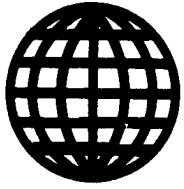


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22 JUNE 1990



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# ***JPRS Report***

# **Near East & South Asia**

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# Near East & South Asia

JPRS-NEA-90-034

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22 JUNE 1990

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## REGIONAL AFFAIRS

### Arab Trade Embargo Against U.S. Encouraged

90AA0121A Cairo AL-WAFD in Arabic 6 May 90 p 2

[Column by Dr. Midhat Khafaji: "Confrontation"]

[Text] The American government keeps stabbing the Arab nation over and over again. The latest stab was when the American Congress agreed to regard Arab Jerusalem as the capital of Israel. In other words, they have agreed to give what they do not own to those who are not entitled to it. For even if immigrant Jewish tribes occupied it 2,000 years ago for a brief period, Jerusalem has always been Arab since the dawn of history and before that, and Israel has no right to usurp it from its Arab inhabitants to make it its capital. America has armed Israel to the teeth and has always used its right of veto to back Israel in the halls of the UN. It has colluded with Russia not to grant passports to Jewish emigrants in an effort to force them to go to Israel instead of emigrating to Canada, America, or Europe. Before this arrangement, only 10 percent of Jewish emigrants went to Israel.

The BBC in its English-language broadcast about a year ago said that America is compelled to help Israel because it is the only guaranteed ally in the region, especially since U.S. oil production began to drop last year and the United States now imports 25 percent of its oil needs from the Arab Gulf. This plainly means that American has appointed Israel as its policeman to guarantee its oil deliveries from the Arab countries. Should the Arabs refuse to supply it with oil, Israel would occupy the Arab wells, to continue pumping oil to America.

All this is taking place while Arab governments are unable to stand up to America's omnipotence for a number of reasons, including the fact that some of them are underhanded, and they put out their hands for American loans and foodstuffs, and others depend on American moral support for their existence. For that reason, these governments cannot be relied upon to stand up to American omnipotence. However, the Arab peoples must be relied upon to stand up to it, as the Japanese people did following WW II. After the atom bomb was dropped on Japan in 1945 in an unjustified retaliation against the Japanese attack on Pearl Harbor, (because at that time the war had ended with the defeat of the Axis before the bombs were dropped), a feeling of defiance to the United States came over the Japanese people and they began working actively and in earnest to raise their GNP [gross national product] to match the American one, and they are close to achieving that. This defiance is the main reason for the Japanese miracle. Meanwhile, the Japanese people are boycotting American-made goods and they only import the raw material they need for industry.

Hence the Arab people should boycott American goods, including cars and cigarettes (both imported and locally

manufactured), supplies and equipment, loaders, bulldozers, and processed food. They should also convert their dollar savings accounts to other currencies such as the German Mark, the Japanese Yen, or European currencies. Land reclamation investors should grow wheat in order to end our dependence on America for nutrition. If the Arab people were to implement this policy, America would reconsider its support of Israel and follow an evenhanded policy with the Arab countries.

### Political Prospects of Berber Groups Analyzed

90AA0144A Algiers ALGERIE-ACTUALITE in French  
2 May 90 pp 30-32

[Article by Salem Chaker, academic (National Center for Scientific Research), Aix-en-Provence]

[Text] October 1988 brought a profound shock to Algeria—a tragic jolt leading to the sudden acceleration of developments that had been visible just beneath the surface ever since Chadli Bendjedid became president of the republic. Those developments had therefore been foreseeable and perceptible for several years, but until October 1988, they had encountered the greatest difficulty in clearing a path for themselves through a jungle of structural obstacles consisting of ideological and political resistance, resistance from individual and group interests, and so on.

For the observer (and probably even more so for the participant), the newness of the Algerian terrain poses a real problem. Much of the framework for analysis that had helped us develop even a slight understanding of a society under the strict control of a central state monopolizing the entire political field became suddenly obsolete in a matter of weeks. Political parties have sprung up like mushrooms, and the world of associations has become thickly populated in a very short time. Even the press—which for the moment is still under de facto state control—is taking on a pluralistic look once thought impossible in Algeria. Only television is still resisting the new wind and continuing to exude an almost unbroken stream of stereotyped language.

The change has been equally abrupt among Berbers—meaning, basically, Kabyles. A political party called the Rally for Culture and Democracy (RCD) was established by a group of "Berberist" militants in the weeks following the October riots (in February 1989). Cultural associations are being formed every day: at the end of July 1989, 154 had been counted in Kabylia alone. There is practically no large Kabyle village without its own association. And to them we must add the many associations in the Aures Mountains and other Berber-speaking areas as well as those in the "Kabyle diaspora" (outside Algiers, such groups exist in Oran and Constantine in particular). A fairly large "culturalist" group (the Berber Cultural Movement) held its conference in Tizi-Ouzou in July. All those stirrings, movements, and new groups are in addition to Ait-Ahmed's more traditional Front of Socialist Forces (FFS), which does its recruiting

exclusively among Kabyles and has explicitly included the cultural and linguistic issue in its platform since 1979.

When one remembers that until the end of 1988, no Berber cultural association had ever been allowed to exist legally in Kabylia—not to mention political parties, which were banned and repressed there as everywhere else—one can see how radically new the situation is. After experiencing only a clandestine existence and almost permanent repression since independence, Berber life is now expressing itself and organizing itself openly.

#### Central State: Continuity

But we need to dismiss immediately any interpretation of events suggesting that the Algerian state has changed or that it has relaxed its fundamental doctrine on the question of language and culture. It obviously has not: although the possibility now exists for the legal expression of Berber sensitivities, that possibility exists within the general framework of more liberal legislation regarding cultural and political associations and of greater openness in the media.

The general political situation is evolving rapidly, to be sure, but when it comes to cultural and linguistic policy, the state's discourse and doctrine have not changed in the slightest. Quite the contrary: the new Constitution of 23 February 1989 unambiguously reaffirmed the previous options as regards language and culture:

- Article 2: "Islam is the state religion."
- Article 3: "Arabic is the national and official language."

And it is very careful to ban in advance the establishment of regionally based political organizations (Article 9/2) and those that might harm national unity (Article 40/2). The law on "associations of a political character," which was approved by the APN [National People's Assembly] in July 1989, is even more explicit, since it bans the establishment of political parties along linguistic lines.

In fact, the central state's policy on the Berber question is characterized by great consistency (cf. Chaker/Abrous, 1988). On the subject of identity and culture, the body of official doctrine that has gradually been built up on the basis of the National Charter of 1976 retains the same basic assertions without change: Algerians are Arabs and Muslims. The Berbers existed in a distant past that is over and done with. After the Arab conquest, they adopted Islam and the Arabic language. As a result, the Berbers have their place in history books (fairly ancient history, that is), in museums, and in folklore festivals, and at best—in the opinion of the most open-minded, such as Ahmed Taleb, for instance—in an academic setting as a subject of scholarship. Berbers and the Berber language and culture remain illegitimate and unnamed in the new context being instituted in Algeria. For the moment, the "opening up" and the "new policy"

come to a stop before the obstacle represented by the definition of national identity. And any institutional progress in that area in the near future seems all the more improbable in that the upsurge of Islamism—and in the Maghreb, Islamism equates with Arabism—is forcing the authorities to move further and further in an Islamizing and Arabizing direction. This has just been spectacularly confirmed, incidentally, by the pressures exerted and steps taken to Arabize university courses in the exact sciences and medicine.

Moreover, with the exception of the two "Berber" parties (the FFS and the RCD), this is a subject on which there is remarkable agreement among all Algerian political parties—from the FLN [National Liberation Front] to the PAGS [Socialist Vanguard Party] and including the FIS [Islamic Salvation Front]. Their positions on the Berber question follow precisely the pattern whose limits I described a few years ago (Chaker, 1981), ranging from denial pure and simple on the part of the FIS, which includes "Berberists" (along with atheists and emancipated women) among its implacable enemies, to exclusion on the part of the FLN and the PAGS. The most open-minded organizations on this subject (the PAGS in particular) do not accept more than the "preservation of a popular cultural heritage."

