today, he is an important spokesman of the Janata Party, and not the Muslim League. And if a senior Janata MP can give a barely disguised call for insurrection, then why blame the Muslim youth in a depressed *mohalla* from believing that perhaps there is no answer except violence? And if upstarts parading themselves as Muslim Bhindranwales find patronage from the Babari Masjid committee (whose most famous member is Shahabuddin), then what justice is there in picking up a poor and frustrated young man from a *mohalla* like Hashimpura and condemning him as an antisocial and anti-national element?

For the last two years, and in particular after the Babari Masjid controversy, this message of salvation through confrontation has been drilled into the Muslim mind in *mohalla* after *mohalla*, through small meetings and large, addressed by extremist leaders minor and major. A whirlwind was being deliberately sown, and we have begun reaping it. Opposition parties like the Janata condoned it because they were convinced that

only Rajiv Gandhi would suffer (although the one Janata chief minister, Ramakrishna Hegde, was wise enough not to allow his own party MP Shahabuddin to hold meetings in Bangalore).

There is great political profit in death of course. Those who light the fires typically run away from the arson: Salim Ansari has spent the whole period of the riots in Delhi. Imam Bukhari can take comfort in the fact that the administration did not allow him to enter Meerut. Shahabuddin went for a couple of hours, and extracted every ounce of publicity with photographs sent to the newspapers (for some unknown reason Shahabuddin was laughing in the picture: no one has understood what there was or is to laugh about).

The tactic is a transparent one: build up passions, and provoke the community to the point of the riots which, when they come, will justify your original call for militancy.

And it is these leaders like Imam Bukhari and Syed Shahabuddin who have given fresh currency to the charge of anti-nationalism. That there is a powerful section within India always ready to hammer Muslims with the partition stick is not a secret. But this belief is spreading today, thanks to the speeches being made by the most prominent leaders of the Muslim community. The problem is accentuated by the fact that the traditional political machinery in small towns has been replaced these days by an aggressive lumpen element ea-

ger to fill the vacuum.

We have reached then a circle of vicious and horrible distress: on the one side political parties like the Janata giving legitimacy to leaders like Shahabuddin, and on the other criminal and communal forces like the PAC using this excuse to indulge in the massacre of innocents. And in this process, the people are getting communalised as never before. There is no Congress and Janata and Lok Dal during riots in Meerut, there is only Hindu and Muslim. Even so-called "leftist" Congress leaders of Meerut have become great devotees of the PAC.

And the man who has used the anti-national stick against Muslims in Meerut is Vir Bahadur Singh, the chief minister of Uttar Pradesh, and even when Rajiv Gandhi came to Meerut, V.B. Singh organised demonstrations in favour of the PAC, and even as non-controversial a leader as Mrs Mohsina Kidwai was insulted and abused with the tacit consent of the chief minister.

All through, the administration in Meerut has adopted an anti-Muslim attitude. And if there was any more evidence needed to prove the point then it came with the transfer of two senior police officers who had a reputation of integrity, V.K.B. Nair and Nathu Lal. The officers who allowed or participated in brutality of the most horrendous kind are being protected by the state administration. And the line is being spread that it was the Muslims who were the real aggressors.

There is truth in the charge that it was the Muslims who first provoked the riots: "inspired" by the Bukhari-Shahabuddin loyalists, they began the trouble on the 18th. But after that the revenge has been severe. As we reported yesterday, the police and the PAC even indulged in arbitrary killing. There was Maliana. And today survivors are talking of a figure of around 200 in one incident alone near the Hindon canal.

These weavers from Hashimpura became the "sala Pakistanis" whom the PAC sent to their death in cold blood, all pawns in a game being played for stakes as high as power. Votes are being counted in terms of corpses, and by every player—both the Shahabuddins and the Vir Bahadur Singhs. After 40 years, our nation's acceptability level for murder and mayhem has risen to unprecedented levels; that is one of the "achievements" of our system. And yet there comes a point when the reddened mind must demand a halt, an accountability.

Imam Bukhari can perhaps be left alone in the petty world he has created. But at least leaders who claim that they feel a sense of responsibility towards the country must take action: Chandra Shekhar against his communal lieutenant Syed Shahabuddin, and Rajiv Gandhi against his communal chief minister, Vir Bahadur Singh. That will not solve the problem, which is already a monster much larger than its progenitors. But it will be a very small beginning towards that end.

/9274

CSO: 4600/1777

GOVERNMENT TERMINATES AGREEMENT WITH FAIRFAX GROUP

Bombay THE TIMES OF INDIA in English 28 May 87 p 1

[Text]

NEW DELHI, May 27.

THE government today announced termination "with immediate effect" its agreement with the Fairfax group, the private American investigative agency that had triggered a fierce controversy in the last Parliament session and finally led to the setting up of a commission of inquiry.

The termination of the arrangement with Fairfax is seen as a government's counter to the former defence and finance minister, Mr V. P. Singh.

Mr Singh had asked why the contract was being continued if it was regarded as a security risk by the government.

A cable terminating the arrangement with Fairfax has been sent to the firm

and its officials. A finance ministry press note referred to the agreement as "purported to have been entered into with the Fairfax group or any of its representatives or employees."

The press note said the government "has also terminated any such arrangements entered into or purported to have been entered into with Dr Harris and Mr Gordon Andrew McKay, residents, Annandale, Virginia 22003, USA," by the directorate of enforcement.

"Records reveal that so far no information has been furnished by these persons or by Fairfax except for passing on certain documents received by them from Dupont.

The note added that it was in January 1987, that the enforcement directorate "had issued authorisation" to the said Dr Harris and Mr McKay to collect information on the matter of investigations regarding certain FERA violations."

The Fairfax affair came to light soon after Mr V. P. Singh was shifted from finance to defence. Mr Bhure Lal, the director of enforcement, who was reported to be instrumental in concluding the agreement with the Fairfax group, was also shifted and early this

month the revenue secretary, Mr Vinod Pande, the immediate boss of Mr Bhure Lal was also transferred.

There was confusion when the minister of state for finance, Mr Brahm Dutt, told parliament, while replying to a four-hour debate that the government had not formally hired the detective agency, but had an arrangement with it on the condition that it would be paid for any useful information provided by it.

THAKKAR PROBE: Ultimately, the government had to yield to the opposition demand halfway by setting up the Thakkar commission which is reported to have begun its work.

In the midst of the controversy Mr Michael J. Hershman, president of the agency, gave several press interviews which only added to the confusion.

Mr Hershman wondered why the government was not acting on information supplied by his agency. But his press note had clearly said that "so far no information has been furnished" except for "passing on certain documents received by Fairfax from Dupont, a U.S. chemical company which had supplied know-how to a number of Indian companies.

/9274

CSO: 4600/1779

PAPERS REPORT ON MEETING OF TRADE UNION CONGRESS

Working Committee Meeting

Calcutta THE STATESMAN in English 23 May 87 p 13

[Text]

THE working committee of the INTUC, at its 190th meeting in Calcutta on Friday, expressed total solidarity with the Prime Minister for tackling a difficult "national situation", and decided to extend full support to the Congress(I) in the coming Haryana Assembly elections. Briefing the Press after the meeting Mr G. Ramanujam, president, INTUC, said that the organization had also appealed to the Prime Minister to effectively intervene in Sri Lanka so that the Tamils in that country can live peacefully and with dignity.

Mr Ramanujam said that the committee considered the Government's announcement of a substantial ad hoc increase in the pay of officers of Central undertakings, discriminatory. The increase ranges between Rs 125 and Rs 2,500 and is not linked to productivity. The increased pay would have a retrospective effect since June 1 1986. "We don't mind officers being paid a higher salary. Our objection is that the proposed small increase of 10% in the salary of workers in Central undertakings be linked to productivity while there is no such stipulation for the increase in officers' pay."

The workers are naturally agitated as their demands are usually kept in cold storage. And even when they are met in post the benefits are meagre. The INTUC will send a deputation to the Prime Minister to draw his attention to this double standard, Mr Ramanujam remarked.

The INTUC leader said that his organization would never join any confederation of trade unions as suggested by the CITU whose objective would be to oppose and fight Government policies. A confederation of unions for nation-building was welcome, but not one for negative politics. Mr Ramanujam called upon trade unions to reject sectionalism and modernize their thinking and modus operandi. Strikes were proving to be a crude form of industrial protest. The trade unions, to protect their interests, would have to sustain their fight at a high intellectual level.

Mr Ramanujam demanded adequate representation of labour in policy-formulating bodies connected with the textile industry. Effective involvement of labour in formulating policies, he felt, could prevent industrial sickness.

He held managers responsible for increasing industrial sickness in the country. "This new disease is due to mismanagement by owners and managers and not due to workers. They should be punished for spreading this sickness. And the right medicine for arresting this sickness is that the Government take over all the industrial units and not just the sick units of a particular industrial house. It has been seen that the industrialists have deliberately made some of their units sick by diverting funds to sister units. A preventive machinery should be evolved with an active participation of labour to stall this process".

Mr Ramanujam said that the jute industry was in shambles and its workforce had been halved. This was a cause for serious concern. He called for a selective and practical approach to automation in industry. The craze for computerization was not desirable in Indian conditions. Computers were certainly not needed for a job which could be done by men.

The working committee meeting in Calcutta marks the completion of 40 years of INTUC.

Conference Opens

Calcutta THE TELEGRAPH in English 24 May 87 p 5

[Text]

Calcutta, May 23: The West Bengal Intuc president, Mr Subrata Mukherjee, today scored a political victory over the PCC president, Mr Priya Ranjan Das Munshi, when he roped in Mr Somen Mitra and Ms Mamata Banerjee into the organisation.

Mr Das Munshi, who was supposed to inaugurate the Intuc conference, did not turn up at all. When asked, Mr Mukherjee, pointed out that though he got a message from Mr Das Munshi, no explanation was given about his inability to inaugurate the conference. The conference was finally inaugurated by the Intuc president, Mr G. Ramanujam.

Both Mr Mitra and Ms Banerjee, with a large number of their supporters, attended the session at the Netaji Indoor Stadium today. Ms Banerjee was also made the organising secretary of the state unit of the Intuc.

This new grouping in the state politics also highlights the widening difference between Mr Das Munshi and Mr Mukherjee. However, out of the 40 Congress(I) MLAs, only 13, including Mr Rajesh Khaitan, attended the conference.

'Everything reciprocal'

Asked whether Mr Das Munshi's absence was due to the differences over the inclusion of some names suggested by him in the executive committee of the state

Intuc, Mr Mukherjee pointed out that Mr Das Munshi has no right to dictate the names of the members to be included in the committee. Mr Mukherjee said in the past when he had suggested the names of some of his followers to be included in the PCC(I), Mr Das Munshi had refused to oblige him. He said "everything was reciprocal and when Mr Das Munshi does not listen to our suggestions, why should we listen to him?"

Mr Mukherjee, however, felt that Mr Das Munshi should have attended the conference in order to clarify some of the commitments he had made to workers regarding their demands before being elected as a party MP. He said "Priyada should have been here to tell the workers what all steps he had taken since becoming an MP for realising their demands."

Earlier at the conference, Mr Mukherjee was unanimously elected as the president for the fourth consecutive time. A 41-member council with Mr Lal Bahadur Singh as the joint

general secretary was also elected this morning.

Shift in stand

Mr Subrata Mukherjee said there has been a "slight shift" from the earlier stand of the Intuc in joining the confederation of the central trade unions, as had been suggested by the Citu.

Mr Mukherjee hinted that the Intuc may join the confederation only after it was satisfied that the forum was not being formed with the sole motive of attacking the Union government, but to highlight the demands of the working class. The Intuc president, Mr G. Ramanujam, however, had categorically ruled out the possibility of Intuc joining the confederation with the Citu.

Mr Mukherjee said Intuc would fight against all divisive or secessionist forces which posed a threat to the country's unity and integrity. He maintained that Intuc would not hesitate to launch joint movements with other trade unions for the interest of the workers.

Post-Conference Statements

Madras THE HINDU in English 27 May 87 p 6

[Text]

CALCUTTA, May 26.

On the proposal for a confederation of Central trade unions, suggested by the CPI (M) affiliated Centre for Indian Trade Unions (CITU), the Indian National Trade Union Congress (INTUC) appears to have some reservations.

At least that was the impression conveyed by the recent statements of INTUC leaders following its national working committee and the State unit's conference.

The INTUC president, Mr. G. Ramanujam, has categorically stated that the INTUC would not join any confederation of trade unions which had confrontation with the Centre as its sole aim. A confederation with a positive approach for nation-building activities was, however, a different proposition. The president of the State unit of INTUC, Mr. Subrata Mukherjee, referred to a shift in INTUC's stand and said the INTUC might join the confederation if it was convinced that its motive was not attacking the Central Government but to promote the interests of working class. Mr. Ramanujam was in favour of modernising trade union ethos in the country and felt the trade unions should involve themselves in social reforms. Strikes were proving to be an obsolete form of industrial protest in a fast changing technological world. To protect their interests

the trade unions should carry their protest to a higher "intellectual" plane, he felt.

Disparity in wage increases: Mr. Ramanujam was critical of the disparity in the wage increases allowed to workers and officers in public sector undertakings. The recent substantial *ad hoc* pay increases allowed to officers in Central Government undertakings were highly discriminatory. While the wage increases to workers were linked to productivity, no such stipulation was made in the case of officers although management productivity was equally a key input for the successful functioning of an industrial unit.

The trade unions had submitted their charter of demands. But few public sector units had come forward to negotiate with them. The public sector managements had maintained a "discriminatory" attitude with regard to their dealings with their workers and officers; Mr. Ramanujam regretted.

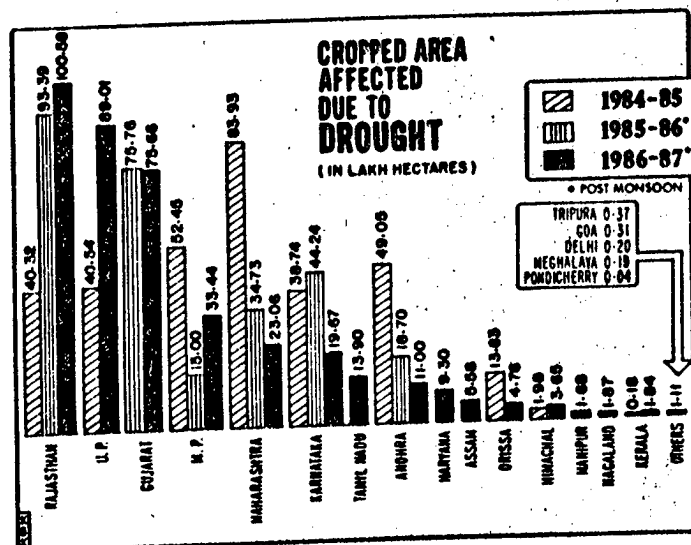
The re-election of Mr. Subrata Mukherjee as president of West Bengal unit of INTUC and the conspicuous absence of the Pradesh Congress Committee chief, Mr. Priya Ranjan Dasmunshi at the inaugural session pointed to the growing rift between the factions led by them in the State Congress (I) Committee. Mr. Mukherjee's re-election suggests that he continues to be a factor to reckon with in the State

PAPERS REPORT, COMMENT ON DEVASTATION CAUSED BY DROUGHT

Relief Termed Inadequate

Bombay THE TIMES OF INDIA in English 28 May 87 pp 1, 14

[Text]



FAMINE may no longer be a spectre but drought continues to devastate the land.