But as everyone in the Maghreb knows, what is involved here is a strong tendency rooted in the oldest nationalist compost (see the works by Merad, Harbi, Kaddache, and all other historians of the national movement).

Let us try to understand recent events.

#### Cultural Movement or Political Force?

In Algeria, thanks to the general political opening up, Berber cultural associations have been formed officially. Plans for publications and even for Berber publishing houses are in the works. Those initiatives need to be watched carefully, but they are still too recent for anyone to assess their impact and their future. It is no longer impossible, however, that civil society may be the source of developments in the field of Berber culture in Algeria.

But for the immediate future, the most important event with respect to Algerian Berbers is certainly the establishment, on an undeniably Berberist sociological base, of a political party (the RCD) that the international press has described as being "Berberist" with social democratic leanings.

Previously, although linked together around certain more or less formalized rallying points (such as the "Berber cultural movement" and the magazine TAF-SUT), and although some of its components were organized into the FFS, it can be said that overall, the "Berber movement" did not pretend to be a structured political force; the most specific doctrinal statement to be produced since 1980—and signed by S. Sadi and myself—said clearly: "The Berber cultural movement is not a political party: it has no overall political program setting forth a specific political alternative. It is the open

gathering of Algerians who do not recognize themselves in the official definition of national identity." (TAF-SUT—ETUDES ET DEBATS, No. 1, 1983: 150).

So it was a social and cultural movement rather than a political party. Of course, that choice was dictated by the essentially cultural nature of its demands (the recognition and defense of Berber culture and language) and by the open and diversified nature of its recruitment. Moreover, the situation of repression and prohibition prevailing at the time naturally encouraged Berber militants to unite and work together on the basis of a minimum common denominator.

Actually, diversity of approach was already a condition of long-standing in Kabyle "Berberist" circles. As early as the 1940's, there were "culturalists" and "politicians." As Harbi wrote concerning the "Berberist crisis" in 1948-1949 (1984: 125):

"There are as many visions as there are Berberists. Love of the (Berber) past includes all the colors of the rainbow."

And personally, I have shown how, in the post-independence Berber movement, at least two major tendencies could be identified—"Berber activists" and "Berber academics"—as well as a strong organizational pull leading many Berber militants to join the FFS beginning in 1978 (cf. Ait-Ahmed, 1989, chapter 10, and Chaker, 1987 and 1989).

The political opening-up in recent months has shattered that relative unity. The various sensitivities making up the "Berberist" terrain are now expressing themselves openly. With the result that in the Berber movement, one can now distinguish "politicians" organized as such (in the RCD but also in the FFS) and "culturalists" who are continuing their activities alone or within cultural associations. The process of diversification is certainly not over yet; we can expect the appearance of new Berber political organizations representing sensitivities not comfortable within the FFS or the RCD, which some people may consider too reformist and moderate in their Berber demands. One can thus detect very clearly the potential for the emergence of a radical, quasi-nationalist Berberist movement—which, although not structured (see below), is already expressing itself.

What significance (social, political, and historical) can one attach to these attempts at political structuring in Berber circles, and subsequently, what future can one foresee for them?

Actually, that question applies to Morocco as well as to Algeria (and may in the near future apply to Niger-Mali as well).

It applies to Morocco because there is a political party—the People's Movement, established by Mahdjoubi Ahardane—which, on that country's political chessboard, has long embodied a certain demand that the Berbers be recognized. But the failure of that Moroccan political

experiment is patently obvious. The 30 or so deputies representing that party in the Moroccan Parliament after the elections of September 1984 (cf. AAN, 1983: 840) were unable to get the Berber language taught in Morocco even at the university level. The People's Movement was unable to get past the stage of being a union of Berber notables, mainly from the Middle Atlas, and it spent its time defending local interests or established positions. It was the complete prisoner of the monarchy's political gameplaying. And when, after its relative electoral success in 1984, Ahardane showed a vague desire for more independence from the palace, he was quickly defeated within his own party and eliminated by a more "cooperative" group. But that party's recent ups and downs (cf. AAN, 1986: 752-753) and the exclusion of Ahardane must not make us forget that the Berbers carry real weight in the Moroccan political landscape, even though their influence is not always explicit. The Berber presence is a force at work in that country's equilibriums, partly for purely demographic reasons, but also because of the economic influence of the Soussi and the role of Berber officers in the Moroccan armed forces. But it is quite obvious that so far, none of that has given rise to a substantial partisan cadre. And in my opinion, this is for the same historical, sociocultural, and political reasons that I will touch upon in connection with Algeria.

In a situation evolving as rapidly as that in Algeria, it is important that the observer show great care—and modesty—and avoid any analysis that is too cut and dried. Algerian politics have entered a phase of thorough realignment and are far from having stabilized. The stakes—the stands taken by those on all sides—may yet experience spectacular reversals. Above all, it is important to note and analyze what is actually done and said—the real strategies in the field—rather than the image that each protagonist tries to project. One must therefore avoid like the plague any sketchy and premature labels identifying content on the basis of facade and political strategies on the basis of private remarks by individuals.

My opinion of these Berber parties, both Algerian and Moroccan, is very cautious. Their thinking and doctrine strike me as being very flimsy. And above all, the tie to their sociological base seems completely ambiguous.

Despite what the labels placed on them by newspapers might lead people to think, my opinion is that at the moment, there is no "Berberist party" in either Algeria or Morocco.

There are political parties with a Berber sociological base, but none developing a specifically or principally Berber plan. They all adopt an expressly national viewpoint—either Algerian or Moroccan—and in all of them, demands regarding Berber language and culture are only a particular aspect of their more general political positioning. The most recent of those organizations—the RCD—emphatically presents itself as a "social democratic" group, not a "Berber party," and takes every

opportunity to remind people that it is a national in scope. For their part, the FFS and its founder have never yet been willing to "lock themselves up in the Kabyle ghetto"<sup>2</sup> and adopt a specifically Berber strategy. The situation is even more obvious in the case of the People's Movement in Morocco, and this was so even back in the days when Ahardane was preeminent. He was a minister in His Majesty's government for several years.

As will be realized, there are not, in my opinion, "Berber" or "Berberist" parties, but only forces taking advantage of a sociologically very strong aspiration in the Berber-speaking regions to establish themselves organically and assert themselves on the national political chessboard with strategies more or less independent of the popular aspiration undergirding them. There is thus an ideological and strategic gap between the "Berber" organizations and their bases of support. In more polemical terms, I would say that in many cases, Berber politicians are making opportunistic use of their social base.

After all, what is that Berber-speaking social base saying and calling for? Over the past 10 years, I have tried to zero in on that aspiration by analyzing the objective statements made in Berber circles and particularly collective statements: in song, poetry, modern literature, cultural action, collective ideological speeches, protest movements, and so on.

And the situation is clear. At least in Kabylia, where that aspiration can be easily defined and studied because it has been expressed in numerous and varied ways over a considerable period of time (cf. Chaker, 1987 and 1989), the demand is for recognition of a special linguistic entity—that is, it involves a cultural minority problem. All specifically Berberist discourse in Kabylia (whether cultural or ideological) revolves around this assertion:

"Berber—not Arabic—is our language, and we want to be recognized as Berber speakers and to benefit from all our cultural rights as such. In particular, we want schooling in general to be conducted in the Berber language, and we want the regular use of Berber in public life."

In short, the demand is for constitutional and geographic acceptance of an objective particularism and the cultural rights deriving from that acceptance, particularly that of living in and by one's language. When all is said and done, the Berberist Kabyles are rejecting the original and constitutional thesis which states that "Algeria is Arab and Muslim" in order to replace it with another view: "Algeria (and the Maghreb) is Arab and Berber: Arabic speaking and Berber speaking."

In my opinion, the Berber aspiration in Kabylia is unquestionably concerned with identity and even nationality—which of course does not imply that it is nationalistic!

And that is where the shoe pinches. Because even though one can envisage the possibility of translating that aspiration into very moderate politicolegal objectives—linguistic autonomy in the regions concerned, for example—the fact remains that it challenges the dogma of the nation's linguistic and cultural unity. And Berber political elites generally—in both Algeria and Morocco—are not prepared to commit themselves to such a path, since they know full well that the cost and the political risks would be tremendous. Berber politicians find it easier on the national chessboard to use the room for maneuver conferred on them by their regional base of support than to take doctrinal and strategic responsibility for the aspiration of Berber speakers.

Hence the almost structural double message presented by the great majority of Berber politicians:

- First, there is the often radical "Berberist" message aimed at the Berber-speaking public and usually delivered, obviously, in the Berber language. It calls for mobilization by the Berbers and their unity in action (against the "Arabs").
- Then there is the much more moderate national political message, in which the question of Berber language and culture is only one particular point among others and is often worded in terms that are very vague and never programmatic (along the lines of "recognition of the Berber dimension," a phrase open to the most diverse interpretations).

The first of those messages is intended to preserve the speaker's real social base, while the second is aimed at avoiding isolation on the national political chessboard.

The fact is that in the political and ideological world of the Maghreb, the Berber demand is not one of those that can be easily and openly adopted by a politician. The Berber-based political forces are caught in a vicious circle from which they apparently do not want to escape: the RCD is reproducing a pattern that is not dissimilar to the one adopted by Hocine Ait-Ahmed's FFS in 1963—25 years ago.

Regardless of the personal convictions of the political actors—and it cannot be doubted that most of them are genuine "Berberists"—it is difficult for them to commit themselves to a genuinely Berber plan because such a policy would automatically isolate them on the national political chessboard. And as a result of that isolation, their entire political future (collective and individual) would be endangered and become uncertain. From whatever standpoint one adopts, the political option is a delicate matter: a "Berber party" could have no prospects or strategy except by clearly playing the "identity card"—with all the attendant risks and uncertainties. Such a choice would be uncertain and difficult, but it would be consistent and might provide a sociological and political foundation: justification for the existence of a "Berber party." Quite obviously, it means taking the long-term strategic view—which is incompatible with immediate interests.

That is not the approach adopted by the originators of the "Algerian Berber party" (the RCD) or by the FFS before them, or by the People's Movement in Morocco.

Let us say immediately that it would be unfair to simply lump all those organizations together. There are important differences among them as regards the historical conditions surrounding their establishment, their objectives, and above all their relations with the central government.

The FFS is unquestionably an opposition group. It has been on the outs with the system since 1963—and has paid the price in the form of repression. Since October 1988 its leader, H. Ait-Ahmed, has developed a critical and very cautious analysis of the regime in power, which he has clearly refused to support in the current situation. For the moment, it is the FFS which has been most explicit in its Berber program (cf. the 1979 platform and various statements by H. Ait-Ahmed). In terms of official doctrine, it is certainly the party closest to having an "identity-based" concept of the Berber demand and a federalist view of the organization of the state.

The RCD and the MP [People's Movement], on the other hand, take an openly "cooperative" approach in their relations with their rulers. The RCD has had no hesitation about publicly supporting President Chadli's "reformist policies" and adopting an attitude of "critical support" or "constructive criticism," depending on how you look at it! Its founder and secretary general recently confirmed his willingness to "join a presidential majority" (LE MONDE, 5 October 1989, page 6). And the MP has participated in His Majesty's government, where Ahardane was minister of posts and telecommunications for a long period.

But they all share a certain ambiguity as to the nature of their social base. All have positioned themselves as national political forces with a regional membership and have not adopted the Berber demand as the basic and central core of their doctrine and strategy. For the moment, they are not "Berber (or Berberist) parties" in the full meaning of the term—and in fact do not define themselves as such—but are, rather, political groupings or regional interest groups. The situation coming into being in Algeria before our eyes is strangely reminiscent of that in Morocco.

In my opinion, "Berber" political parties have yet to appear.

#### **Berber-Based Algerian National Plan: Squaring the Circle**

In fact, the observer who makes the effort to step back a little so as to get a better look at the strategies of the "Berber-based" parties and assess those organic experiences over the long haul is immediately faced with a basic question:

How can one reconcile the particular demand of the Berber speakers with a national political plan? And is it even possible to do so?

Can a political plan be national in scope (and be recognized as such by the rest of the population) if it revolves around Berber speakers and/or incorporates the Berber demand?

The attempts made so far—by the FFS and the RCD—lead one to answer no to that question. Apart from the somewhat blurry situation during the first few months of its existence,<sup>4</sup> and despite H. Ait-Ahmed's caliber and his national and international legitimacy, the FFS has never succeeded during its 25 years of existence in establishing a serious foothold anywhere except in Kabylia and in Kabyle circles. And its inclusion of the Berber demand in its program beginning in 1979 merely emphasized its status as a "Kabyle party." And the RCD, despite its repeated assertions, exists only in Kabyle circles—in Kabylia and the "diaspora." When it draws attention to its presence in non-Kabyle regions, the reference is exclusively to its recruitment among Kabyles living in the rest of Algeria.

So the vicious circle appears to be complete. And looking at the question from the overall viewpoint, that insuperable obstacle or deadend means that there is indeed a radical psychological rupture within Algerian society that prevents Arabic speakers from feeling significantly at home with a political plan in which the Berber component (both human and programmatic) is hegemonic or simply important. In a slightly different context, that was also what Ali Yahia's Algerian League for Human Rights learned the hard way in 1985: the league's predominantly Berber and Berberist makeup condemned it to total isolation in Algeria and caused it to experience very severe repression (cf. Chaker, 1985).

This seems clear and undeniable from the standpoint of the strict observation of sociopolitical realities. Of course, a basic question then arises, primarily for the individual involved but also for the analyst trying to understand and perhaps predict phenomena over the long term: how can (or must) the Berber demand evolve at the political level, considering that that demand represents a sociologically deep and lasting aspiration among the Berber-speaking inhabitants? This is all the more important when one considers that while the aspiration is particularly acute in Kabylia at the moment, one can assume that it will also continue to intensify in the Aures Mountains and among other Berber-speaking Algerian groups (the beginnings of such a change are very clear in Chaouia circles).

#### **Is Political Expression of the Berber Demand Unavoidable?**

Especially when one considers the difficulties and impasses of past and present political experiences, one cannot avoid asking the question: is it not possible—and advisable—for the Berber demand to situate itself openly and exclusively in the "cultural" sphere and to



occupy the field of cultural production and activity (associations, publishing, the university, and so on)? Is it not essential first of all to strengthen Berber culture at a very specific level in Algerian society?

That thesis is often defended by Berber-speaking artists and creative types. And quite frequently, it even serves as justification for a degree of hostility toward ventures into so-called politicking. It appears to be a flimsy and shortsighted thesis, to say the least. It is true that cultural and linguistic work is an absolute and permanent necessity. The Berber future necessarily depends upon increased output and cultural development. But the political dimension is consubstantial with the Berber demand itself:

- For one thing, because that demand is developing in ideological terrain that is completely hostile to it.
- And, for another, because it is impossible to conceal a basic fact in the sociocultural reality of the Maghreb: the fact that the Berber language is a minority language from the standpoint of number of speakers, has no institutional status, and lacks a written tradition. Time and the great movements of societal change are working against it.

Only institutional measures of a systematic nature (general education in Berber, massive dissemination of the printed word, and the renewed symbolic and specific recognition of Berber) can wipe out the strong trend that has been causing Berber to recede in the face of Arabic for centuries. And measures of that type for the defense of a language and culture obviously fall within the realm of state policy.

Unless we want to confine ourselves to quaint preservation activities like those engaged in by the supporters of Provençal in France—with their well-known results—the long-term survival of Berber will require a vigorous policy of defense and promotion that will include an eminently political plan and eminently political action.

If we admit that the Berber demand, as a sociological movement, reflects above all a will to exist and an assertion of identity, then crossing over into the political sphere seems historically inescapable.