People may not be dying in droves but the statistics of misery speak for themselves. Today, drought flights the life of a fourth of the country's population, cripples the economy of three out of five districts and stunts the crops of a fourth of the cultivable area.

Once, hunger was the leitmotif through this national tragedy. Today, it is shortage of drinking water and cattle fodder. Three unsatisfactory monsoons in a row, receding water tables and the consequent drying up of wells and waterholes have created a situation where entire villages have migrated. Or, if they have stayed, they have had to resort to distress sale of cattle.

Among these millions, there are many for whom a drought is no news;

90 out of the 273 districts currently afflicted with drought are known to be chronically drought-prone. But many districts among the drought-affected areas were, not too long ago, fertile. Orissa's Kalahandi district was once the state's rice-bout. Today, the people there are battling starvation.

The other badly-affected states are Rajasthan, Tamil Nadu and Kerala. All 27 districts in Rajasthan have been declared drought-hit. Serpentine water queues have again become ubiquitous in Madras. And in Kerala the 250 km-long Bharathapuzha river has turned into a stretch of sand for its entire length.

The Centre is handicapped in providing assistance to the states. The total Central allocation for meeting natural calamities is only Rs. 500 crores: a fraction of the demand for the

states. At least 10 states are in the queue with begging bowls.

The Times of India News Service offers a comprehensive survey of the drought scene in eight states, starting with Rajasthan.

M. L. KAPOOR reports from Jaipur: Rajasthan is no stranger to drought but today it is in the grip of worst drought of this century. According to official figures, 32,000 villages in all the 27 districts of the state are affected. Shortage of drinking water and fodder has assumed alarming proportions, especially in the desert region, which comprises 60 per cent of the total area of the state.

Rajasthan's folklore has it that in a century there are seven famines, 27 good crop years, 63 moderate drought years and the remaining three disastrous drought years. But as a yet-to-be published U.N.-sponsored study brings out, "developmental intervention" has so destabilised the fragile desert ecosystem in this century that the Thar desert region has had no more than four years of good rain in the last 50 years.

The study was conducted by Mr Arun Kumar, a journalist-turned social activist who recently undertook a 46-day, 1,000-km water march from the border district of Jaisalmer to Jaipur. Mr Kumar and Dr Ritu Priya, who was associated with the study, found that over 60 per cent of the children they encountered in the age group of three to 10 suffered from various vital deficiencies. "prolonged hunger and chronic malnutrition has reduced most people to sub-human physical levels," says Dr Ritu Priya.

A large number of "starvation" deaths have been reported from the southern tribal region of the state. Official circles continue to debate the cause of the deaths, arguing that the deaths are disease-related. What no-

body contests, is that hordes of cattle are being taken, or pushed, across the border of the state.

The state government claims to have taken up drought-relief and cattle conservation attempts on a "war-footing". But in fact, the 46,000 relief works that have been started have brought relief to only 1.4 million families out of the 4.5 million affected. For them too, the relief is marginal: one job per family.

The state government says it cannot do any more unless Delhi steps up its aid. It has asked for Rs. 200 crores of assistance. This figure is a projection from the Rs. 99 crores the Centre had

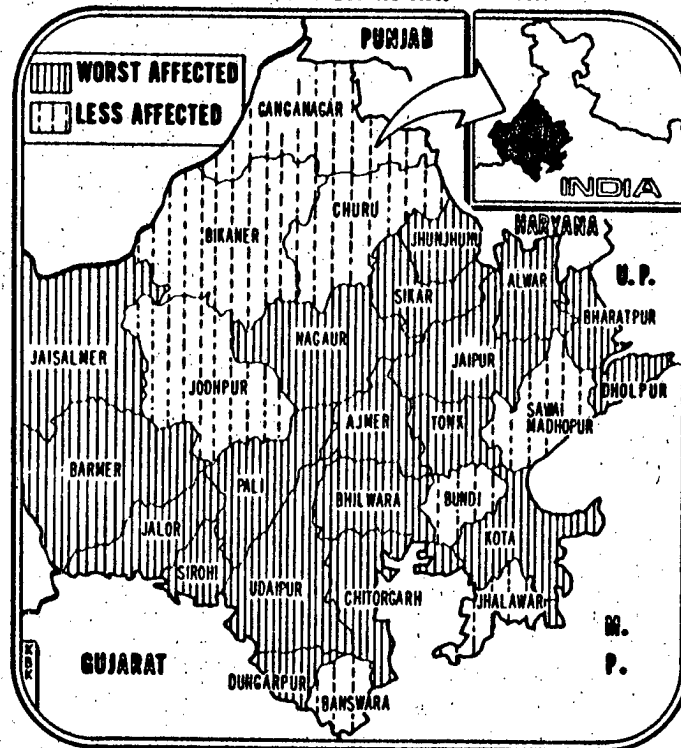
telling in 1984-85, 23 out of 45 districts, in 1985-86 only 12, and 1986-87, as many as 40.

To meet the situation, relief works were begun on a massive scale and by December last, over 321,000 people were employed on 11,314 works. By March 31, the number of people employed had shot up to 1.5 million. The total number of works had also trebled — to 33,515.

Of the 1.35 crore people in rural areas affected by the drought, nearly half are small and marginal farmers. Damage to crops has been put at around Rs. 300 crores.

Of the 40 districts hit by drought, the

FAMINE CONDITION IN RAJASTHAN



given last year for the same period (April-June) when conditions were not half as bad.

The chief Minister, Mr. Harideo Joshi, spent three days in Delhi recently, pleading for enhanced assistance. But all he got from G. S. Dhillon, Union agriculture minister, was an offer of 200,000 tonnes of wheat at the subsidised rate an offer of 200,000 tonnes of wheat at the subsidised rate of Rs. 55 a quintal. The offer was later reduced to an outright grant. The Centre will decide its final aid package after the Central study team, which

tribal districts of Jhabua, Dhar, Kargone, Betul, Mandla, Raigarh, Jabalpur, Satna, Chhatrapur, Panna, Tikamgarh, Damoh and Rajnandgaon are the worst affected. Some of them have been affected repeatedly.

The revenue department has improved the procedure of providing relief. A fixed amount is put at the disposal of the district collectors along with guidelines about how to distribute immediate relief to the affected farmers, for crop loss or house damage, for loss of cattle and human life. They do not have to wait for formal sanction



visited the state recently, submits its report.

Rajasthan's poor record in getting aid from the centre does not inspire much confidence. But even if the Centre decides to be munificent, the state's chronic need for disaster relief funds is unlikely to be satisfied until there are structural changes in Centre-state finances. Mr Joshi has made repeated requests to the Planning Commission to modify the Gadgil formula for Rajasthan because of its geophysical handicaps, Mr Joshi has been arguing in vain, that deserts should be treated on par with hills.

CHINU PANCHAL reports
Bhopal: Large tracts of Madhya Pradesh have been affected by drought for the third consecutive year. The statistics of drought-hit districts are

from the state headquarters. Each district collector has been given about Rs. 40 lakhs for drought relief.

The government has also suspended or remitted land revenue and agricultural loans and converted short-term co-operative loans into medium-term loans. The government now proposes to distribute kharif "taccavi" to farmers in distress. Crop insurance schemes are also being gradually introduced.

In the last financial year, the state government spent about Rs. 73 crores on providing relief. Of this, the Centre gave Rs. 30.28 crores, plus foodgrains. For 1987-88, the Centre had promised cash assistance of Rs. 11.40 crores and 100,000 tonnes of wheat, valued at Rs. 15 crores.

Drinking Water Shortage

Calcutta THE TELEGRAPH in English 1 Jun 87 p 4

[Text]

New Delhi, May 31 (UNI): Acute drinking water scarcity has gripped cities, towns and villages in at least seven states causing hardship to thousands of people.

The usual water sources having gone almost dry and the local administrations are supplying limited quantity of water to

through tankers and animal-drawn carts. Reports from these states show that in some places, sale of water has become a brisk and paying business.

The water famine is the direct result of failure of rains in many states, some of which are experiencing drought for the third

or fourth consecutive year.

Kerala is facing one of the most severe drought in recent decades and the government machinery is straining itself to reach drinking water to the people.

The drought has been brought about by the total failure of the

north-east monsoon for the fourth successive year.

The government has initiated various measures to supply drinking water to the people until the advent of the south-west monsoon early next month. The measures include improvement of the existing sources of water supply, construction of water tanks and distribution of water through tankers.

Andhra

Hyderabad and Secunderabad are experiencing their worst-ever drinking water scarcity.

Against the requirement of 120 million gallons a day for the twin cities with a population of over three million, the normal supply was 88 MGD till the end of 1984.

About 4000 bore wells have been drilled in various parts of the twin cities and 500 static tankers have been installed in various localities.

In Madras there is a 25 per cent cut on the normal supply of 56 million gallons a day and the drinking water situation is likely to turn worse. The Tamil Nadu government has zeroed in on the ground water resources to meet the city's drinking water requirements.

Metrowater, whose chairman, Mr R. Varadarajulu, described the water situation as "serious" has drawn up a Rs 6 crore relief programme to tap ground water. "We are lucky this year as the ground water table is reasonably good," he said.

The city's water problems might come to end only when the Telugu Ganga project, envisaging the diversion of Krishna waters to the city, is completed.

Karnataka

Mangalore city in Karnataka with a population of 3,50,000, is receiving only 4.5 million gal-

lons a day for the last 25 days against the normal supply of 8.5 million gallons.

Bihar

In Patna, the water board is supplying only 35.5 million gallons against a requirement of 85 million gallons, official sources said.

The sources said 198 schemes involving Rs 2.18 crores scheduled for completion by March 1985 were still unfinished.

Gujarat

Normal life has been badly affected in the cities and villages of Saurashtra and Kutch region of Gujarat which is facing worst ever scarcity conditions due to monsoon failure for the second successive year.

Madhya Pradesh

According to the Madhya Pradesh public health engineering department, 65,996 of the total 71,352 villages in the state are facing water scarcity.

Harvest Prospects Noted

New Delhi PATRIOT in English 2 Jun 87 p 5

[Text]

Despite a slight delay in the onset of the monsoon, the Union Agriculture Ministry is hopeful that there would be enough rainfall this year to give a boost to agricultural production, reports UNI.

Expecting favourable weather, the Ministry has set for 1987-88 an operational target of 157 to 162 million tonnes of foodgrains, including about 90 million tonnes of kharif output. The rice production target for the year is 65 million tonnes.

The Ministry has drawn up an action plan to help realise the kharif targets. It has addressed letters to States urging them to organise "inputs fortnight" so that the farmers are assured of necessary inputs at the time of sowing of kharif crops, which would start soon.

For the first time, even before the start of the kharif season, the Ministry has given financial sanction for various centrally sponsored schemes so that there is no delay in their implementation.

Such schemes include special rice production programmes in the eastern region, oilseeds and pulses develop-

ment programmes, national project for dryland farming, and the small and marginal farmers' programme.

Reports from States show that adequate arrangements were being made for timely supply of seeds and fertiliser. It is also proposed to increase the area under high yielding varieties this year to 62 million hectares, against 54 million hectares last year.

With the fertiliser market facing a glut this year farmers are not expected to have any problems obtaining this vital input.

States have been given greater flexibility in their operation this year. While the targets are fixed, it is for the States to decide which are the programme components that need greater push.

The "single window" concept of providing farmers with all inputs at one place would also be tried out on a pilot basis in Uttar Pradesh. If successful, it would be extended to other areas.

Meanwhile, a review of the 1986-87 production programmes shows that out of a likely achievement of over 150 million tonnes of foodgrains — against a target of 160 million tonnes — the

main shortfall was in rice. This was because of inadequate rains. Sixty per cent of the rice area in the country is rainfed.

The review shows that there was a 10 per cent reduction in the rice production even in the special rice production programme areas in the six States of the eastern region.

Total rice production during the year is estimated at 59.5 million tonnes, against 64 million tonnes — a record — in the previous year.

The coarse grain output is estimated at 29 million tonnes against the original expectations of 32 million tonnes.

As for pulses, good rabi rains compensated for the failure of kharif rainfall in many parts, and consequently the output is estimated at 13 million tonnes, the same as in the previous year.

The oilseed crops have done well and the total output is expected to be at least 1.5 million tonnes more than last year. This is mainly because of a good output of rabi groundnut as well as mustard-rape and toria crops.

PLASTIC HULL NAVAL SHIPS TO BE BUILT IN GOA YARD

Calcutta THE TELEGRAPH in English 24 May 87 p 5

[Text]

Panaji, May 23: The Goa Shipyard Ltd, a ministry of defence undertaking, is expected to begin the construction of a new and sophisticated series of naval vessels shortly.

According to an official release, the company has been earmarked for construction of sophisticated vessels using glass-reinforced plastic hull technology for the Navy and offshore patrol vessels for the Coast Guard.

The shipyard, established in 1957 and taken over by the government of India in 1961 on the liberation of Goa, was expanded recently to undertake construction of a variety of naval vessels. In 1985-86, the value of production in the yard increased to Rs 34.37 crores from Rs 27.34 crores in 1984-85.

During the same period, sales increased from Rs 18.76 crores to Rs 22.27 crores. Before-tax profit was Rs 9.56 crores in 1985-86, against Rs 6.57 the previous year.

In 1984-85, repairs to foreign flag vessels brought in Rs 75,000, which figure rose to Rs 2.11 lakhs the following year. Of this Rs 1.43 lakh was in foreign exchange.

The company's major efforts during the last decade have been towards construction of various types of small warships for the Navy, including land craft, utility torpedo recovery vessels, survey craft, seaward defence boats and ferry craft. The shipyard also constructed six exploratory fishing vessels for the ministry of agriculture and seven launches for Mazagaon Docks, Bombay.

/9274

CSO: 4600/1766

INQUIRY INTO ELECTRONICS FIRM RESEARCH ORDERED

Bombay THE TIMES OF INDIA in English 26 May 87 p 8

[Article Bharat Bhushan]

[Text]

THE inquiry that the Centre has ordered into research and development activities at Bharat Heavy Electricals Ltd. (BHEL) has not come a day too soon. It is an indication of the seriousness with which the government views the state of R and D in BHEL and its continuing dependence on foreign collaborations that no less than the Science Advisory Committee of the Cabinet (SACC) has been asked to conduct the inquiry which supplants an internal inquiry that the BHEL management itself had ordered.