#### **Demand for Identity or Berber Nationalist Plan?**

As a sociological movement, then, the Berber demand in Kabylia has aspects that are clearly concerned with identity and even nationality. But it is clear that the distance separating the concepts of identity, nationality, and nationalism is not great, and we must ask ourselves whether the Berber demand could not easily lead to firmly nationalist Berber plans. All the more since one hears very radical and even extremist talk in Berberist circles.

For my part, I would be inclined to answer that question in the negative. Historical, cultural, economic, and political fusion between the Berber-speaking inhabitants and the Algerian (and probably Moroccan) population as a

whole has reached such a point that it seems to rule out any movement in a nationalist direction. I do not have much faith in the reality or chances of a "Berber national idea" in Algeria (or in Morocco), because such an idea lacks historical roots and because the Berbers have been an integral part of the Maghreb's overall history for centuries. There are cultural features that are undeniably specific to the Berbers and regional particularisms, but there is no national or historical awareness among Berbers. I would exclude only the Tuaregs from that statement, since they constitute a very special ethnocultural group standing very clearly apart from both the Maghreb area dominated by Arabs and Islam and the black African world of the Sahel.

On such dangerous and uncertain ground, I readily admit that any assessment is necessarily subjective in nature.

I also admit that the notion of "national awareness" is not a natural quality but a historical-cultural phenomenon subject to fluctuation and formation. But I am almost convinced that the conditions for the emergence of national feeling do not really exist in Kabylia or the rest of the northern Berber world; what is lacking is an autonomous long-term historical awareness: a cultural life—especially a written tradition—sufficiently solid and recognized in the Mediterranean area to be capable of counterbalancing Arabo-Islamic integration, and a specific socioeconomic framework capable of establishing a "Kabyle market." On that last point, I do not share the otherwise penetrating views of H. Roberts (1983), who believes in the existence of a "Kabyle national awareness," one of whose foundations is said to be the existence of a genuine regional community of economic entrepreneurs.

What Kabylia lacks above all is overall support of a Berber plan by its intellectual, cultural, and technocratic elites. This may come as a great surprise, but it absolutely bears repeating that commitment to the Berber cause is a phenomenon existing among a very small minority of the Kabyle elites, who as a whole are involved in other strategies and other pursuits both national and international. Contrary to a fairly widespread opinion, "Berberism" as a political project has never been and is not now successful among intellectuals and elites of Kabyle origin, who, generally speaking, move and "feel comfortable" in the bosom of the Algerian nation-state (and its state apparatus!) (cf. Chaker, 1985).

One must be careful not to exaggerate the factors setting Kabylia apart from the Algerian whole or to assign to them a coherence, "density," and extension that they do not have. Strongly regionalist individual positions and practices and talk that is almost separatist in tone are frequent in Kabyle circles, but they do not constitute a structured movement, and much less do they constitute an overall plan reflecting an aspiration of the majority. Although the nationalist temptation does indeed exist in Berberist—especially Kabyle—circles, it does not seem

likely to gain any ideological and political ground in the future. There are too many factors working against it.

What conclusion should we draw?

Looking ahead, and although it may seem a little hackneyed, I would say that Algeria's new political landscape suddenly places the Berber demand at a crossroads and is forcing it to quickly clarify its nature and objectives.

As we have seen, the nationalist option would certainly lead to nothing, and an "Algerian national party" started by Berber speakers and Berberists also seems to be an impossibility. But from the standpoint of the possibilities for political expression, there are several other paths which the Berber demand could take in coming years.

Some of the protagonists may be tempted to seek an immediate and direct alliance with other national political forces as a means of quickly setting up an Algerian "rally of democratic forces" willing to accept the specific demands of the Berber speakers.

That alternative seems to represent a purely theoretical view that is unrealistic in the short and medium term: it does not seem that any Algerian political group will be willing in the foreseeable future to recognize the rights of Berber speakers as a linguistic minority.

Another path, and an autonomous one, would be a solution based on the Berber identity and leading to the establishment of one or more specific organizations that would make defense of the cultural rights of the Berber minorities the center of their doctrine and action and that might eventually find a place within a future national democratic front. For a whole series of socio-cultural reasons, there is reason to think that no national democratic plan is seriously conceivable in Algeria without significant support from the Kabyles. That provides the Berber group with a certain leeway or scope for negotiation in imposing the principle of linguistic pluralism.

Lastly, it is possible that we will see a continuation or repetition of ambiguous and/or patronage-based operations centered on local figures and exploiting feelings of regional or even tribal solidarity, since tribal feelings are still very powerful. Such a solution would condemn Berber speakers to exclusion and folklore status as precludes to their pure and simple disappearance through linguistic assimilation.

The road to Berber survival is certainly a narrow one.

#### Footnotes

[Footnotes 1 and 3 are not referenced in the text.]

1. Mouloud Mammeri had the most impact. But we should also mention Taos Amrouche, many singers and poets, radio announcers on the Kabyle network, leaders of associations, and (emigrant) publications.

2. "Resolutions on Culture" by the FLN Central Committee, July 1981, the National Charter as amended in 1986, and many policy speeches by President Chadli Bendjedid at FLN congresses and Central Committee meetings. For a critical analysis of those texts, see Chaker/Abrous, 1988).

3. Hocine Ait-Ahmed has had it out with "Berberist" militants on several occasions and expressly confirms his rejection of Berber isolation in his writings (particularly in his latest work, 1989: 114-115 and 126-127).

4. In the early months of its existence, the FFS was part of a broad movement opposing Ahmed Ben Bella. That movement included numerous Arabic-speaking figures, many of whom did not hesitate to "go to Michelet" (in Kabylia) to express their support for or sympathies with Hocine Ait-Ahmed (most of them—Ahmed Taleb, Elhadi Khediri, and others—later pursued political careers in the Boumediene and Bendjedid regimes).

### PALESTINIAN AFFAIRS

#### PLO Official Describes Work of 'Jerusalem Committee'

90AE0055A Paris AL-YAWM AL-SABI'  
in Arabic 7 May 90 pp 14-15

[Interview with Muhammad Milhim, member of the PLO's Executive Committee, by Muhammad Khalifah: "Muhammad Milhim Talks to AL-YAWM AL-SABI' about International Meeting of Muslims, Christians for Jerusalem"; first two paragraphs are AL-YAWM AL-SABI' introduction; in Athens; date of interview not specified]

[Text] The PLO is moving in all directions in making preparations for an international conference on Jerusalem. Its activities have received broad support among Muslims and Christians. Efforts are being made to determine the place and the time for such a meeting.

Muhammad Milhim, member of the PLO's Executive Committee, visited Athens a few days ago. His visit was part of the activities carried out by the PLO to explain the decisions made by the Jerusalem Committee and make preparations for a meeting of Muslims and Christians on the holy city. AL-YAWM AL-SABI' met with Milhim and conducted the following interview with him.

[Khalifah] After the Jerusalem Committee met in Rabat, President 'Arafat asked you to go to Athens to relay a message to Father Serafim, the patriarch of the Orthodox Church. What did that message say, and what are the implications of the new Palestinian action?

[Milhim] I relayed a message from Palestinian leaders to the patriarch of the Orthodox Church. Its aim was to explain what happened in the meetings of the Jerusalem Committee and what happened when President 'Arafat met with Pope John Paul II. The message clarified the Palestinian position on recent Israeli statements and on

the resolution issued by the U.S. Congress on Jerusalem. We also called for a meeting to be held soon between Christians and Muslims who would take an international position against Zionist ambitions and the U.S. resolution.

[Khalifah] What are the parameters of the international action plan which was devised by the Jerusalem Committee?

[Milhim] At its recent meetings the committee adopted unequivocal and decisive resolutions on the U.S. congressional resolution and on the settlement of Soviet Jewish immigrants in Jerusalem. Immediately thereafter, the committee launched its international activity which includes Europe and the United States. The committee will also ask Islamic countries to participate in the activity which will be carried out by Muslim and Christian spiritual organizations all over the world, because Jerusalem is a sensitive issue for the three religions. The whole world must become involved in opposing the schemes which the Zionists have devised for this holy city. We are making preparations for a meeting that is to be held for Christians and Muslims. Leaders of the Islamic Conference, of al-Azhar Mosque, and of the Eastern Church and Western Church, especially the Orthodox Church will take part in that meeting. Leaders of the Coptic Church also will participate. The Islamic Board of Scholars in Jerusalem and religious affairs officials in Saudi Arabia will be invited to attend the meeting. A similar meeting to parallel the international one which will be held abroad will be held in Jerusalem. We formed a committee within the PLO, and that committee will make preparations for this meeting and this dialogue.

[Khalifah] Has the site for that spiritual summit been determined?

[Milhim] This will not be a summit. It will be a meeting during which a Christian-Muslim dialogue on the city of Jerusalem will be conducted. So far, the site of that meeting has not been determined, but the parties we invited to the meeting, including the eastern churches, endorsed the meeting and welcomed it.

[Khalifah] Did the Western Church agree to the meeting? Was this the subject of the talks between President 'Arafat and Pope John Paul the Second?

[Milhim] President 'Arafat visited the Vatican recently because of Jerusalem. 'Arafat went to the Vatican to strengthen its position on that city. The Vatican's position on Jerusalem, which is unequivocal and has been made public, rejects the idea of Jerusalem becoming the capital of Israel.

Although it did not bring out anything new, 'Arafat's recent visit to the Vatican confirmed the Vatican's declared positions, especially the one about the Arab character of East Jerusalem. The Vatican also considers East Jerusalem part of the occupied Arab territory in accordance with UN resolutions 242 and 338.

### Jerusalem in the Settlement

[Khalifah] Is the importance of Jerusalem in the settlement plans which are on the table now exclusively religious? Does its spiritual standing dominate its national identity?

[Milhim] Jerusalem is the cornerstone of any peaceful solution between the Arabs and Israel. Any settlement plan that excludes Jerusalem would be unacceptable to us. Any talks about a settlement that does not include Jerusalem would be inconceivable, not only because of the special religious significance of Jerusalem for Muslims and Christians, but also because Jerusalem is first of all Arab Palestinian territory. At the present time Jerusalem occupies more than 60 percent of all the area of the West Bank.

[Khalifah] How is that?

[Milhim] Israel has established what it calls Greater Jerusalem as its capital and annexed parts of Ramallah, Bethlehem, Bayt Sahur, and Bayt Jala to it. Greater Jerusalem occupies an area that is one third the total area of the West Bank. If we were to add to that the area of those territories in the remaining two thirds of the West Bank which were taken over by the settlements, the equation would be about 60 or 65 percent of the total area of the West Bank.

When we learn that the area of the West Bank in its entirety and the area of the entire Gaza Strip equal 22 percent of the total area of occupied Palestine, a simple mathematical computation shows that all this local, regional, and international haggling is taking place over only 10 percent of the area of Palestine in the hope that Israel will return this land to the people of Palestine. And yet, Israel's leaders, its parties, and its citizens do not agree about whether or not they should return this small portion of the area of our usurped homeland. Furthermore, in the international haggling which is taking place, the Palestinian people are being asked to make very costly concessions which are not at all compatible with the value of the 10 percent of the land. None of us can make such concessions.

[Khalifah] Do you believe that the Labor Party, for example, is really willing to return even a little less than the 10 percent of the occupied Palestinian territory?

[Milhim] It is being alleged that the Labor party is the most moderate party in Israel now. At the present time this Labor Party is struggling to get to power. To accomplish that, it is proclaiming its willingness to go along with international initiatives and to pursue the peace process. In other words, it is willing to exchange 10 percent of Palestine if the PLO would yield on all other Palestinian territory, waive the Palestinian people's right to return, and give up the right of self-determination.

That is why I believe that the time which is being wasted waiting for the Labor Party to form a government which the party would lead is lost time. I think that even if this

party were to succeed in its efforts to form a government, and even if it were to give up the 10 percent of the land in the West Bank and Gaza, excluding Jerusalem, in return for the Palestinian concessions which I listed, the Labor Party would split up and become divided, and the government would collapse.

[Khalifah] Given this picture, the question which has to be asked now is this: Where is that "Israeli peace camp?" Where is that peace camp which at one time staged a demonstration of 200,000 citizens demanding a peaceful solution with the Palestinian people?

[Milhim] Yes, there was a peace camp, and the PLO held meetings and talks with members of that camp on the basis of a Palestine National Council [PNC] resolution. Some of those meetings were quite useful. Recently, however, we noticed that the power and influence of the Israeli peace movement have been waning. Our analysis shows that the Israeli peace movement was undermined by the changes which occurred in Eastern Europe; by the outcome of the summit meeting in Malta between Moscow and Washington, particularly the fact that Soviet Jews were allowed to immigrate from the Soviet Union and forced to go to Israel; by U.S. financial and political support for the settlement of these Soviet Jews in Palestine; by the total international bias against Arabs; and by Israeli threats to Jordan and Iraq.

We are not the only ones holding that opinion. Many western observers have noticed it, and several American friends have spoken to me personally about it. They noticed, for example, that the peace camp disintegrated after the Soviet Union opened its doors and allowed Soviet Jews to immigrate.

It is my judgment that the peace camp grew in the past as a result of the fear felt by some Israelis for the future of their state. Those Israelis feared that the conflict with the Arabs would continue, and they feared international isolation. But how and why would the peace camp grow when these Israelis find the two superpowers complying with all of Israel's demands and backing it up with people and funds?

[Khalifah] Since you are one of the people charged with the task of monitoring Palestinian and Israeli affairs, that is, Palestinian issues in the occupied homeland, what are the other effects of the emigration of Soviet Jews to Israel on these Palestinian issues?

[Milhim] The emigration of Soviet Jews to Israel has numerous effects, some of which I mentioned. The fact that Israel pulled back from the Shamir plan which had been announced is another. Then there is the collapse of the coalition government and the inability of the Labor Party to form a new government. Another effect of this emigration is Israel's defiant attitude and its deliberate refusal to have anything to do with Palestinian and international peaceful initiatives. Israel is also challenging and threatening Arab countries, especially Jordan and Iraq. Our Soviet friends should have required Israel and the United States to comply with

international peace initiatives in return for allowing Soviet Jews to immigrate. After all, the Soviet Union itself is a principal party to these initiatives. In fact, the Soviet Union is directly responsible for these initiatives since it applied pressure to the PLO and asked it to offer significant concessions. The Soviet Union asked the PLO to pursue the current political course, which it has been pursuing since 1988, promising it in return the Soviet Union's continued support of anything that will enable the Palestinian people to receive their legitimate and inalienable rights. But the Soviet Union's practical steps led to the opposite of what had been promised. The Soviet Union's steps strengthened Israel and encouraged it to reject any political settlement. These steps prompted Israel to threaten the use of force to remove the borders between Jordan and the West Bank and to establish an alternative Palestinian state in Jordan. Israel also threatened it would strike Iraq with nuclear and biological weapons.

#### Shoring Up the Intifadah

[Khalifah] Such a gloomy outlook for the political settlement process necessarily requires that something be done to strengthen and develop the intifadah [uprising] in the occupied land, especially since Israel succeeded in muffling its outbursts of force and violence. Is something specific being done toward that end?

[Milhim] I agree with you that Israel has muffled the strength and the effects of the intifadah to some extent. Let me also mention that the world too has muffled the intifadah, whose news now holds a secondary position even in the local and international media. That is why we have to develop the intifadah and activate its unique nature. At the present time we are making preparations for doing just that. President 'Arafat announced recently "the existence of a new stage in the intifadah."

There is in fact a new stage in which the performance of the intifadah will be different. I mean exactly what I'm saying. Practical steps will soon become evident. What we are doing now is taking steps to strengthen national unity inside the country and remove conflicts between the United National Leadership of the Intifadah, on the one hand, and the Hamas Movement, on the other. This is just one of the characteristics of the coming stage, and there will be other characteristics and steps.

#### The Intra-Palestinian Dialogue

[Khalifah] What has become of the talks you referred to? Also, what has become of the talks regarding the PNC and the representation of all Palestinian groups in that council?