This is the first public inquiry into the R and D activities of BHEL and its findings are therefore likely to be of crucial importance to the future of the company. What makes this public inquiry unique is not only that it is the first such but also the fact that unlike reviews of other research organisations this is the first review of a "commercial organisation". As such its conclusions can also be of crucial importance in understanding the failure of inhouse R and D in other capital goods industries in the country. The inquiry committee should therefore locate its brief in this broad context instead of focussing narrowly on R and D management at BHEL.

Case Studies

This can be best achieved if the committee were to conduct a few comparative case studies of inhouse R and D in capital goods firms both in the public and the private sector. Such an exercise would also enable the inquiry committee to see whether BHEL's problems are specific to the company or whether they

are part of a general malaise.

The three specific issues affecting R and D at BHEL that need to be inquired into are: the argument of customer preference for imported technology. The preference of the managers themselves to opt for imports under "commercial compulsions" and the lack of an R and D policy and the process of selecting or administering R and D projects and personnel.

BHEL, like many other engineering organisations, claims that its customers prefer "proven technology" and this goal is difficult to meet with the goal of making its inhouse R and D useful. This argument has been often invoked to jettison indigenous R and D altogether. However, the preference for imported equipment and the guarantees that go with it are nothing but a scathing indictment of the bad process engineering that goes into indigenous equipment.

BHEL claims that the reliability of its equipment has been improving steadily and blames the performance lapses on the low level of engineering and management expertise in the State Electricity Boards (SEBs). That this does not affect the performance of imported sets in use with the SEBs suggests that the lapses may lie with BHEL's own imperfect engineering practices. This is what the SACC inquiry should look into.

In the long run, however, it would also be important to raise the engineering expertise of the utilities to improve the level of their technological interaction with BHEL. This would not only ensure better utilisation of the results of R and D by the

SEBs but may also provide important feedback for BHEL's R and D.

Technology Import

The argument about "commercial compulsions" to import technology needs to be examined in detail. It is often held that the injection of new technology is necessary to stimulate demand and thus to help increase profits. The extent to which this claim is applicable to the capital goods industry in general and to the power equipment industry in particular needs to be analysed.

When BHEL wanted to go for an umbrella collaboration with Siemens in the late seventies, it is precisely this argument which was put forward. Despite an official committee's criticism of the proposal, it was ultimately cleared in separate packages.

These collaborations tended to destroy indigenous R and D in some cases. Thus in the case of electric motors, for example, not only was indigenous R and D scuttled as a result of the Siemens collaboration but till today a royalty payment is made to Siemens on the invoice value of all motors made at BHEL irrespective of the technology used. So Siemens gets paid "royalty" even for motors based on old Russian or British designs, and even on inhouse research. It would be interesting to find out the "commercial compulsions" to go for such a collaboration.

Not long ago the heavy industries secretary and a former chairman of BHEL had stated that the BHEL —

Siemens collaboration "is in respect of updating the technology of the existing products ... when we go in for updating technology at this stage the cost-benefit analysis can only be qualitative because if they (BHEL) do not update their technology they will go out of business". Now there is enough data available to test this claim and the SACC inquiry should do so.

More specifically, it should ask the following questions: did the market for BHEL products get stimulated because of these collaborations? Did BHEL's market share increase substantially? Did the productivity go up and consequently did the prices of its products fall? And lastly what was the net impact of the collaborations on BHEL's profits and on the net foreign exchange outflow? The answers to these questions may have far reaching consequences for the technology acquisition and development plans of the entire indigenous capital goods industry in the country.

Public sector enterprises like BHEL may also opt for imports for yet another reason. By importing technology or major components on a CKD basis, they can show an impressive turnover in a relatively short period of time. But the question is, precisely what weightage should be given to this criterion in evaluating the performance of public sector enterprises entrusted with the job of developing indigenous technology in key sectors of the economy?

The ineffectiveness of R and D is also the result of a faulty selection of research areas. Usually there are

three major sources of R and D projects in a commercial enterprise: feedback from its customers, feedback from the shopfloor and the plans of its competitors.

No Feedback

At the outset there is no indication of either feedback from the customers or the monitoring of the activities of BHEL's competitors playing any role at all in its R and D efforts. Although some R and D activities are based on the feedback from the shopfloor the bulk of R and D projects at BHEL are the result of "Project Initiation Reports" (PIRs) of its R and D engineers.

Although the PIRs are vetted by specific product committees, it should be clear to even a layman that instead of asking its engineers, the BHEL management should itself be deciding on priority areas based on a R and D policy for the company.

But BHEL has no specific product-oriented R and D policy. Although BHEL has published a number of documents since 1974 dealing with the company's growth perspectives none of them attempts to chaff out a specific R and D programme for BHEL's main product line. There is no attempt to work out time-bound product development programmes which could have been matched with the time-span of foreign collaborations so that when they come to an end, indigenous products would be ready for replacing them commercially.

Instead of working out a detailed R and D policy to this end, the management of BHEL defends the practice of using PIRs to decide which R and D programmes to fund.

This is done in the name of the tremendous "freedom" BHEL gives to its research engineers. However, BHEL is not in the business of research funding to encourage excellence in science. It is a commercial organisation which must direct its R and D to fit its mandate, and that is to make the country self-sufficient in the manufacture of power equipment. The SACC inquiry should look into the absence of an R and D policy at BHEL and find out how it has come about that today R and D managers at BHEL do not see import substitution or the development of new products as their main activity.

R & D Problems

Lastly, the inquiry committee should look into the specific problems of management at BHEL's corporate R and D centre. These relate to the frequent reorganisation of corporate R and D and its impact on efficiency, the extent of commercialisation of results of inhouse R and D, the legitimacy for diversifying R and D into areas that have little to do with BHEL's main productline, the high turnover of senior managers, personnel policy in respect of R and D engineers, and the problems of joint control over sponsored defence projects such as those involved in the recent ATV (advanced technology vessels) projects of the ministry of defence.

On a comprehensive analysis of these issues depends whether BHEL can ever be put on to the road of self sufficiency in the power equipment sector. Only when its present weaknesses are recognised and set right can BHEL be defended against the public sector bashers.

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CSO: 4600/1765

EDITORIAL URGES INVESTIGATION OF COMPUTER NEGOTIATORS

Bombay THE TIMES OF INDIA in English 26 May 87 p 8

[Editorial]

[Text]

Hot on the heels of controversies on some defence deals and the Fairfax inquiry, comes the allegation that some Indian government officials had demanded "commissions" in a computer deal from a U.S. firm. The Washington correspondent of a Delhi-based newspaper has quoted U.S. government sources to support the allegation. It has been alleged that members of the Indian team negotiating the technology transfer and co-production of Cyber 810 and 830 Mainframe computers had demanded illegal payments from Control Data Corporation (CDC). The approach was apparently rejected by the company, under instructions from the U.S. government which actively discouraged CDC from making the pay-offs, because of the potentially embarrassing fallout from such a transaction. Such kickbacks are also illegal and are banned under the 1976 Foreign Corrupt Practices Act of the U.S. Not only U.S. government sources, but even the representatives of CDC have confirmed that slush money was asked for. However, the company has sought to make a distinction between the officials of the "government of India" and the officials of "government of India enterprises", who approached it for "commissions".

This has obviously led to the finger being pointed at the officials of the Electronics Corporation of India Ltd. (ECIL) who were part of the team negotiating the deal. ECIL, incidentally, has been selected to manufacture Cyber 810 and 830 in India. A U.S. embassy representative in New Delhi and a senior Indian government official have both denied the charge. While the U.S. commercial attache has denied that anyone from ECIL had asked for "commissions" on the deal, he has also added that "their officials were part of the negotiating Indian team which consisted of host of other ministries." So while he has cleared ECIL officials, there are others who still remain in the shadow of doubt. The Indian denial is weak, at best. Firstly, it is not at all clear who the unnamed "senior" official who has issued the denial is, and to which department he belongs. Only such identification can tell us whether he is even in a position to issue the denial. Secondly, the knocking down

of the price from \$ 20 million to \$ 9.5 million for the deal has been cited as evidence to suggest that there could not have been any kickbacks, which would have in fact pushed the price up. But the charge is not that any slush money was actually paid by CDC, but that it was asked for by the Indian officials. So the knocking down of the price is irrelevant to the charge being made. This is, in fact, a clear-cut case for a CBI inquiry. The members of the negotiating team can easily be identified and an inquiry made about who among them asked for illegal payments. Bland denials, without a proper investigation, can only corrode the image of the government.

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CSO: 4600/1765

PAPERS TELL PROGRESS IN RESEARCH ON SUPERCONDUCTIVITY

Apex Panel Formed

New Delhi PATRIOT in English 3 Jun 87 p 5

[Text]

Prime Minister Rajiv Gandhi has decided to set up an apex body at Cabinet level, under his chairmanship, to promote research on superconductivity on a high priority basis.

This was disclosed by the secretary, Department of Science and Technology, Dr Vasant Gowariker on Tuesday. He said setting up of such a body under the Prime Minister's chairmanship emphasises the political commitment to this emerging area of science and technology.

The Prime Minister has also formed a Programme Management Body (PMB) which will have the necessary financial and executive powers to pursue the programme to its well-defined fruition.

The PMB will be the main functional body and it will report to the apex body which comprises the Finance and Human Resources Development Ministers, the Minister of State for Science and Technology and other top scientists and officials.

The apex body with the PMB

will act as a sort of catalyst agency to coordinate the effort in the various institutions where research in this crucial and latest area is going on. The idea is to make the entire effort result-oriented.

The structure of the body at present is of a pre-mission set-up. Eventually it will take on mission shape and develop a national level policy in the area of superconductors, sources said.

At present a number of scientists at various institutions like Indian Institute of Science, Bangalore, TIFR Bombay, IIT Madras, National Physical Lab, Delhi and BARC Bombay have been involved in the research in this area with varying levels of accomplishment. But it is difficult to state exactly where the Indian work stands compared to other countries.

The new move is seen as an effort to collate information and scientifically assess the work all over the country because the need has been felt for a well-orchestrated programme involving research, development, appli-

cations engineering and production.

This would imply a much larger measure of focussing, appraisal and activation of scientific activities as well as development of human and institutional resources existing and creation of those not presently available.

For example, if a particular lab or institution needed to be given manpower and financial help to boost work in a specific area of research, then the PMB and the apex body would be able to allocate things on a priority basis.

Again, apart from institutions doing work, a lot of research work may be given to the universities and others and it is with this in view that chairman UGC, director BARC, heads of departments of atomic energy, electronics, defence research and development organisation and CSIR have been put on the apex body which will also have four eminent scientists and the chairman, Scientific Advisory Council of the Prime Minister as members.

TELEGRAPH Report on Panel

Calcutta THE TELEGRAPH in English 1 Jun 87 p 5

[Text]

New Delhi, May 31 (UNI): A high-level committee headed by Prof. M.G.K. Menon, scientific

advisor to the Prime Minister, has been formed to coordinate the superconductivity research

being carried out in different national laboratories.

The committee will assess the progress of research at different laboratories and mount a national technological programme, in view of the worldwide interest in superconductors.

The committee idea was endorsed by the Prime Minister, Mr Rajiv Gandhi, at a meeting with top superconductivity researchers and science policy planners last week. The government would also make available additional funds for this research programme.

The major Indian institutions involved in superconductivity research are the National Physical Laboratory (Delhi), Indian Institute of Science (Bangalore), Indian Institute of Technology (Madras) and Bhaba Atomic Research Centre (Bombay). Other research institutions that could help in pushing forward a national programme on superconductivity would also be roped in.

So far, India has kept pace with superconductivity research elsewhere in the world. The latest claim by the National Physical Laboratory of observing a superconductivity transition at 26°C in a doped barium-copper-oxide system is significant. Other Indian laboratories have already recreated the major research finds in leading superconductivity research nations like Japan, Germany and the United States.

Industrial applications

The objective of all these researches is to develop new materials that would retain supercon-

ductivity (zero resistance to current) at room temperatures. Such materials would have tremendous industrial applications, revolutionising day-to-day life.

Till some years back, the phenomenon of superconductivity in metals, alloys and chemical compounds was associated with very low temperature conditions (near the Absolute Zero, that is, minus 273°C feasible only in laboratories).

But last year's discovery by two West German scientists of superconductivity at higher temperature levels (minus 238°C) in a rare earth ceramic compound triggered a scientific race for superconductivity at higher temperature levels.

Several laboratories in the United States and Japan are trying to achieve superconductivity at higher temperature levels. The highest they could achieve, so far, is at minus 48°C.

American scientists are attempting to roll the ceramic oxide systems in which they achieved better superconductivity into thin films and wires to facilitate their use in electronic circuits and electricity transmission lines.

Any nation or individual that comes up with superconducting materials of higher temperature would reap economic benefits as they would have big industrial demands in areas like electricity transmission, generating systems, transportation, and a whole range of electronics activity.

Wide uses

They would also facilitate superconducting electromagnets and highly efficient motors for cars, trains and ships. Trains that run on magnetic rails would be another possibility. Smaller and cheaper computers and other electronic items are also possible with such superconductors.

Meanwhile, in Bangalore, the Indian Institute of Science director, Prof. C.N.R. Rao, who is leading a team of scientists at the institute working on high-temperature superconductors, said an unusual property of superconducting material had been discovered by the team. Dr. S.V. Bhat and Prof. T.V. Ramakrishna had found that these substances absorbed electromagnetic waves, opening up new vistas to greater applications, including defence.

A senior IISC scientist said the properties relating to absorption of electromagnetism explained a lot on the application of superconductors in magnetically-levitated trains, high speed computers resonance, imaging and other uses.

Recently, the scientists have succeeded in isolating the pure oxide phase responsible for high temperature superconductivity. It showed the onset of superconductivity at 120 K and exhibited the highest Meissner effect ability of a superconductor to repel magnetic fields.

Fresh Claims Reported

Madras THE HINDU in English 30 May 87 p 6

[Text]

NEW DELHI, May 29.

Fresh claims in the rapidly developing field of high-temperature superconductivity have come from the National Physical Laboratory New Delhi. The most significant claim made by NPL is that its scientists have observed a superconducting transition at +26°C—the highest temperature claimed so far—in some multiphase doped yttrium-barium-copper-oxide (YBACUO) systems by the 'inverse a.c. Josephson tunnelling effect'.

An indication

Observation of the transition itself does not imply superconductivity (zero resistance to flow of electricity) at room temperature—it is only an indication of the possible presence of a phase (in the multiphase sample) that could be superconducting at as high a temperature as is being claimed. The suspected phase needs to be identified from among the several co-existing chemical structures in the sample and resistivity measurements made on it to see

whether or not the electric resistance drops to zero at 26°C. The most important test will be to see if the phase, if identified, is stable. This work is at present on at the NPL.

In the studies conducted at the NPL, YBACUO systems were doped with varying concentrations of cerium, strontium, calcium, etc. By changing the composition, substituting most of the different constituent elements and altering heat treatments a wide spectrum of these doped oxides which become superconductors in the temperature range of 70 K (minus 203°C) to 93 K (minus 180°C) have apparently been produced by the NPL group. With some of these samples one set of studies showed a 50 per cent drop in resistivity at 26°C. The resistivity of this sample dropped to zero only around 90 K (minus 183°C) which is interpreted as due to the presence of a coexisting (but overwhelming) phase which becomes superconducting at this much lower temperature.