[Milhim] The talks with Hamas ended: they were completed successfully, and there were no substantive differences to speak of. With regard to the new PNC, there is a PNC committee in which all national political organizations and all independents are represented. That committee met in Amman, and it will submit a paper to the Executive Committee which will consider it. That paper

will include all the suggestions which were made by national forces, including Hamas. Whatever they might be, all these suggestions will be carefully considered, and no party will be excluded from the next session of the PNC. We will try to respond to all possible and appropriate suggestions and requests. All this will be accomplished through dialogue and persuasion, not by commands and decisions made by higher ups. To us, this matter is tantamount to a basic point in our approach of developing the intifadah and the Palestinian position in general.

[Khalifah] Will the groups residing in Damascus be included in the talks?

[Milhim] The PNC usually extends invitations to all the Palestinian parties that are represented in the council to attend its sessions. As far as the groups that are in Damascus are concerned, namely, the Popular Front General Command and al-Sa'iqah, I do not believe, or rather I do not know for certain, whether or not invitations were recently sent to these groups, which used to decline attending such meetings in the past. I don't know if they were asked to join the PNC committee in its work. At the same time, however, I believe that the suggestions which these groups would make are known to the committee. It was Khalid al-Fahum who used to present these suggestions in the past. All suggestions made by any Palestinian group anywhere would be accepted. We received numerous petitions and suggestions, most notably a petition from Palestinians in Kuwait. The committee welcomes any suggestions. However, those who actually participated in the meetings during which the talks were held are those parties who are committed. Many of those who came from Damascus and took part in the meetings, like the Popular Front and the Democratic Front, brought with them the views of those groups who refused to attend. Those people then are not staying far from the dialogue. At any rate, I believe that despite everything, the position of the Popular Front [for the Liberation of Palestine]—General Command [PFLP-GC] and that of al-Sa'iqah must be taken into account.

#### Israeli Threats

[Khalifah] If we were to shift to Israel's recent threats to Arab countries, do you believe that Israel, given the existence and continuation of the intifadah, can wage an outside war against any Arab country?

[Milhim] Israel wages war when the results of that war, as far as it is concerned, can be guaranteed in advance. But whenever the Arabs have a strong Arab position and a deterrent Arab weapon, the specter of war and of Israeli aggression against Arab countries becomes more remote. One current premise is that Iraq has a military force whose personnel, weapons, and organization are so advanced that Iraq can deter Israel and prevent it from launching an attack against any Arab country. Israel knows that the threats made by Iraq's leaders are not idle threats. Israel knows that Iraq's threat is a serious threat

and that it could pay a price if it carried out any operation similar to its 1981 attack on Iraq. On the other hand, Israel could do something foolish and not guaranteed, like its 1982 attack against Lebanon and the PLO. In other words, Israel could do something foolish once again, but I believe that Israel is thinking hard now and that it will be thinking 1,000 times before considering doing anything foolish against the Arabs.

[Khalifah] Did the statements which Iraq's leaders make against Israel have a direct effect on the Palestinian intifadah and the Palestinian people in the occupied territories?

[Milhim] Yes, yes, they did have an effect. Their effect was strong, unequivocal, and swift. The morale of the Palestinian people who are living under occupation rose after they heard President Saddam Husayn's address to the summit meeting of the Gulf Cooperation Council [GCC] in Oman. A large number of our people in the occupied homeland heard and saw President Saddam Husayn deliver his address. They were also positively affected by his statements against Israel, should Israel do anything foolish against Iraq. The effect of all that was such that when the Israeli military court sentenced a Palestinian citizen, who is a hero of the intifadah, to a 13-year prison term, the young man exclaimed in the judges' faces, "Will you be here for 13 years? Do you believe that Saddam Husayn will leave you alone? Do you believe he will leave Israel alone for another 13 years?" The Palestinian youth made that remark in a sarcastic and defiant tone of voice. That is one example of how high morale has been among the Palestinian people in general in the wake of the recent Iraqi statements.

[Khalifah] Do you believe that the introduction of nuclear and chemical weapons into the Middle East and the establishment of a balance of terror between the Arabs and Israel will be in the Arabs' favor or in Israel's favor?

[Milhim] Balance between the Arabs and Israel is not in Israel's favor because if such a balance exists, a balanced political solution will be decreed automatically. But Israel has become accustomed to using military force, not other factors, to impose the solution it wants. But if the effectiveness of Israel's superior military power can be neutralized, Israel will not be able to impose its military solutions on us.

Military balance as well as the balance of terror between us and Israel puts a limit on Israel's growth and expansion.

On the other hand the military balance we are talking about is not static, but dynamic. It is a step for the better that the Arabs took. It is a step that is being taken to change the balance in favor of the Arabs in the future. Israel started thinking that if in the past 10 years the Arabs managed to achieve balance and to effect this shift in the quality of their forces, what will the situation be like in another 10 years?

## EGYPT

### Businessmen See Benefits in Selling Public Companies

90AA0145A Cairo AL-WAFD in Arabic 8 May 90 p 5

[Article by Sami Sabri: "Who Will Buy Failing Public Sector Companies? 90 Percent of Companies Losing for Unknown Reasons and Profit Value Is No More Than 5 Percent"]

[Excerpts] The case of the public and the private sector in Egypt is still the talk of every house and firm after President Mubarak unleashed it by campaigning for the takeover of some public sector companies which have become a burden on the state budget and on the banks. This was done so that Egypt, after the ruins of Malta, may pass through a new stage in its economic system in an attempt to rescue it from the desolation in which it has lived since the nationalizations of 1961 and its excesses, whose victim was the indigenous capitalism on which Egypt was relying. The government began to awaken from its stupor after it saw 90 percent of the public sector companies reeling before it like the sacrificial animal, which is taking leave of the last moment of its life, because of the insistence of the priests and monks of the public sector on preserving socialism in hardened molds, without concern for or attention to the movement of development which the world economy is witnessing. And they insisted on foisting themselves on all the production sectors in the country. They went astray, and the government went astray with them in companies for chocolate and broad beans and *ta'miyah* [Egyptian bean dish] and carbonated beverages. Why then did their theories fail and their concepts become null and void? How did the collapse of the public sector in Egypt come about, and why did its companies incur losses? Is it possible, under the present circumstances, for Egypt to shift entirely to the private sector? By what method or means will this shift be? What are its perils and dangers? Are there sufficient guarantees to protect this shift, or are new regulations expected to be issued? [These] and numerous other questions are answered by this analysis. [passage omitted]

But why did the public sector fail and lose its leadership role for the national economy in Egypt, and how will the sectors which are indispensable to the national security of the state be developed?

Muhammad Ghanim, the secretary general of the Egyptian Association of Businessmen, thinks that we in Egypt still imagine that the ultimate stage of development of the public sector is merely changing the name of the apparatus of public sector management from foundation to committee to sector to secretariat, etc., so that we may improvise for it the happy solution prevailing at present, which is the name "holding companies." Those are useless so long as they all carry out the orders of the minister concerned, who actually combines management and ownership. Therefore, we must separate management from ownership and separate the budget of the

public sector from the state budget. And [the public sector] must be freed of the controlling apparatus and its various measures against it, which have a big role in the shrinkage which production is currently suffering from. This is due to the factor of negativism in making decisions and the fear of this apparatus, which has shackled the public sector with laws and regulations which have led to its downfall. The development of the public sector will not occur unless the government increases the capital of each of the public sector companies or sells some of its shares in these companies, without distinguishing between the profitable and the losing companies. This is provided that an opportunity to purchase the new or sold shares is given to all Egyptians without being restricted only to the workers in these companies, and that care is taken not to exaggerate in setting the value of the shares. If the government adheres to its socialist philosophy, there is nothing to prevent setting a ratio not exceeding 30 percent of the total nongovernment stockholders in each company, just as it is possible to set a maximum for owners of shares in each company.