Double checked

The drop in resistance was double checked with the 'inverse a.c. Josephson tunnelling effect' which is believed to be an unambiguous signal for the presence of a superconducting phase. In some other studies on a different sample, carried out about 10-15 days ago, the same techniques have shown the presence of another superconducting phase at 230 K (minus 43°C). The highest published claim so far has been at 240 K by a group led by J. T. Chen from Wayne State University through the same method of the inverse Josephson effect in a multiphase system. This group observed a 40 per cent resistivity drop between 240 and 200 K with zero resistance being seen only at 90 K. The NPL scientists took the cue from this result and repeated it on their sample which apparently showed a similar transition at room temperature.

The inverse a. c. Josephson effect involves

shining microwave or radio frequency radiation on the oxide sample and measure the d. c. Voltage it generates in different orientations of the sample. This observed d. c. voltage is plotted against temperature. This voltage should remain constant till the superconducting critical temperature is reached above which it should drop to zero. In the experiment at the NPL the voltage measured was of the order of one millivolt which went to zero at 26°C.

Inverse effect

This is the reverse of the normal a. c. Josephson effect observed in superconducting devices called Josephson junctions—sandwiches of thin insulating material between two layers of superconductors—where an applied d. c. Voltage across the junction causes an oscillating supercurrent to flow across the insulator. In the observation of the inverse a. c. Josephson effect in these oxide samples it is presumed that if there are two phases in the sample, with different superconductivity critical temperatures, the sample may be thought of as comprising numerous coupled Josephson junctions made out of these phases. The lower temperature superconducting phase is supposed to act as the insulator with the higher temperature superconductor sandwiching it to form the Josephson junction.

Studies in device oriented applications are reported to be already under-way at the NPL. Point contact devices which would have relevance to meteorology and Superconducting Quantum Interference Devices (SQUIDS) are being made and tested. Attempts to sputter these new oxides in thin film form have also been initiated. Use of these materials in cryoelectronic devices like 'high-Q' oscillators and antennae in radio science is believed to be under active study and possible ways of forming these oxides in a wire or tape form for use in superconducting magnets are also being examined at the NPL.

Fears India May Lag

Bombay THE TIMES OF INDIA in English 18 May 87 pp 1, 9

[Article by Bharat Bhushan]

[Excerpts]

INDIA has laid a claim to what could be the most important industrial discovery since the invention of the internal combustion engine, plastics and the transistor. At least four leading scientific institutions in India say that they are on a par with international research on superconductors. These are the Bhabha Atomic Research Centre (BARC), the Tata Institute of Fundamental Research (TIFR), the Indian Institute of Science (IISc) and the Indian Institute of Technology (IIT), Madras. Two other national laboratories, the

National Physical Laboratory and the National Chemical Laboratory, have also laid claims to research in the area. Many more researchers are likely to join in the international race to develop superconductors for everyday use. But, for want of proper central co-ordination and perspective, India may yet miss the bus.

Now that we know ample skill-levels exist in the country to work on superconductor research, an attempt should be made to pool them. India cannot afford scientists chasing academic credit in scientific journals in a critical area like this.

As of now, none of the Indian laboratories engaged in research on superconductors is co-ordinating or sharing its work with the others. In the first week of May, the Department of Science and Technology did set up a committee representing all the groups in India working on superconductors. But this committee, under the chairmanship of Dr C.N.R. Rao, director IISC and chairman of the scientific advisory committee of the cabinet, is yet to meet. Nor have any dates been fixed for future meetings.

Lest managerial failure leads to technical failure in the area of superconductors also, the government needs to do three things. First, it must immediately set up an apex co-ordinating body headed by a technical manager. A practising scientist may neither have the predilection nor the capability to co-ordinate such work.

Second, there is a need to extend the research activities to a large number of laboratories and R and D institutions so as to ensure optimum utilisation of facilities and skills.

Thus there is no reason why the Defence Metallurgical Research Laboratory (Hyderabad), the Central Glass and Ceramic Research Institute (Calcutta), the Regional Research Laboratory (Trivandrum), and Bharat Heavy Electricals Ltd. should also not be asked to pool in their resources with those of BARC-TIFR, IISC, IIT Madras, NPL and NCL. After an assessment of the available skills, two separate groups should be set up — one for testing of ceramic samples and the other for technology development. The technology group should draw on the knowledge of ceramics, metallurgy, materials science and electrical engineering to develop material fabrication techniques for making wires, tapes and rings using ceramic semi-conductors.

Lastly, the government should think of drastically restricting the export of rare earths from the country immediately, as these are likely to be the basic raw material for superconductors.

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CSO: 4600/1773

JOMHURI-YE ESLAMI ON RELATIONS WITH UK

LD141808 Tehran Domestic Service in Persian 1200 GMT 14 Jun 87

[From the "Press Review"]

[Excerpts] In this portion of the program we invite you to listen to an article from "Jomhuri-ye Eslami" daily entitled "Sort Out the relations With the London Government".

"Jomhuri-ye eslami" writes: The Thatcher Government has become entangled in the fresh fiasco it started and is using all possible methods to extend its dimensions against its self interest. The Foreign Minister of the British Isles, in his recent interview, asserted that London had been faced with a complex issue, and that from then on he had to make measured decisions. Preempting crisis creation has never been, nor will be, part of the measured and robust policies of the Islamic Republic of Iran.

A logical approach toward governments of Thatcher's sort is to closely and seriously scrutinize developments, view probable events, and foresee a suitable and punitive response. It is in this way that any insolent act in any form will be met with a speedy and suitable response. This is the revolutionary and favored approach recently adopted by the Foreign Affairs Ministry of the Islamic Republic of Iran in dealing with the insolent Englishmen. This, in practical terms, has shown that expedience in action and precision of choice can throw the well-trained British politicians into a state of confusion. This correct and logical stand by the Foreign affairs Ministry, although worthy of praise and commendation, seems insufficient. It must be pursued more vigorously and, if necessary, be augmented by a wide spectrum of punitive steps against Britain and its interests.

It seems that the government in London has no appropriate perception of the diplomatic relations with the Islamic Republic of Iran and views issues with a childish understanding of everything as games. London has been paying heavy tributes for blindly pursuing policies dictated by Washington. It has lost its reputation and sunk to becoming a mindless instrument of the United States. London has not been able to bring under control the

results and aftermath of its incorrect policy of unilaterally severing relations with the Islamic Republic of Iran during the U.S. spy den case, nor to this day has it been able to compensate for that foolish act.

The British officials well know their own activities over many years of opening their embassy and changing their British Interests' Section in Tehran. Yet every attempt has met with humiliating defeat. There is a logical and sound reason behind Iran's objection to opening a British embassy and that being the fact that the two sides must decide on bilateral relations based on understanding mutual interests. It is not acceptable that the insolent British close their embassy whenever they so choose, by turning it into an interests' section. Then, having decided that using pressure is not effective, they start thinking about reopening their mission.

It is not acceptable that the insolent British assault an Iranian diplomat and torture him. Moreover when faced with protests instead of apology and asking for forgiveness, they ask Iranian diplomats to leave the British Isles.

The contemporary world has changed, and in spite of their innermost intentions the British are having to come to terms with the change. Although political processes in the British Isles prove the above development, there seems to be very little change in London's foreign policies to prove acceptance of the conditions.

There was a time when the British themselves were a superpower and formulated policies for other countries, and interfered, in every way possible, in the internal affairs of other countries. But now that nothing remains of Great Britain's great empire and London's superpower reputation, the British island has turned into an American arena and it is the United States that is ruling that island -- placing one government in power, removing another, and supporting another -- in pursuit of its own policies.

Those familiar with the past and present realities of the British political scene, those informed about the nature of relations between Thatcher's government and Reagan's administration, are less likely to be surprised about this matter. The people of England can still see all over the country the conservatives publicity posters which have been printed and distributed with U.S. dollars. The Thatcher government remained in power, because this is what the United States wanted. By spending staggering amounts of money for propoganda, the United States achieved its aim.

What is left of any claims to power and glory for a country whose government is appointed by the United States? What opportunities remain for any claims to be a superpower for a country whose policies are formulated in Washington? The Thatcher government's abject approach toward the United States demonstrates that they themselves have accepted that they amount to nothing without relying on a foreign power and that the situation differs totally from the days when Great Britain was an empire. There was a time when the London government used to protect others, but now the Thatcher

government comes into power again with U.S. dollars and counts itself as the 51st state of the United States. It would not deny that U.S. Republicans are spending money to stabilize the position of British Conservatives.

It is this weak-willed and feeble government that we are facing. The London government feels weak toward the Islamic Revolution and wants to cover its weakness by flexing its muscles! The London government feels helpless. By resorting to childish games, it wants to prove that it still has the power to make decisions. A decisive, deterrent, and punitive measure by Islamic Iran can warn London's government to uphold the integrity of Iranian diplomats with special care and concern. The London government must sense that their every mistaken move will be met with an extreme response, and if the situation remains at least the same, then naturally this would lead matters to the point of no return.

The Foreign Affairs Ministry has, in the course of these past few days, been able to prove that it is highly skilled, competent, and capable of making speedy, balanced, and logical decisions. It has proved that it can, with each of its measures, make the insolent British repent for continuing this disturbing game. It may be that the London government is on the verge of making another incorrect move in the hope of bringing pressure to bear on Tehran.

The Foreign Affairs Ministry must be more serious in placing on its agenda the ways in which the foreign minister's promise about a fundamental reconsideration of relations between Iran and Great Britain, could be implemented so that it could pave the way for dealing with the London government once and for all.

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CSO: 4600/254

MINISTER NABAVI VIEWS TIES WITH TURKEY

PM221231 Tehran KAYHAN in Persian 11 Jun 87 pp 6, 19

[Part one of interview with Iranian Minister of Heavy Industries Behzad Nabavi by unidentified correspondent; date, place not given]

[Excerpts] [Correspondent] What are the differences in quality and quantity in the new trade protocol between Iran and Turkey? What are the guarantees that the new protocol will be carried out? What is the reason for the sudden drop in the level of non-oil exports from \$500 million to \$70 million?

[Nabavi] In general trade protocols signed between nations do not bear the titles of international agreements. They are letters of understanding signed by the two sides within the framework of their bilateral relations which the countries organize for the coming year ahead. If they are not implemented, it just means that there will be obstacles in the way of relations between the two sides. Other than that, for example, neither of the two parties has the right to complain to anyone that one section of the protocol has not been honored.

The protocol defines the boundaries. What then has to be implemented are the agreements signed within this framework among the parties directly involved -- industries, trading partners, and the commercial and service sectors. If the agreements are of a cultural nature, then there are the cultural sectors; and if they are political, they are signed between political officials of both countries.

With regard to the quantity and quality of the deals in this year's protocol, first of all we have to note the details of last year's protocol. That agreement predicted that bilateral trade would be worth \$3 billion. When the Turkish prime minister came to Iran and the letter of understanding was signed in the presence of the two countries' prime ministers, the volume of trade was predicted at \$3 billion, with \$1.5 billion from Iran and the other half from Turkey.

This protocol was drawn up with the Islamic Republic's normal economic situation in mind. That was at a time when oil revenues were high, world oil prices were high, there was more oil trade, and Iran's income sources were different from what they are now.

This is how the 1986 protocol was signed. However, only 20 days later world oil prices dropped. One of the footnotes to the protocol indicated that the two nations' prime ministers should meet to agree on new prices within 15 days if there were sharp fluctuations in the oil price. This footnote was added to the protocol on the Turkish side's insistence. They also insisted on large discounts in the oil price, which we refused. This is why it was agreed, that if the oil price fluctuated wildly, the two prime ministers should meet to sort things out. It seems that at that time the Turks knew about the coming fall in the oil price, which we did not.

Then, following the oil price fall, the Turkish prime minister discussed the issue with his Iranian counterpart. But between the time when their position was announced and the time when the oil flow to Turkey grew steady, there were differences in pricing and the manner of pricing. This caused much time to be wasted, which meant that in 1986 total oil sales from Iran to Turkey did not exceed \$250 million. This figure showed a dramatic drop compared to previous years, when trade reached between \$1 billion and \$1.3 billion. On the other hand, our purchases from Turkey also decreased.

These deals decreased because our purchasing power decreased. The currency allowances for the various organizations and offices were lowered, so they bought less. Turkey gradually moved toward other markets, because in that country the private sector is such that it will not wait to see what we intend to do. It goes after its own market.

[Correspondent] What about joint projects with Turkey in other countries?

[Nabavi] We are trying to safeguard this plan and to implement it. The truth of the matter is that we are very slow with regard to this plan. They have the regional market in their hands, and we want to enter this market and be their partners.

Turkey has markets of its own in Libya, Algeria, all the Arab countries, and even Japan and West Europe. We want to say: Let us go and find markets together in the Third World. Show me one Third World country that Turkey does not have access to. For example, we have good relations with Libya and Algeria. Turkey has better relations with both. So this proposal is not that attractive to them. On the other hand, they are not rejecting it and are taking steps.

[Correspondent] The importance of technical cooperation and exchange between the two countries still depends on the creation of oil and gas pipelines from Iran to Turkey. What progress has there been in this field?

[Nabavi] The oil and gas pipeline has a separate protocol which the two countries' prime ministers signed. So far only Iran has announced its readiness to supply gas to Turkey. We have told them that we are ready to deliver gas to them at the border. Turkey has not replied to this offer yet, but technical and economic research apparently shows that it is not feasible and is not an acceptable plan. [sentence as published]

The proposal for a gas pipeline has been made in the past 5 or 6 months. This plan includes a gas pipeline to Europe, which would also mean providing natural gas for Turkey. This is one of our independent plans so that, if the proposal does not work for Europe, Turkey could use the gas itself. So far we have not received a firm reply and Turkey is still looking into the plan.

[Correspondent] With regard to Turkey's political, economic and military connections with the United States and Iraq, and in the light of Iran's policy of giving trade to priority Islamic countries opposed to Iraq and the United States, how do you explain Iran's trade relations with Turkey? How is it possible for political differences between Iran and Turkey to increase and for economic relations also to increase?

[Nabavi] The first point is that most of the countries that we deal with have good relations with the United States, Iraq, and the Soviet Union. Many countries share a common factor, and that is having good relations with Iraq. Therefore, I have mentioned our terms before. The priority is to have relations with countries that benefit our people. We do not consider [other countries'] colonial relationships because, if we did, we would not have relations with many countries in the world.

The second point is that we said we want to deal with Islamic countries. We have never made it a precondition that they have to oppose the United States and Iraq. How many Islamic countries do we have that are against Iraq and the United States? There is only Syria among them, apart from South Yemen -- which is against the United States only, and not against Iraq. So that leaves Syria. We have to look at how much trade it can offer. No matter how hard we try, we cannot squeeze \$150 millions' worth of trade out of Syria.