### The State Bank and the Perils of Change

Dr. Midhat al-'Aqqad, professor and head of the economy section in al-Zaqaziq Commerce, supports him in that. He says: The decade of the 1960s saw a tangible expansion of state-owned projects, especially in the industrial sector. It was assumed that those projects which expanded in the decade of the 1970s would be the driving force for the economy of the country, but they unfortunately became a burden on the state budget, and with the beginning of the 1980s the World Bank began to intervene in the economies of the developing countries to rescue them by offering direct aid to their governments.

Dr. al-'Aqqad adds: The principle of converting from the public sector to the private sector does not view private ownership as a full alternative to public ownership, but only adds state supervision to private ownership. But in spite of this, there are a number of perils to this conversion which must be taken into consideration when getting underway.

Besides the political perils which arise from the pressure groups, the bureaucracy, and the benefiting groups, there are the problems of arranging funds to finance obligations, which are expected to be met upon conversion of ownership of the projects and which are desired sold to the private sector, such as the financial means to compensate the discharged work force or programs to retrain this work force.

Ex-Minister of Economy Dr. Fu'ad Hashim ascribes the loss of companies in general and the companies of the public sector in particular to a number of reasons, foremost among them: faulty economic study; the company's not defining its financing requirements exactly; incompetent or corrupt management; the forces affecting management; the nature of selection of directors of the

companies; the subjection of appointments in the high management fields to intervention and courtesies; the development of market conditions; the prices of foreign currency; and the opportunity for regulations restricting the movement of the companies; and their conversion to governmental management eliminating the routine. This is in addition to the existence of ordinances decreeing loading the budgets of the companies with additional burdens and giving the ministries and committees guardianship over those companies. Therefore the matter requires henceforth unifying the laws which govern the Egyptian economic companies to prevent conflict or their duplication, since there are three laws—Law Number 159 for the private sector companies, Law 230 for the investment companies, and Law 97 for the public sector companies—so that the public sector meshes with the private sector for the sake of the desired growth.

### Fears...No Basis for Them

But is Egypt shifting completely to the private sector at a time when the capitalisms of Western Europe are preserving the public sector and its social function? If the sale is made, by what means will it be? What are its perils and dangers and general rules?

Engineer Husayn Sabur, head of the Egyptian-American Business Council and a member of the board of directors of the Egyptian Association of Businessmen, thinks: The principle of converting public ownership to the private sector is not a goal in itself, as much as it is a means to raise the rate of economic growth and the level of excellence of goods and services and reduce the deficit in the state budget. This is a method agreed upon in all parts of the world.

Some may say that the public sector wins and loses, and I agree with them. Therefore, we do not call for the sale of the strategic public sector connected with national security, even if many countries sell it to the private sector, because Egypt's circumstances now do not permit that. But we must get rid of the companies which have no connection with its goal and activity, because their loss takes away from the strength of the public sector. And every Egyptian citizen from Aswan to Alexandria pays for it because it is part of the state budget, whereas the private sector alone bears its loss, and the government shares in its gains, because it takes from it a 40-percent tax without paying a cent to the private sector. That is, the Egyptian citizen does not bear the loss of the private sector, only the owner or proprietors of the project bear it. In spite of all this, we must know that the sale operation in Egypt itself is not easy, and therefore we must not treat it simply. Therefore, I prefer that the sale be of a few of the small companies in order to ensure that their value in the market is covered quickly, because offering shares of big companies in the market and not covering them might lead to the failure of the experiment altogether and be harmful to it in its first stages. Then, after that, we would begin gradually selling the losing companies after a review of their assets or their merger. That is, we must not sell the losing companies. We must

not sell it to the workers and the people, lest the government does like the investment companies and takes the people's money and loses it. The operation would be deception within deception. But when the successful companies are sold, the wealth of the people will increase, and every Egyptian will become a master of his land in his homeland. And the goal of ownership by the people will be realized, because the public sector is only the name of the people's property, yet the citizen and the worker do not feel that they own anything, and this laid the foundation for its destruction and failure. (!)

Engineer Husayn Sabur adds: Some of those who fear the sale may believe that it will result in the second great theft of the assets of the Egyptians, will admit foreign capitalists behind the scenes to exploit the situation, that the rights of the workers and their socialist gains will be lost, or that the role of the state will end. But this is a mistake because the state will be responsible for formulating the general policies by which the public and private sectors operate, and it is the state which will release public projects for bidding, like the basic construction, strategic, security, and defense projects. And it will carry out its political and fundamental missions. It is the servant of the people and the protector of their rights and their dignity. The state will also place strict controls on the sales operation to prevent any individual, bank, company, or foundation from getting a monopoly on any of the companies which will be sold, as was done by everyone who preceded us. And the base of ownership and positive participation in the growth of society will expand.

### High Prices Cause Consumer Complaints

#### Wage, Production Gap

90AA0185A Cairo AL-MUSAWWAR in Arabic  
1 Jun 90 pp 16-17

[Article by Majid 'Atiyah: "How To Calculate One's Share of Wage Increase; New Raise Increases Wages by 70 Percent Even Though Production Has Grown by Only 17 Percent; How Can Inflation Be Contained"]

[Excerpts] Everybody is busy with calculating the new social increase [as published]. But the government is busy on both sides: [instituting] a wage increase and a production increase to create the desired balance between wages and production in order to serve the interest of price stability.

The reality of the figures says that there is a big gap between production growth and wage growth. The inevitable consequence is growth in the inflation rate. This is what worries all researchers, both economic and social.

Now for what is important: Come with me to find out the amount of wage increase you will get, beginning with next July's salary. If you are worried about an expected increase in prices that may drain this wage increase, then you alone can confront this inflation along two axes:

The first axis: Increased production in return for the wages. This ratio has declined recently.

The second axis: Streamline consumption within the framework of income and establish your own budget to balance family income and spending. If we increase production by just five percent, we will add billions of pounds to national production. If we reduce consumption by just 10 percent, then we will spare society several more billions which can assault prices and contain the inflation rates.

The issue is not only an issue of government. It is an issue of a society capable of vigilantly facing the requirements of national action in the next phase. The most important requirement of this phase is self-reliance in order for us to be able to control our decisionmaking and protect our independence in freedom from the debt pressures and the burdens of further debts.

The figures in a followup report by the Planning Ministry say that wages throughout society in its entirety, including government workers and public and private sector workers, have risen from 16.7 billion pounds to 25.2 billion pounds [annually], i.e. they have grown by 50 percent, in the 3 years ending with the end of 1990. Their analyses go on to declare that the average annual salary has risen from 1,319 pounds to 1,848 pounds, i.e. by nearly 40 percent in the same period.

In contrast with the growth of wages and general wage averages, calculations of the increase in national production show that in the same period, this production rose from 74.2 billion pounds to 86.9 billion pounds, i.e. by 17 percent, and at an annual growth rate of just 5.2 percent.

We all suffer from this fearful gap between the production growth rate and wage growth rate because it is behind every flaw in our economic and financial structures. It is also behind what we call "uncontrollable prices," which is the phenomenon that worries all families, as well as the government, because it devours any wage increase and affects production costs.

These are figures which we must examine and ponder when we talk of the new social wage increase we expect to get with next July's salary.

The size of this raise for government employees, state administrative apparatus employees, and local government employees amounts to more than 600 million pounds—in addition to nearly 135 million pounds in the periodic raise—from which approximately 3.5 million workers and employees benefit.

In the public sector, the size of the raise amounts to nearly 450 million pounds from which 1.6 million workers and employees benefit. This is also in addition to the periodic raise.

Pensioners also benefit from the wage increase. The cost of their raise amounts to more than 300 million pounds.

The raise also applies to workers in the private sector units by the same percentage and within the limits of a certain maximum. This is due to the wage level in the private sector which greatly exceeds the average government and public sector wages.

By observing the wage increases in the government, the public sector, and for pensioners, we find that the wages have grown by 65 percent, including the latest increase. But another computation notes that the basic wage has risen by nearly 70 percent, considering that the periodic raises are included in calculating the basic wage for the final three years. Compared to the basic wage on whose basis the first wage increase was calculated, the raise amounted to 20 percent in 1987, 15 percent the next year, and another 15 percent the following year. The raise for this year also amounts to 15 percent.