So the Islamic countries that are against the United States and Iraq are few in number, and they do not have the economic capability. Meanwhile we are importing raw materials needed for local production from Turkey. We import steel and essential goods such as wheat, chemical fertilizers, sugar, timber, paper, and so on. How many Islamic countries have these things for us to buy?

This does not hurt anyone. On this basis, we must expand our technical, industrial, and economic relations with Third World nations, especially Islamic nations and our neighbors. This will benefit the people, and this expansion will also afford us more secure borders and more normal relations with those countries.

Based on this policy, Turkey has all three bonuses. It is Islamic, Third World, and a neighbor. In reality, if we were not at war with Iraq, we would have the same relations with it and we would have expanded those relations. We would have done that with Afghanistan if we had not been engaged. We are establishing exchanges and economic relations with the

Soviet Union, even though the USSR is a major power so that, if it had too many economic links, there would be more chance of its having an influence, as opposed to a Third World country. We have established ties with Pakistan on a wide level and with the shaykhdoms, insofar as they are able. Of course there is room for improvement. However, the Persian Gulf nations are keeping us at arm's length because of the war with Iraq.

With regard to the last part of your question, where you said that trade relations are increasing while political ties weaken: First of all, the differences between Iran and Turkey are not very critical. There are differences of opinion, such as the bombing of northern Iraq. During my last trip to Turkey I openly told their prime minister that our people will not tolerate the Turks' bombing our enemy's enemy. Fighting against our enemy's enemy means supporting our enemy, and we protested against this.

Of course, they sort-of promised us that, if the Kurds did not attack Turkey, they would not attack northern Iraq.

Then there is the question of Islamic dress in Turkey. Of course we cannot confront the issue as a government, but at the same time we voice a public protest.

[Correspondent] Islamic movements have forced the Turkish government and military officials to take new measures which include oppressive anti-Islamic moves and propaganda. How do you view these actions in terms of their efforts on the economic ties between the two countries?

[Nabavi] In reply to your last question I mentioned that, first of all, the Turkish prime minister has told me clearly that he is not in favor of Islamic dress but there are internal differences of opinion on it.

Second, there are many countries in our own region with oppressive attitudes to Muslims, such as India. We protest to the limit of our responsibility as a government. Our public opinion may object, there may be demonstrations against these countries, and there may be hunger strikes, but we cannot break off our relations on the basis of these issues. If that were the case, we would have had to break off relations with many countries.

In any case, the countries of the world move in such a way that their politics and economics are not to our liking. Naturally, if we try to confront all those countries, there will be no room for trade, economic, and technical relations or exchange.

[Correspondent] Will such specialization in relations with foreign countries like Turkey and West Germany not cause problems in our economic relations? Will this not lead us into dependence?

[Nabavi] I do not know why you are sensitive about this issue. West Germany? Why Turkey?

[Correspondent] In terms of Iran's imports, Japan, Germany and Turkey are at the top of the list.

[Nabavi] Perhaps you are thinking about this because I have traveled to those countries during the last 6 or 7 months? In any case, when you mentioned a monopoly of trade with Germany and Turkey, we have not monopolized that trade.

You say that our trade with Germany is high. Yes, that is the case, and I am neither in favor nor against. But I want to make some things clear. West Germany is the biggest and the best producer of industrial machinery in the world. When you enter a Japanese factory, you see that some of their most important machinery, such as their measuring equipment and their quality control systems, are German.

We buy from Turkey those things which are in our people's interest. When we want to buy wheat from our western province it is better for us to have it delivered. At the border -- rather than buy it from Australia, ship it here, and then transport it 3,000 km to our western silos.

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ANTI-KHOMAYNI LEADER ON 'EXPORT OF TERRORISM' TO TURKEY

TA281649 (Clandestine) Bayrak Radio in Turkish to Cyprus 0500 GMT 28 Jun 87

[Text] Ma'sud Rajavi, leader of the anti-khomeyni Mojahedin Khalq Organization, has said that the democratic regime established after the collapse of the Khomeyni regime will respect the territorial integrity and sovereignty of the Turkish state and will not allow the export of terrorism to Turkey in any way.

Ma'sud Rajavi, who is also leader of the National Resistance Council, a coalition of the 13 anti-khomeyni organizations, issued a statement through Hamid (Tokay), chief of the organization's international relations department, whom he sent to London. In the statement, (Tokay) said that the Khomeyni regime's days are numbered. He also said that Rajavi sincerely believes in Turkey's political and military effectiveness as a great power in the region. (Tokay) said that the separatist gangs that carry out bloody acts in Turkey have also killed friends of his own, adding that the anti-khomeyni organizations will not retaliate against these murders committed by the Talabani, Barzani, and other groups.

(Tokay) said that the new democratic regime comes to power after the Khomeyni regime collapses will not be based on religion. He said that the National Resistance Council, which will come to power after the Khomeyni regime collapses, will hold free and democratic elections and that the new assembly that is elected will determine the system of rule.

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TURKISH PAPER INTERVIEWS HEAVY INDUSTRIES MINISTER

NC181225 Istanbul MILLIYET in Turkish 15 Jun 87 p 10

[M. Ali Birand Report from Tehran: "Our Markets May Be Closed"]

[Excerpts] In an exclusive statement to MILLIYET, Behzad Nabavi, the Iranian minister of heavy industries and one of the most important figures in the Iranian administration, warned that, unless certain conditions are realized, the trade volume between Turkey and Iran, which is expected to reach the \$1.8 billion level during the current year, will suffer. He said: "We must make mutual changes in our political and economic approaches."

Bahzad Nabavi, who will be among the delegation accompanying Prime Minister Mir Hoseyn Musavi to Turkey tomorrow, is the minister responsible for the economic relations between Turkey and Iran.

We met Nabavi in his office, which is on the top floor of the Ministry of Heavy Industries building.

Nabavi said that what most threatened economic cooperation between the two countries was the question of "non-petroleum products." He added: "Iran does not have a lot of money because of its war needs and because of the drop in its oil revenues. We would like to use our oil revenues to acquire what Turkey cannot supply us from elsewhere and to buy what we have to acquire from other sources. In addition to buying our oil, we would like you to buy our non-petroleum products. However, you have not been taking into consideration Iran's difficult position. You still believe that we have as much money as we did in the past. We do not, and unless you move to buy non-petroleum products, our trade will be on a reduced scale."

Nabavi warned that if Turkey insisted in that regard, the Iranian market may be compelled to close its doors to it. He said: "Wouldn't that be unfortunate? You have made a major effort to get into our market, and we have both worked very hard to establish our present levels of cooperation. Neither Turkey nor Iran would gain from such a development. We definitely don't wish to lose Turkey, but you have to be understanding."

Turkey is exporting iron and steel products, foodstuffs, and fertilizers to Iran.

Nabavi described the question of transportation as another problem in the relations between the two countries. He added, however, that it would not be impossible to resolve the problems Iran encountered in finding trucks to transport its purchases from Turkey.

Nabavi, who has been described by the officials in Turkey as "a friendly person who knows Turkey well," noted that the question of political differences, particularly the "press campaigns" in the two countries, was another problem. He said: "There are political problems between the two countries, not between the two governments. Our trade relations will be harmed in the future if we fail to resolve them. This has not occurred so far, but it may happen in the future."

Nabavi drew attention to Iran's uneasiness over the bombardment of northern Iraq from time to time, asserting the following: "You are also bombarding the groups in Iraq which support Iran and which fight on our side. I know the reason. I am aware of your intentions. But our people do not understand, and I do not understand why Turkey is attacking groups which have friendly ties with Iran."

When we asked Nabavi why Iran does not intervene when Turkey attacks the PKK organization and why it refrains from telling the friendly Kurdish groups not to support the PKK, he replied as follows: "We have only asked Turkey to remain impartial, to not attack the groups which support Iran. That is all. But you have been asking other things from us and we have complied. We have not given support to the PKK. We have also talked with the groups led by Talabani and Barzani, but let us not forget that they make the final decision. Apart from this, the two Kurdish groups are opposed to the PKK. They are not supporting that organization and the Iranian front does not support it."

Nabavi stressed that Turkey should maintain its struggle against the PKK within its own borders and refrain from bombarding northern Iraq, a move which indirectly allows Saddam Husayn, who is Iran's main enemy, to relax.

Bahzad Nabavi also drew attention to the disruption of the relations between Turkey and Iran by the recent press campaign, particularly the article which the weekly magazine, AKIS, published on Khomeyni's life. He said that he was "against mutual molestation" and warned that unless the problem is resolved, bilateral relations may suffer in the future.

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CSO: 4600/254

MINISTER NABAVI VIEWS DOMESTIC MARKET PROBLEMS

PM221325 Tehran KEYHAN in Persian 14 Jun 87 p 18

[Part two of interview with Iranian Minister of Heavy Industries Behzad Nabavi by unidentified correspondent; date, place not given]

[Excerpts] [Correspondent] How do you feel about the country's export situation? What kind of organization would we need to activate Iran's exports and make them grow?

[Nabavi] Exports are not up to one organization -- the whole country is responsible for exports. The producer has to produce good quality material at a reasonable price within a short time, so he is the first one responsible. In our country this principle practically does not exist.

[Correspondent] There has recently been a proposal to combat high prices. Do you think that such a plan will be successful? In general, how do you feel about those who sell at high prices and also about hoarders?

[Nabavi] The struggle against high prices has never been successful. I think it is more important to combat the high prices than to fight those who sell goods at inflated prices. The easiest and the most classic world solution to this is to increase the quantity of goods so much that there is less demand. This is supposed to bring prices down.

This policy needs huge financial resources which we do not have. For example, it would be all right for every Iranian to have a private car once we have looked after more important things like road construction machinery and the building of our own oil refineries and power plants -- if by then we have the financial ability. But we cannot just sell oil and fill the market with goods.

I think we have to combat high prices rather than those who sell at those prices, but the correct way is not to offer more produce. At the moment the country has huge currency problems, and there is no way we can meet the demands of the market.

The bottom line is that we can eventually solve the issue of high prices by increasing the quantity of goods available. But with regard to the priorities of the Islamic Republic regime, with the war and many other

priorities, we will not be able to meet the public demand out of local production even in the next 5 or 10 years. In the meantime, we have to guarantee to provide the people's minimum needs, at stable prices which match the people's purchasing power. We have to keep in mind the war, the lack of hard currency reserves, and lowered local production. This way there is minimum pressure on lower-income people and those on fixed incomes. Then, if we want to make sure that these methods are implemented properly, we have to impose heavy punishment on those who commit fraud in the distribution of rationed goods or who forge ration coupons.

If we want to fight against high prices in a manly way, we should set up four gallows -- then we shall see who sells at inflated prices and who hoards goods. We talk about the gallows: We might say that the religious sentence for a hoarder is obvious. I understand this, but in general the presence of religious men in society is for the purpose of evaluating the conditions and to see what sentences suit the present circumstances. They have to see how they can stop this corruption, this crisis, and this problem which could endanger the basis of the Islamic Republic regime.

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ATOMIC ENERGY ORGANIZATIONS 'ELEMENTS' MADE LOCALLY

NC290940 Tehran Domestic Service in Persian 0430 GMT 29 Jun 87

[Text] Thanks to the efforts of experts at La'ran Factory in Garmsar, the elements needed by the electric power plants of the Atomic Energy Organization have been locally designed and manufactured.

This was announced in an interview with IRNA by the managing-director of La'ran factory, where the element was manufactured. He added: these elements, which will replace those imported from Germany, were designed for the first time in Iran by the La'ran company and then manufactured in Garmsar. Adding that extra and special precision was required to manufacture this type of element and that the manufacturing process requires high-level techniques, he said: Some 1,000 hours were spent in making two samples, and once the Atomic Energy Organization's approval was received, steps were taken for its mass production. He stated further: The first batch of 2,500 elements, ready for installation, was placed at the disposal of the Atomic Energy Organization yesterday.

He pointed out that, in addition to use in the Atomic Energy Organization, the said elements can also be used in other industries; such as the oil, electricity, gas, and steel industries, and that they can greatly increase the life of the electric parts on electricity panels.

The La'ran Factory managing-director also said: This factory manufactures 1 million meters of pipe elements annually, and this output can be increased to 2 million meters. With the manufacture of these elements that are produced according to world standards, an annual \$5 million in foreign reserves will be saved.

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CSO: 4600/254

TEHRAN COMMENTARY ON INFLATION

NC301134 Tehran Domestic Service in Persian 0330 GMT 30 Jun 87

[Commentary prepared by the Central News Unit Research Group entitled "Inflation and the Government's Role in implementing Social Justice"]

[Excerpts] The government takes a special position in its approach to high prices and inflation, especially since the Islamic government also shoulders the heavy responsibility of ensuring and consolidating social justice. In inflationary times the low-income groups that cannot increase their incomes suffer the most, while the rich are the ones who gain favorable results. In other words, at a time of inflation and in the absence of a decisive approach to it, the rich become richer and the poor poorer. Under such circumstances it is undoubtedly the duty of the Islamic government to pay attention to the deprived and low-income peoples; indeed, this is one of the principles of Islamic social justice.

At a time when high prices inflict the most pressures on the low-income groups, the first duty of the Islamic government is to mitigate this pressure. In its approach to the problem of inflation, the government has two major duties. The first is to bridle inflation by resorting to government resources and effective economic policies. The second is to employ its executive and disciplinary resources to decisively confront those who fan the flames of inflation, contrary to the government's norms.

We should see how effective the government has been in carrying out its first duty and what problems it is facing in implementing its second. Meanwhile, we should try to see what further steps the government can take.

In order to remove many of the elements that are presently considered to be among the causes of inflation in our Islamic society, a relatively long time and the compilation of long- and medium-range economic programs are required. Because these are lengthy processes and the government faces so many problems at present, one cannot expect all the causes of inflation to be tackled at once.

During the past few years the government has struggled against inflation by implementing monetary and financial policies and controlling the importing

and rationing of staple goods and raw materials, and these policies have been successful up to a certain point. Imports of some goods decreased when the government's incomes were reduced following the drop in oil prices. At the same time, the prices of some goods increased because of the country's unfavorable economic infrastructure and the very faulty system of distribution inherited from the past. Permits to import goods using foreign exchange helped to increase inflation in some cases, and the implementation of some strict policies played a part as well.

At any rate, the government presently can, while continuing its former policies more strongly, control distribution further, increase the imports of staple goods, review the exports of other goods, and adopt different economic policies in order to fight inflation.

The Muslim people understand the government's economic problems, and they have agreed to tolerate them until now. The government should, in turn, adopt measures that will prevent an increase in prices of goods offered by the government. Increased indirect taxation, although a way to increase government income, will only increase pressures on the low-income groups. In general, any change in the prices of goods and government services will have an unfavorable impact on society as long as the income of wage-earners in society remains stable.

The government's second duty in confronting the phenomenon of inflation is to use its executive power to fight against the elements and persons that fan inflation's flames. At this time, some people -- we call them economic terrorists -- exploit the present situation by hoarding staple goods, stock-jobbing, creating an artificial atmosphere and a black market, and profiteering. These actions are among the major causes of inflation. The officials have displayed an incorrect and ill approach to economic terrorists so far, and this too stems from the lack of strong and principled laws. First and foremost, the government needs specific laws to limit the activities of the private sector, the cooperatives, and the government so that it can take principled steps to curb inflation. At a time when some are trying, by hoarding and profiteering, to threaten the public interests of our Islamic society, the decision- and law-making centers of the country should allow the government more freedom in fighting these people. A lack of a decisive approach to the economic terrorists has led to their ever-increasing strength in confronting the public and the Islamic government. Although an effective struggle against economic terrorists needs time, just beginning this struggle can give peace of mind to the large low-income groups, the same people who have sacrificed the most for the objectives of the Islamic revolution and who have, with their effective presence on the battle fields, enraged the enemies of Islam.

During the past couple of weeks the government has taken steps against economic terrorists, and with the imam's recent consent to the plan for the government's prevention of profiteering by pricing products and public services and by controlling and supervising prices, additional steps are expected to be taken

in the future. Cutting the water and electricity supplies of profiteers and hoarders and depriving them of their trade licenses are among the recent governmental steps to fight economic terrorism.

Some believe that, parallel with economic and executive steps to confront profiteering, the government can, without adding to inflation, increase the low-income groups' purchasing power. If the government increases the direct taxation on the high-income groups and, in one way or another, transfers this income to the low-income peoples, it can, without injecting more money into the economy, increase the low-income groups' strength in struggling against inflation.

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CSO: 4600/254

KDP'S QASEMLU LAMENTS OPPOSITION SPLIT

PM291116 Madrid DIARIO 16 in Spanish 25 Jun 87 p 20

[Paz Hernandez report: "Statements by Kurdish Democratic Party of Iran Leader: "Crisis-ridden Khomeyni Regime Survives Thanks to Opposition Split"]

[Text] Madrid--"We have the ill fortune to be Kurds and to belong to the category of the world's citizens about whom nobody talks, although in our case over 4,000 fighters have died in a war that has been going on for 20 years." This was said by Kurdish Democratic Party of Iran (KDP) Secretary General Abdul Rahman Qasemlu, currently on a visit to Madrid as part of a tour of several European countries to inform the international public of his people's problems and to secure support for his cause from nongovernmental organizations.

"Because of Kordistan's geographical position it is impossible to secure foreign governments' support," Qasemlu explained. He described his party to the press as "the only one in Iran that is standing up to the Khomeyni regime." The KDP, founded in 1945, was behind the establishment in 1945 of the Kurdish Republic of Mahabad, the only modern state in the Kurdish people's history. It is an eminently nonconfessional party. According to its secretary general this is the best way to describe it because there are people of differing ideologies both in its ranks and in its leadership: "The Politburo comprises people ranging from a Mullah to secular members and Marxists. Our party has no precise ideology: Our watchword is 'Democracy for Iran and autonomy for Kordestan.'"

Qasemlu stressed that his party follows democratic guidelines both in its internal workings and in the areas under its control. "As a democratic party we reject terrorism because a party that enjoys its people's support has no need to resort to such actions, which we condemn, whatever their source."

However, he does not reject violence against the "medieval and terrorist" regime established in Tehran. In a dictatorship, without elections or any other kind of recourse, only weapons are left in the struggle for democracy, the KDP leader said. "It is the violence of the regime that drives us to violence, but the resistance's violence must not exceed certain limits. The regime's military and strategic bases and its armed forces must be attacked but actions against the civilian population must be forbidden."

Qasemlu extended his condemnation of terrorism to related organizations that center their strategy on such actions. He accused such groups of achieving an objective opposite to that which a Kurdish movement should pursue. He illustrated his conviction by citing the recent attacks by Kurdish guerrillas in Southeastern Turkey in which some 30 civilians died. "When there are groups such as the Turkish Kurdish Workers Party (PKK) carrying out terrorist actions even against the Kurdish population, what is achieved is a favorable result for the government that is being combated -- in this case Turkey's."

The Western press, which according to Qasemlu has said little or nothing about the massacres committed by the Iranian, Iraqi, and Turkish Governments among the Kurdish people, published "photographs of that slaughter throughout the world, thus imparting an untrue image of our people." "Violence against violence, yes; terrorism, no," he concluded.

The KDP's tactic in its struggle against the Khomeyni regime is guerrilla warfare, following some years of a war conducted along fronts. According to the party leadership, the peshmergas (Kurdish fighters) are to be found in all parts of Iranian Kordestan, where "Tehran has no social or political foothold." The objective is to erode the regime through strikes and rapid withdrawals, "to hit it harder and harder until we succeed in liberating the territory." The revolutionary's chief weapon is patience, Qasemlu said, "and we have it because we know the end is near."

"The Khomeyni regime is weakened and is suffering a crisis in all fields; it survives not because it is stable but because the opposition is split." In its efforts to establish democracy in Iran the KDP has established contact with other political forces opposed to the regime but that do not want a return of the monarchy. "However, we must try even harder. You have experience of how hard it is to work for a democratic alternative under a dictatorship," Qasemlu concluded, with a clear reference to recent Spanish history.

In its struggle against the regime for Kordistan's autonomy the KDP and Iraqi Kurdish organizations are benefiting from the Gulf war between Tehran and Baghdad. Iraq's Patriotic Union of Kordestan, a "responsible" group with which Qasemlu's party identifies, enjoys Iran's support against Saddam Husayn. "Objectively we are on Iraq's side in the war against Tehran, hence the paradoxical situation whereby two of our allies are at war with one another."

The Gulf conflict has changed "the face of the region." Some years ago the Iranian Kurdish movement could easily obtain weapons on the European black market, which Qasemlu said was "very flourishing." "The antitank rockets that we used to buy for 200 dollars we can now buy without moving from here," but there are also the weapons seized from Khomeyni's troops, which include some made in Spain: "We have captured two kinds of Spanish made machine guns from the government forces but it is possible that Spanish weapons are used more in the war against Iraq than against us."

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BRIEFS

NON-OIL EXPORTS--Tehran, 30 Jun (IRNA)--A total of 132,964 tons of non-oil goods worth rials 10,148 million (dlrs 145 million) was exported during March 21-May 21, up by 115 percent in weight and 30 percent in value as compared to figures of the same period last year. A report released by Iran's export Promotion Center (EPC) said that 47,413 tons of agricultural products valued at rials 5,176 million (dlrs 85.3 million) were also exported over the same period up by 17 percent in value in comparison to last year's figures. [Text] [Tehran IRNA in English 1532 GMT 30 Jun 87 LD] /12624

NON-OIL EXPORT VOLUME--Rasht, Gilan Prov., 6 Jun (IRNA)--The volume of Iranian non-oil exports is expected to reach dlrs 1.4 billion this year, up by 50 percent as compared to last year's figures, said head of Iran's customs offices Mahmud Sanei-pour here Saturday. The official said that the amount of Iranian non-oil exports last year reached 646,000 tons from which the country earned dlrs 900 million. The exports included caviar, dried fruits, vegetables, minerals and animal skiy and intestines, he said. Last year, Sanei-pour said, a total of 13 million tons of various goods were imported to Iran. [Text] [Tehran IRNA in English 1502 GMT 6 Jun 87 LD] /12624

RESHUFFLE IN TEHRAN 'HIERARCHY'--Our co-combatants report from Tehran that, in the past few weeks, Hashemi-Rafsanjani has initiated large-scale efforts to appoint trustworthy individuals to sensitive posts. Important changes in the hierarchy in Tehran are being forecast, and it is predicted that those individuals who are trusted by Hashemi-Rafsanjani, such as his own brother Mohammad Hashemi-Rafsanjani, Mohammad Iravani, Taqi Banki, and 'Ali Akbar Velayati, will receive new portfolios. [Text] [(Clandestine) Voice of the Kavyani Banner of Iran in Persian 1630 GMT 28 Jan 87 NC] /12624

SECURITY BOOSTED AT KHOMEYNI RESIDENCE--Our co-combatants in Iran report that, in the wake of growing opposition from the people and general disenchantment, the Islamic regime has increased the number of guards stationed at Jamarn [Khomeyni's Tehran residence]. They say that more than 5,000 guards are stationed at Khomeyni's residence and in the area surrounding it. Serajeddin Musavi, the commander of the Revolutionary Committees, plans to install more equipment for strengthening Ruhollah Khomeyni's defense and safety network in the Jamaran area. Our compatriots add that 1.5 billion rials have recently been allocated to the revolutionary committees. [Text] [(Clandestine) Voice of the Kavyani Banner of Iran in Persian 1630 GMT 27 Jun 87 NC] /12624

REPORTS ON CLASHES IN KHUZESTAN--The differences among rival factions of the ruling clique and the Revolution Guards have greatly increased in the recent months in the Khuzestan Province, resulting in violent clashes between rival groups. Our co-combatants from Khuzestan report that in the past 2 months three bloody clashes, in which more than 20 persons were killed, took place between the Revolution Guards and the armed agents of the local mullahs. However, the Islamic regime did not disseminate the news of these clashes, noting instead that those killed had been martyred in the war against Iraq. [Text] [(Clandestine) Voice of the Kavyani Banner of Iran in Persian 1630 GMT 27 Jun 87 NC] /12624

CSO: 4600/254

BUDGET PROTESTS SAID TO EXPOSE 'MYTH OF DEFENSE'

Islamabad THE MUSLIM in English 12 Jun 87 Supplement p 8

[Column by Ahmad Hasan]

[Text] DEAR READERS ! When I agreed to write this column, I made a promise to the Editor that for the next 90 days I would eschew politics, keep it out of bounds, for politics is the last refuge of the scoundrel.

Well, I didn't want to be called a "dirty politician" And, as you know when you make a 90-day promise, it means a lot. Just to stretch your imagination.

I have, Dear Readers, kept politics out of my columns. You know it.

Now then, will you believe me if I were to tell you that there was a powerful bomb blast in the National Assembly which rocked the entire country — from Arandu in Chitral to Pasni on the Mekran coast where our friends are building a port, a resort. And its splinters and shrapnels hit almost everybody?

Wattoo says the common man wasn't. Where has the Finance Minister lodged this common man? I want to see him. Unless this common man is the owner of the "murabbas" where the poor peasants toil from dawn to dusk and the fruit of their labour is enjoyed by him in the luxury of his rich villas here or in Lahore.

As that "crazy" poet, Majaz said: Meree Khastahali se teri kajkulahi bhi

But that's what the Wattoo Budget was. And I would not hesitate to agree with POG's Fakhre Imam who says he saw a foreign hand behind the blast, sorry the Budget.

It sounds funny for it has been the Wattoos who have been espying 'foreign hands' behind any move for the restoration of democracy or some such "silly" demand. Does he want to pay the compliment to the Finance Minister in his own newly-minted coins, paper currency, maybe.

Wattoo's "Defence Cut" has been the target of all attacks. A bit odd ? Isn't it ? Out of tune, for Defence has been a sacred cow. Nobody ever in the past questioned the expenditure on the defence of the motherland.

Now, it appears, like the "Kahuta Cat" the myth of Defence has been exposed, if not exploded.

You can't befool anymore the common man, the man in the street, the salesman in the shop, the cab driver, the pan-wari round the corner, man with the transistor who listens to the news from various capitals.

He is not going to tighten his belt in the name of security. The exploiters' bellies are bulging too prominently to cover up.

The common man is not so myopic anymore. He has begun to differentiate between the soldier, sailor, airman and the top brass.

No wonder there was a violent reaction. Spontaneous reaction in Karachi and in Hyderabad and even a docile, timid and used-to-saying-'Yes-Sir!' Pindi was planning a protest demo.

We have linked ourselves to the wagon of the war-mongers, to that of the merchants of death and destruction, to the killers of the Muslims of Palestine, to the usurpers of Qibla-i-Awwal.

They would like us to buy more of their weapons, obsolete weapons which they MUST sell to keep their economy going, and to sell they must create a demand by igniting flames, fanning tensions and keep going smouldering fires, localised wars.

And one is going on on our western frontier and because of this "war" we need to buy or lease out the expensive spy planes to ward off the Afghan planes.

And who is interested in the continuation of the Afghan war, in the "invisible" conduit which we have laid open for the CIA suppliers, not the people of Pakistan but the rulers in Rawalpindi.

So, if Fakhr Imam, sees the hand of a super-power behind the blast sorry, I mean the Budget the Defence Tax (I would like to call it, the Defence Cut, though), he is not far wrong.

You are right, Fakhr but do something about it.

Since the early fifties we have been living under the

wardenship of the West, with the friends and supporters of Israel, with the friends and supporters of the usurpers of Qibla-i-Awwal. We remained locked in the pens of Cento and Seato, we supported the war against Egypt and we are still bound by the Executive agreement of 1959.

And who ruled then? The King of the Golden Era I.

Our economy, our trade, our internal prices — of gas and power and onions are all dictated by "brother" IMF and "Sister" World Bank.

Then, why not the Budget proposals. The Defence Cut?

What sort of freedom are we enjoying? What sort of representatives of the people are ruling us that don't seem to know the feelings of their people? And despite those meet-the-people tours, rose petal welcomes, and junkets to Skardu and Gilgit what great gulf divides them and the people whom they claim they represent.

But, you would say, we are a prosperous society. The Indian Muslim who comes to meet his rich cousins here is dazed by the overflowing stream of Hondas and Pajeros in the streets and the big and small deep-freezers in the kothis of his relations; VCRs and imported garments, glimpses of gorgeous ceremonies preserved on video tapes: holidays in Europe.

Borrowed grandeur! For all this, to quote Ghalib, "QARZ KI PEETHEY THEY MAI . . ."

When and if the flames of the Afghan war subside and the invisible conduit is dried up and kalashnikovs are to be found no more on the counter and under the counters in the Darra and it would not be possible to funnel heroin to Oslo or Ostend when the oil wells of the friends will run dry

and the dollarearners return
home

"When the warmth of the
sun and the light of the stars
disappears for us"

Dread the day. The Day of
Judgement — the Day of
Accountability.

And that should be enough,
Dear readers. I am sure Wattoo
won't resign. He will spin an-
other yarn.

Good bye.

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COMMENTARY VIEWS POLITICAL PRISONERS ISSUE

Islamabad THE MUSLIM in English 12 Jun 87 p 4

[Editorial: "Legacy of Martial Law"]

[Text]

MUMTAZ TARRAR, member of Parliament from Mandi Baha-ud-din has virtually been running a one-man campaign in the National Assembly for political prisoners convicted by military courts. He has kept the issue alive in the Assembly, although outside Parliament it is the efforts of Liaquat Warraich's Lahore-based Political Prisoners Release and Relief Committee that, over the last several years, has ensured that people have not forgotten the plight of political prisoners who were sentenced in summary style by military courts which used procedures that fell abysmally short of the basic minimal standards of a fair and impartial trial. These martial law prisoners remain incarcerated in jails across the country. A year and-a-half after the lifting of martial law, they still remain without any effective form of legal redress.

There are two aspects to the situation of these political prisoners. The first is the continued denial of legal redress to them. Although government representatives have long held out assurances that it is looking into the matter and devising ways in which legal redress can be provided, nothing has been done. Government procrastination, in spite of assurances to the contrary by Prime Minister Junejo himself, can only lead one to conclude that the authorities regularly give out assurances to calm the popular clamour for action in the matter, without doing anything at all about it. The committee appointed by the Prime Minister way back in January, 1986, to recommend relief in so-called 'hardship cases', has so far done nothing. Indeed a few days ago members of this committee made the astonishing statement that the committee had inadequate information on martial law convicts. When an ordinary citizen can obtain, with little effort, fairly complete information, it is incomprehensible why a highpowered

committee cannot. The fact of the matter is that such statements betray an evasive attitude which sadly confirm wide public doubts that the government simply has no plans to do anything in this matter.

The second aspect of the issue concerns the conditions in which these prisoners are gaoled and the treatment meted out to them by jail authorities. The circumstances in which many of the political prisoners were recently moved out (and dispersed in different Punjab jails) at dead of night from Adiala, 'Pindi's central jail, has raised greater concern on this aspect. The least the authorities can do is to transfer prisoners to their home districts so that their families can have easy and ready access to them. The fact that one of the political prisoners, Kamran Rizvi was under medical treatment in Islamabad when he too was shifted out arouses concern about the facilities — or the lack of them — afforded to these martial law prisoners. Prisoners in many jails are still kept in fetters, which is inhumane and barbaric. The authorities should immediately order a ban on this practice.

Having repeatedly acknowledged that military court verdicts require further examination, the government should take prompt measures to provide judicial redress to political prisoners. It should deliver on its assurances and pledges to regain its credibility, which has been badly dented by delay, more delay and inaction on this issue.

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COMMENTARY ON BUDGET CRITICIZES LONG-RANGE FISCAL POLICY

Lahore VIEWPOINT in English 18 Jun 87 pp 9-11

[Article by Shahid Kardar]

[Text]

THE 1987-88 BUDGET depicts (specially after its revision) rather starkly the mess in which the economic policies of this regime have landed the country. It is also a grim admission by the Government of how the gulf between intentions and performance is widening year after year. It is another matter how it has decided to go about solving the problem whereby a shortage of resources is making development plans increasingly irrelevant.

The Government's finances are in total confusion and in complete shambles. The financial picture looks extremely disconcerting, with revenue receipts running Rs. 11.7 billion short of the expenditure for 1986-87. The resource crisis has assumed frightening proportions. Borrowings continue to be the critical life-belt. Not only has the Government failed to bring some discipline in its spending habits (its non-development expenditure is now Rs. 4 billion higher than the amount budgeted) it also appears to have little political clout or will to take on the more privileged segments of society. It is taxing not those who can bear this burden but the poverty-stricken sections. Failure in this respect has deepened the fiscal crisis. The outcome, however, as will be argued below, is not unexpected given the framework within which policies are being prepared.

Real crisis

What then is the nature of this crisis? It is generally lamented that national savings are low. What is important, however, for economic growth is not the national rate of savings but the resources available with the State.

In Pakistan, the Government's inability to appropriate its share of the rising surpluses is the main problem that erodes the State's ability to step up growth. This is why the Government has been hoping over the years to finance its operations with:

- i. increased tax revenues, mainly indirect taxation;
- ii. the surpluses of public sector utility agencies, primarily through higher charges for services like electricity, gas, postage and telephone;
- iii. massive borrowings — both internally and externally;
- iv. revenues to be generated by the acceleration of private sector industrial growth, especially in response to the wide-ranging tax cuts and other incentives being made available.

None of these hopes have materialised. The contribution of the Government's revenues to development has progressively dwindled over time. Government tax and other revenues exceeded its annual running

expenses by 14% of revenues in 1980-81, declined to 1.7% in 1983-84, and by 1986-87 there was a deficit of 3.2% and had to be financed by loans of Rs. 3.3 billion. This deficit has been projected at 2.0% of revenues for 1987-88. Approximately Rs. 2 billion worth of loans have, therefore, been estimated for this purpose under the budget. Again, the overall deficit (total receipts less total expenditures both current and development) has risen from 5.2% of GDP in 1980-81 to 6% in 1983-84 and 10% in 1985-86. In view of this crisis borrowings are today financing even the Government's running expenditures, resulting in a substantial dilution of the development budget. The development expenditure in 1985-86 was Rs. 1.3 billion lower than the budgeted amount, for 1986-87 it was Rs. 2.5 billion lower, Rs. 3 billion and Rs. 2.5 billion, respectively, short of the 6th Plan targets. Moreover, ADP as a percentage of GNP dropped from 8.4% in 1981-82 to 7.4% in 1986-87. For 1987-88 it is projected at 7%, despite 57% of it being financed from external sources.

Falling revenues

The main reason for this depressing state of affairs is that the Government's tax revenues have not kept pace with the increasing demands on the State for providing physical and social infrastructure. They have slumped from 14% of GDP in the late seventies to 11.8% in 1985-86. The sharpest decline has been experienced in the category of income tax. Direct taxes to GDP fluctuated between 2% to 2.7% during 1980-81 and 1984-85, in 1985-86 they dropped to 1.8%, in 1986-87 to 1.7% and for 1987-88 they are projected at 1.8%. One of the reasons is, of course, that a huge chunk (26%) of the national income contributed by agriculture is exempt from income tax (and continues to enjoy this exemption even after the introduction of a security facility, like crop insurance). The other reasons are the large-scale evasion of income related taxes and indirect taxes, and the growth of the unorganised and

small-scale sector which is considered to be a 'tax haven'. Tax revenues are, therefore, rising at a much slower pace than the rise in incomes of those liable to tax. This is also evident from the rapid increase in domestic savings throughout this period.

Public sector

The Government's other main source of revenue is the surpluses (profits) of utility agencies and public sector enterprises. These profits have not only lagged far behind the rate of inflation, they are also getting smaller in absolute terms with each passing year. For instance, as against a total pre-tax profit of Rs. 11.2 billion in 1984-85 made by public sector manufacturing corporations under the Ministry of Industries, the profit in 1985-86 plummeted to Rs. 1.25 billion. Furthermore, public sector savings finance only 30% of the public sector investment, with Government-owned bodies like WAPDA, Post Office, T&T and Railways self-financing only around 18% of their investments. Their self-financing for 1986-87 and the profits of the State Bank are estimated to fall short by almost Rs. 2.5 billion. Therefore, the Government has had to introduce sharp increases in the prices of energy and fuel, petroleum, electricity and gas to mobilise funds for financing its expenditures. The resources generated through the increase in administered prices will be used to finance the Government's general budget expenditure, despite the rhetoric that the utility agencies have to become self-financing.

The general public has over the years become quite conscious of the manner in which the Government is habitually resorting to increases in prices of public sector outputs of goods and services to finance its budgetary expenditures, i.e., to balance its books, and to improve the resources available to public sector enterprises to fund their operational expenditures, both of recurring and capital nature. One of the reasons generally held out by Government spokesmen in support of this route instead of increased deficit financing is that its impact is less inflationary.

The standard statistics presented for comparison is the manner in which increases in prices of public sector outputs have contributed less to the overall Consumer or Wholesale Price Index than other commodities and services. However, such examinations, i.e., the extent to which price increases of public sector outputs have contributed directly to inflation convey little. Important public sector services like electricity, gas, water and fertilizer do not carry a large weight in the Wholesale Price Index. Hence, price increases in them do not raise the Price Index by wide margins. They, however, have a material impact on the cost of production, and the cost structure of domestic agriculture and industry, and through this on our price competitiveness in export markets and on the prices of the whole range of domestic goods and services.

Borrowings

The other source used by the Government to increase its funds, as has been mentioned above, are borrowings, both internal and external. However, the State's borrowings from foreigners and of the public's savings is not a sensible method for financing its investment because of the problems of servicing a burgeoning debt and the iniquitous method adopted to repay it — through higher indirect taxation that affects the poor.

The debt burden is now enormous. The external debt will be US \$ 11.7 billion and the internal debt Rs. 235 billion by the end of the fiscal year 1986-87. Taking into account the estimated borrowings in 1987-88, the external debt will rise to approximately US \$ 13.5 billion and the internal debt to Rs. 275 billion. The total debt will, therefore, by the end of 1987-88 be around 75% of GNP, 34% of the GNP in the case of external debt and 41% of GNP for internal borrowings. Consequently total Debt Servicing in 1987-88 will be Rs. 26 billion for interest and Rs. 42 billion for payments (Rs. 13.8 billion for foreign loans and Rs. 28.3 billion for domestic debt) with the result that debt servicing has become the biggest

single item of expenditure, such that it even dwarfs the Government's development programme for 1987-88. It is 41.7% higher than the budgeted ADP. Increased borrowings over the year have made debt servicing an extremely expensive proposition. Interest charges were Rs. 4.8 billion in 1979-80 (2% of GDP), and rose progressively to Rs. 22 billion in 1986-87 (3.6% of the GDP) and are projected at Rs. 26 billion in 1987-88 (3.9% of the GDP).

It should be noted that a depreciation in the value of the rupee will worsen this burden. For instance, Rs. 70 billion was added, Rs. 1 billion for 1985-86 alone, by the devaluation of the rupee by over 70% since December 1981.

To finance the external debt the Government will require foreign currency. And the news on this front is not encouraging either. Remittances have fallen by 12.4% in 1986-87. And although this has been somewhat compensated by the improvement in our trading account with foreigners, closer scrutiny will reveal that each of the apparently cheerful traits is tainted.

The export sector has performed better (by 18%) and there has been a decline in imports. However, the major proportion of the improvement in exports has been in cotton yarn and readymade garments, (reflecting the increased size of the cotton crop), leather and carpets. There are still no signs of any diversification in exports. Furthermore, the improvement in the balance of payments position is to a considerable extent fortuitous. The decline in imports is significantly a result of the decline in international prices of crude and edible oil and some higher domestic production of crude oil. The imports of edible and crude oil have fallen by over 45% since 1985-86.

Tax evasion

Finally, there is every indication that the assumed positive response of the tax evaders following the slashing of the tax rates has not materialised. There is no evidence that tax evasion has declined.

Rationalisation and tax reforms cannot bring this about. The fanciful belief that lowering of tax rates would provide a powerful enough incentive for tax compliance has been exposed. The revised estimates for 1986-87 suggest that there will be a shortfall of 7.2% from the budgeted amount, contrary to the received wisdom that tax reliefs ultimately get reflected in higher tax revenues through improved tax compliance.

In view of the above problems facing the Government, the measures taken, almost entirely in the form of higher prices of electricity, show the lack of options and the extent to which the Government's hands are tied when it comes to taxing the more privileged sections of the population. This also raises the question that if all that the Government could think of was higher tariffs of utilities and disposal of shares in profitable public sector enterprises for mobilising resources, why did it have to undertake this elaborate budgetary exercise? Such measures have been used between budgets in the past by the Government to finance its expenditures. However, the resources generated from such instruments will fall seriously short of what will be required by Government for financing even this reduced size of budget. More resources will have to be mobilised and for increasing revenues some indirect taxes and prices of public utilities will have to be increased in the period to follow. The annual budget, therefore, represents only the early phase for raising resources for financing expenditure. The well-known measures will follow.

Conclusions

The 1987-88 budget provides yet more opportunities for a small section of the community to continue to prosper and increase its income and wealth totally out of proportion with the modest increases, if any, in the incomes and assets of the other sections. It is these rich, the feudals, the industrialists, the traders, the civil and military personnel, and the well-to-do business executives and professionals, who are unwilling to discharge their responsibility, to augment the resources of the State to promote development, with any degree of honesty. They are determined to retain all the gains that accrue to them from the various facilities made available by the State. With the rich not willing to make their contribution either to the State or to the creation of an industrial base that can provide job opportunities and stimulate growth, the State has been lumbered with the responsibility to push up growth — a task it is finding increasingly difficult to fulfil. The powerful sections of society know that there are no short-cuts to growth. They are, however, determined not to contribute a fair share of the resources required to stimulate it. But then these are problems which relate to the structural configuration of society and, therefore, fall outside the terms of reference of what is called the Government's budgetary policy, although it is this institutional framework which is the ultimate determinant of the measures that will be adopted by the State to finance its budgetary expenditures.

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RETURNING OVERSEAS WORKERS' PROBLEMS EXAMINED

Lahore VIEWPOINT in English 18 Jun 87 pp 27-30

[Article by Rashid Akhtar]

[Text]

THEIR feet are turning home-ward. Either that or the feet are being made to turn. What has done it? Oil glut? World recession? Protectionism? Racial tensions? For all these and many other reasons besides, they are here, the overseas Pakistanis, in our midst in their thousands. The table below provides a clue to the size of the problem:

RATE OF MONTHLY RETURN

1983	4,000	a	month
1984	5,000	"	"
1985	10,000	"	"
1986	12,000	"	"

What are their problems? What are their prospects? Before we go into the question, it is proper to place the issue in its correct perspective.

Mid-fifties witnessed the start of the economic boom in the industrialised West which caused a shortage of manpower. The West had a choice either to introduce automation or import cheap labour from the Third World. The first would have served their interests the best in the long run, but it meant massive investment coupled with major restructuring of plants. They went for the second option and the softer option — import of workers. West Germany chose the Turks to run their industry. The USA and Canada relaxed their entry rules, the U.K. preferred Commonwealth citizens. Ironically it was a Tory Government with Enoch Powell at the helm of Health and

Immigration which opened the flood-gates to foreign workers. In the Socialist bloc, on the other hand, and especially in the Soviet Union, automation grew apace. Many heavy, dull and unpleasant jobs were mechanised. They declined to import outside labour.

Emigration wave

Meanwhile, in the rest of the world, there was a tidal wave of emigration from South to the North, comparable to the Australian or Californian Gold Rush of the 19th century. Men from all classes and backgrounds, driven by lust for lucre, sold their little all and journeyed towards the new Jerusalem — London, Toronto, New York, Bonn, Oslo, Copenhagen. The northward movement was reduced to a trickle during the sixties as the supply squared up with the demand.

The second wave of workers flowed towards oil-rich Middle East in the early seventies. The prices of oil increased four-fold, reaching 40 dollar a barrel at the peak period. The OPEC countries collected gargantuan revenues from oil-sales and embarked upon ambitious programmes, mainly in construction sector — refineries, housing estates, airports, military installations, hospitals, roads, universities and countless other projects, to provide amenities to their citizens. Their own population being sparse, they sought manpower from pro-West, populous

Pakistan and other parts of congested Asia. As the construction work progressed there was a corresponding expansion of the service sector too: the unskilled manual workers, semi-skilled artisans, blue collar workers, such as technicians and mechanics, were in great demand. To a slightly lesser extent, the professionals and technocrats, too, emigrated to these countries. There was a massive drain of brain brawn and skills from Pakistan. In a rational and ordered society, the development would have been viewed with grave concern, for the skills of its citizens is the most precious asset of a nation. But in our perverted polity, the ruling class greeted the haemorrhage with undisguised glee. They had their reasons — the outward flow eased the social tensions by siphoning off potentially subversive segments overseas, also they would collect precious foreign exchange from the home-remittances. Instead of industrialising the country as a means of earning foreign exchange and absorbing their manpower, they opted for its export. However, the departure of so many skilled worked did do a lot of damage to the national economy. At present there are around 20 lakh Pakistanis working overseas; their distribution around the globe is as follows:

1. Saudi Arabia	7 Lakh
2. U.A.E.	1.75 Lakh
3. Kuwait	1 Lakh
4. USA.	96,000
5. Holland	50,000
6. Germany	13,000
7. Scandinavian countries	13,000

Remittances

The figures only refer to the legal migrants, there are more than four lakh Pakistanis who entered unlawfully various countries of the world. The amount of annual remittances by expatriate Pakistanis is around 2.1 billion dollars, it outstrips the foreign exchange earned through exports. The monthly take home income of our manpower abroad varies between Rs. 4,000 (unskilled) to Rs. 15,000 for professionals. They usually remit between 40% to 50% of their wages back home, and retain 20% as their

savings abroad. They bring along on return between Rs. 10,000 and a million each, but the majority (that is 75%) will have put away between Rs. 100,000 and 500,000 before their final departure. The lion's share of their investment goes towards house construction improvement, and purchase of land; business comes second, agricultural implements and commercial vehicles are the third in this regard. The largest expenditure of overseas earnings is on durable consumer goods and gifts, part of which is converted into Pakistani cash on their home visits.

High expectations

During the second exodus towards the Middle East, the economists began to have delusions about how overseas Pakistanis will transform the country into a modern industrial State. They pointed to the vast investment opportunities in the field of industry and agriculture, hoping that these will attract funds from abroad. They outlined the ailing industries which could be restored to health by infusion of fresh capital. What, in fact, they were after was not the sweat capital but the venture capital from Pakistani businessmen and entrepreneurs abroad. Unfortunately, the moneyed Pakistanis in foreign countries had different ideas about how to utilise their money. Their share in the industrial ventures remains woefully negligible. Kaghan brickworks is the only project set up with the capital provided by overseas Pakistanis. Also there are a few duty free shops similarly financed. We can safely count out venture capital from abroad as a factor in our economic development.

Let us now examine the effects of remittances from abroad on our country's economy. First of all, a great deal of earning is transmitted through 'hundi' markets as they offer an exchange rate 15% to 20% higher than the official agencies. That is a dead loss to the nation. The 'hundi-wallahs' engage in shady transactions apart from secretly importing undesirable but highly profitable items into the country.

About the earnings brought into the country through proper channels, a larger proportion of it goes into immediate consumption. Only a small fraction trickles into the productive sector. When the remittances arrive in the form of hard currency, the Government pays out their equivalent to the beneficiaries in Pakistani money. Thus, money supply in the country increases in exact proportion to the volume of remittances. This has an inflationary effect on the economy, which can be neutralised only if there is increase in the local output or additional goods are imported to raise the supply level. Since both these conditions are absent the increase in money supply tends to escalate costs, rents and other items, in fact, prices rise all along the line. The unhappy truth is that we have become a consumer society on the pattern of Western nations without their national resources and strong economic base.

Consumerism

As stated earlier, the highest part of overseas earnings is expended on consumer durables such as cars, fridges, washing machines, and electronic gadgets. The costly goods, no doubt, improve the owners' quality of life as well as become a symbol of their status. But from a broader point of view the funds that should have been utilised for economic growth have been diverted to conspicuous consumption — a luxury that a developing economy can hardly afford. There has been little or no capital formation in this region on account of our dismal track record in savings. On the average we put away 7% of our earnings while in India the savings ratio is as high as 25%. Also there has been 300 to 400 per cent increase in the cost of living between 1972 to 1981. The inflation has wiped out the emerging middle classes — the very people that have played a pivotal role in the formation of capital in other countries.

II

Not all the returnees are equally affected by dislocation. The professionals and the technocrats have no

problems of adjustment, for obvious reasons. Their pay scales, service conditions and fringe benefits are extremely good. Their qualifications and expertise are relatively uncommon; they can easily find employment opportunities here. Their training and education enables them to plan their budget and their family with foresight and prudence; they can easily withstand the pressure of their clan and abstain from destructive social extravagance. Hence, the scale of their savings is far higher than those of working classes. Their investments and deposits alone are sufficient to provide them with comfortable living.

Unemployable

The worst affected are the illiterate repatriated workers: they are unskilled and, therefore, unemployable in the country of their origin. About 70% of them come from a rural background. Before their departure they were small land-holders, peasants, farmers, and agricultural labourers. They were usually subjected to cheating and exploitation by the sponsoring agencies. Small owners mortgaged their land or sold it; farm hands traded family jewellery, livestock, and other forms of property for cash in order to pay their passage. From city slums, the go-getters of the proletariat like wagon and rickshaw drivers, shopkeepers and low-paid white collar workers sold their belongings and business to arrange for the fees demanded by the agents. The odds from the very beginning were heavily stacked against them. All of them had a definite purpose in going abroad — e.g. payment of debts, marriage of daughters, building of houses, and education of children. They lived frugally overseas, spending only 30% of their income; but their dependants after meeting the most pressing family obligations, spent the rest on comforts and luxuries. Nothing was put away for the rainy day. Besides, these migrant workers were deeply entrenched in the kinship system, and thus obliged to donate lavishly for ceremonies and rituals. They were extremely vulnerable to pressure from their caste and had to waste their hard-earned

money on extravagant and ostentatious weddings. When their own daughters got married, they had to give fabulous dowries. They spent from Rs. 100,000 to 300,000 on each daughter's wedding. They had to expend heavily on the purchase of plots and building of houses. When they came home, they had no marketable skills and precious little to invest.

At present the unskilled workers in their thousands are floating around, unable to secure gainful employment. There is no Government department or agency to register them or to assist them in rehabilitation. There is the overseas Pakistanis Foundation (OPF) working under the Federal Ministry of Manpower. It is financed by the surcharge of Rs. 550 which every immigrant pays on his departure. The Foundation's main thrust is towards the welfare of workers already employed, rehabilitation of the repatriated labour is on the distant periphery of its activities. It has established housing societies, colonies and built family flats for overseas workers; set up vocational centres to train illiterate and semi-literate Pakistanis for skills needed abroad; it has an Industrial Division which has prepared a list of small to medium size feasible industries for each province. There is also the Punjab Small Industries Corporation, which has published a list of "turn-key projects." The list includes small industries, cottage industries, and handicrafts centres appropriate for each area. Here are a few examples:

Gujranwala:- Gloves, hosery, leather suiting, wooden furniture, nuts and bolts, bicycle parts, agriculture implements.

Faisalabad:- Towels, weaving machinery, ready-made garments, bedsheets.

Jhelum:- Furniture, industrial gloves, mineral artifacts, etc.

Low response

All these projects are primarily designed for the returning Pakistanis to enable them to earn a comfortable

and decent living. The schemes do not require large outlay (between Rs. 40,000 and 400,000), and the Corporation would provide free advisory service at all stages until completion of the projects. Unfortunately, the schemes have not been able to attract investments from repatriated workers. Although quite a few have the necessary capital, they are scared of venturing into the unknown, having no experience of or aptitude for the new line of work. The small number that took the leap did not fare well, some of them were ruined-for-life cases, which discouraged others in no small measure. In addition to that the investment houses have been riddled with corruption and, therefore, did not command public confidence and trust. With the Government agencies either indifferent or inept, that is the plight of the unskilled and semi-skilled overseas workers now. It is on the whole a grim scenario, with few success stories, but with suffering, poverty, anxiety, and view common themes in most stories.

A small number opened workshops, but having never worked on their own before, failed due to lack of initiative and organisational ability. A greater proportion of illiterates launched roadside hotels, tea-houses, small shops, or started plying wagons. They have just been able to survive with a considerable come-down from their former lifestyles. The rural based workers had no skills other than agricultural, so they scraped enough to buy 20 to 25 acres of land. The snag is that agricultural sector is no more profitable, you are lucky if you break even. Those who were able bring along Rs. 200,000 to 300,000, have purchased savings certificates, bonds, or put their money into special deposits, and are managing on the interest paid periodically. Some have also gone into smalltime trading starting agencies, and depots of various description. Only a few have been able to make a go of it. By far the greatest number have gone astray. Having been accustomed to relatively comfortable life, they

want to maintain that level at all costs. They have resorted to drug-pushing, smuggling, or dealings in the fire arms black market.

Some proposals

Recently "Yaran-e-Watan" made some useful proposals for the resettlement of returning workers put forward by Mr. Mohd Javed Akhtar of Saudi Arabia, which deserve serious consideration. The following is their gist:-

1. The Government should give generous grants to Pakistani businessmen and entrepreneurs living overseas to enable them set up factories in Pakistan; 75% of the employees of such factories should be chosen from the repatriated workforce.

2. The Government should reserve 15% of jobs from Gr. 1 to Gr. 16 for overseas Pakistanis.

3. In big city shopping centres, shops should be allotted to these people and soft loans be given to them to enable them to start businesses.

4. State lands be given to those returned workers who were farmers before.

5. Returning Pakistanis be given unemployment allowance until they settle down.

III

We also interviewed a cross-section of Pakistanis who have come home permanently and obtained their impressions of life abroad as well as their views on the question of adjustment.

Khwaja Naseer-ud-Din, a business consultant by profession, is a well-known figure in the financial circles of the country; he was at one time Chairman of Punjab Small Industries Corporation, also served on contract in PIA as Deputy Managing Director. He went to Dubai in 1976 and worked there as a consultant to a reputable local firm for five years. He wistfully recalls the good old days. Dubai of 1976, says he, was a paradise for Pakistanis. They excelled all others on account of their dedication, industry, and superior skills. This is borne out by the fact that

many Britons and Americans were given walking papers to make room for our countrymen. An Indian got half the salary of a Pakistani in the same position. But with the drop in the oil prices a crash came. State revenues fell to one-third. The first to be scrapped were construction projects where most of the Pakistanis worked. At present Dubai economy is extremely depressed; flats are lying empty, rents have steeply declined, foreign firms want to cut their losses and flee home.

Enterprising ones

About the problems of resettlement, he said: "On the whole the prospects are not good; but there are a few examples where the returning worker has been able to put his skill to good use. Mr. Awan, a plumber from Kuwait, has set up a plumbing service for the neighbourhood, employing around ten helpers. His take-home monthly income is Rs. 5,000. Not bad at all. Mr. Akram, an electrician from the Gulf, has set up a centre for electrical repairs; his practice grew so fast that he had to employ a dozen workers. He is a warm personality, and has excellent human relations."

According to Khwaja Naseer-ud-Din there is a lot of scope in the service sector, the initial outlay is small and returns are quick. He deplored the overseas Pakistanis' tendency to build gorgeous houses. There are cases where a person spent half a million rupees on building a house and was empty-handed when he entered it. He is now starving in a glass and concrete palace. The same amount in fixed deposit would have fetched him a tidy sum every month. He stressed the need for a training centre geared to the needs of unemployable workers from abroad. Ex-Air-Commodore Waheed launched an institute on these lines; it became such a success in a short time that he was invited by the Tanzanian Government to set up a similar centre over there.

Hard climb

Shakil Ahmad (29), from Sialkot, did his F.Sc. in 1977 and went to the

U.K. on a visitor's visa. Instead of coming back he stayed and worked there for six years, finally returning home in 1983. He brought along 1.25 lakh from overseas, which he has been digging into to survive, he has not been able to find suitable employment. He deeply regrets his decision to leave the U.K., misses the material comforts and affluence of London. His case highlights the plight of illegal immigrants as well. Only Asian concerns in the U.K. would take on immigrants whose entry papers were not in order. In the beginning he was employed in a Pakistani restaurant, where just for board and lodging he had to work long hours (12 hours a day, seven days a week.) His employer was a consummate conman who used both the stick of exposure to the police and the carrot of arranging a marriage with a British girl of Asian origin to keep him chained to the sweat-shop.

Luckily for Shakil the owner had to leave for Pakistan to sort out his family affairs. That gave him a chance to escape. He changed his name and held a variety of jobs in Asian cash-and-carry food stores. One of his employers, a Sikh by religion, insisted on his assuming a Hindu personality. Accordingly he re-christened him as "Shishi". In a short time he became thoroughly conversant with the customs, culture, and the language of the land. That gave him confidence to secure better jobs. Shortly before his departure, he was earning 80 pounds a week, far above the national average. At that time he had spacious accommodation, good connections, and girl friends of both British and Asian stock that he could choose from had he wanted to marry but he felt homesick and returned.

Munir Ahmad (39) is married and has two children. He left for Kuwait in 1972 to join his parents. At that time he was a store-keeper at the Wah Ordnance Factory after passing his matriculation. He came back for good in November 1986. In the beginning he felt completely hopeless, but now he hopes to eke

out a modest living from his investment in a theatrical company, also intends to start a hardware shop in partnership with a relation. The overall situation, he feels, is not encouraging.

He quit Kuwait partly because he could not stand the insults and injuries heaped on Pakistanis by the hosts. Even their children would pelt them with stones, bad eggs, and rotten tomatoes. "Arab insolence and arrogance can shatter you," he says. Being a sensitive soul, he began to have fits of depression and frequent nervous breakdowns. He had to take sedative drugs and constant use of tranquillisers wrecked his nervous system, causing tremors.

To farming

Rafey Khan's (42) story is a success story made up of both luck and guts. He was a general clerk in a local concern after passing his F.A. examination. He went to Germany in 1977 and stayed there until 1982. In the host country he started as an unskilled labourer but was given training on the job. The factory where he worked made car accessories. He was earning 1,500 Marks a month, of which 1,000 Marks were saved. In 1982 he decided to leave Germany permanently in order to settle in Pakistan. He had saved a few hundred thousand rupees. On his return he opted for farming as he had 30 acres of irrigated but undeveloped land in Jhang. A second-hand tractor was bought for Rs. 55,000 and Rs. 22,000 were spent on the installation of a tubewell. For the past two years he had been investing Rs. 1.75 lakh annually on the improvement of land. He hopes to be able to make about Rs. 100,000 a year. He is also collecting 10,000 every six months from his bank deposit. His wife is in Government service earning Rs. 2,000 a month. Mr. Khan has no financial worries, and has settled happily on the soil. The skills he acquired in Germany are not being utilised, but he says that living in an alien society gives one initiative, self-confidence, ability to get things done, industry, and application. Those things have helped him a lot.

PAKISTAN

SOUTH ASIA

BRIEFS

REFUGEE APPROPRIATIONS--The expenditure on Afghan refugees during 1987-88 is estimated at Rs 970 million, as against Rs. 863 million in the revised estimate for the current year. The functional classification of the demand for appropriation on this account is 'Natural Calamities and other Disasters'. This part of the Budget papers--at least the heading--certainly cannot be faulted. [Text] [Lahore VIEWPOINT in English 18 Jun 87 p 8] /13046

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