#### One's Share of Increase

Now, how is this year's raise to be calculated? One should calculate the raise percentage, which is 15 percent of the basic wage, plus last year's periodic wage raise. By adding the periodic increase for this year, one ends up with a bigger increase rate than last year's. A detailed chart is provided so that one may know what one's raise is.

If one is a super grade employee, i.e. a ministry under-secretary, then the raise will amount to 31.79 pounds monthly. No periodic raise is given to this grade.

If one is a top grade employee, the raise depends on the salary and ranges from 20.25 to 30.50 pounds, to which a periodic raise of 625 piasters is added.

If one holds the grade of a general director, then the raise also depends on the salary and ranges from 18.00 to 28.80 pounds, to which a periodic raise of five pounds is added.

For grade 1, the increase ranges from 13.5 to 26.1 pounds, plus a periodic raise of 5 pounds.

For grade 2, the increase ranges from 9.75 to 23.85 pounds, plus a periodic raise of 4 to 5 pounds.

For grade 3, the increase ranges from 6.45 to 20.1 pounds, plus a periodic raise of 4 pounds.

For grade 4, the increase ranges from 4.95 to 15.15 and the periodic raise is 2 pounds.

For grade 5, the increase ranges from 4.65 to 11.55 pounds and the periodic raise is 1.5 pounds.

For grade 6, the increase ranges from 4.5 to 9.3 pounds and the periodic raise is 1.5 pounds.

#### Real Commodity Subsidy

If there is fear of a loss of control over prices because of the merchants' greed and of the elements of the gap between production and consumption, then one can contain this inflationary process to serve one's interest



ultimately if one balances family income and consumption, even if only within 10 percent.

However, government eagerness to continue the commodity subsidy, for which the budget appropriations have been increased by 50 percent, will help one boycott the merchants' greed. [passage omitted]

In order that this raise does not constitute a burden to the national economy and does not influence the inflation rates, the production element countering the wage must balance the total increases that have materialized

in both wages and prices. Follow-up reports say that production in the same period has increased by no more than 17 percent, whereas wages have risen by an average of 70 percent for government workers and the public sector. However, wage increases throughout society have averaged 50 percent.

The outcome is that the price hike rates (have dictated) the increase in both wages and production in the same period.

What effect will all this have on the family living standard?

**Chart for Calculating New Raise and Periodic Raise**

Grade	Average Salary	15 Percent Increase	Periodic Raise	Total Increase
Super Grade	211.91	31.79	-	31.79
Top Grade	135.00-202.75	20.25-30.50	6.25	26.50-36.50
General Director	120.00-192.00	18.00-28.80	6.00	24.00-34.80
Grade 1	90.00-174.00	13.50-26.1	5.00	18.50-31.10
Grade 2	65.00-159.00	9.75-23.85	4.00-5.00	13.75-28.85
Grade 3	43.00-134.00	6.54-20.10	4.00	10.45-24.10
Grade 4	33.00-101.00	4.95-15.15	2.00	6.95-17.15
Grade 5	31.00-77.00	4.65-11.55	1.50	6.15-13.05
Grade 6	30.00-62.00	4.50-9.30	1.50	6.00-10.80

### Poor, Middle Class Frustration

90AA0185B Cairo AL-MUSAWWAR in Arabic  
1 Jun 90 pp 17-19

[Article by Najwan 'Abd-al-Latif: "Price Hike Mafia Seize Wage Increase Before It Reaches Employee"]

[Text] In green and beautiful times past, employees and workers rejoiced at wage increases even before they got them. A raise meant a salary increase. But now in Egypt there are gangs who lie in wait for the wage increases and there are salary thieves. As soon as talk is begun about a raise, prices are raised in the markets in such a strange way, devouring the raise. The employee and the worker has reached the point where he says that he does not want the raise and that all he demands is that prices be kept as they are. This is the infernal race between wages and prices in Egypt.

Prices have created a hot fire, whose blaze has intensified since the government announced two months ago an increase in the prices of certain goods and services, beginning with cigarettes and then followed by butane gas, rice, flour, benzine, electricity, and other items. The price hike has spread to all other commodities, such as foodstuffs, services, and even clothing and shoes.

Before the fires of the increase could subside, an inflammable substance was poured on them, namely the announcement of a new 15 percent wage increase for employees as of the beginning of next July. A new and feverish pricehiking wave has begun, and it will devour manifold this wage increase in advance. Employees

scream: We do not want this raise. All we want is stable prices. We are not the ones who will get the increase. Rather, the butcher, the grocer, the laundry man, and the green grocer are the ones who will get it.

What has developed in the market since news of the increase was announced? In what condition will the employee and nonemployee with limited incomes live amidst this deluge of price hikes?

The answers given to these questions by the ordinary Egyptian reflect the hardship people are experiencing.

A 30-year old employee at the Ministry of Economy, who has just begun his marital life, who earns a salary of 105 pounds, whose wife does not work, and who has no other income, has said: I was barely able to manage my living affairs, when the prices of essential goods rose suddenly, followed by the prices of nonessential goods with which I am not concerned. There is no place in my life for anything other than what is essential, even unavoidable. I have no television, no refrigerator, and no civilizational commodities—which used to be called luxury commodities—in my home. But I cannot do without butane gas. So what is the solution now that the price of a cylinder, which we used to get for 150 piasters, has risen to 3 pounds? And we wish it were available. It has become extremely difficult to get a cylinder. How, in God's name, can prices rise and all we get in return for the hike is hardship in getting the commodity? Increased prices are always countered by abundance. What is happening these days is amazing: An insane hike in prices and a

scarcity of goods! What happened with butane gas cylinders has also happened with sugar. We now purchase a kilogram of sugar from the black market for 3 pounds. I am surprised by those who find that the Egyptian citizen consumes too much sugar, rice, and bread. These are filling, not nourishing, foodstuffs. In the face of want and starvation, only these varieties can do.

It has been announced that there will be a 15 percent wage increase as of the beginning of next July. I felt extremely distressed when I heard the news because this means that I will get a raise of 7 pounds, whereas I have paid manifold this sum in advance as a result of the price hikes. The price-hiking series continues.

Some speak of letting the market be governed by supply and demand. How can we in a poor country like ours leave matters to merchants so that they may manipulate our livelihood as they wish? The prices of chicken, fruit, and everything have risen. There isn't any kind of control over prices. What is happening is not fair or just. It would have been better for us if they had left prices as they were.

#### **Middlewoman Is Beneficiary**

Middlewomen are the beneficiaries of hiked prices, according to 'Azzah Hasan, an employee of the Ministry of Education. Her husband is a teacher and she has no children. 'Azzah has said:

What has happened with prices in the past one and a half months is madness itself. The prices of butane gas cylinders, sugar, and flour have risen by more than 100 percent. In the past, they hiked prices by 10 or 20 percent. But now the hikes have exceeded all limits. Who benefits from this rise? The state, perhaps. But the real beneficiary are the middlewomen and the black market. The distribution worker sells a butane gas cylinder for 3 pounds instead of 1.5 pounds. We buy sugar, priced at 1.5 pounds per kilogram, for 3 pounds per kilogram.

Let me tell you how we live on an income of 120 pounds, keeping in mind that we are a small family that consists of only two members only. Breakfast costs us nearly one pound. Lunch costs 10 pounds if it includes meat and nearly 4 pounds if it is without meat. Dinner costs one pound. The rent is 25 pounds and water and electricity cost 10 pounds, not to mention the transportation costs that have also risen unjustifiably. I live in al-Haram and work in 'Abidin. My husband works in [word unintelligible]. Transportation costs one pound daily, at least. This means that we are required to pay 65 pounds monthly for basics, and another 55 pounds in order eat, buy clothing, and live. How do you imagine we live? They say that there will be a 15 percent increase in wages. For us, our income will amount to 135 pounds, thus rising by 15 pounds. The hike in the prices of butane gas and rice alone, not to mention electricity, flour, and meat, will devour the increase. Where will we find money to counter the hike in other prices?

#### **Raise Equals Two Kilograms of Meat**

'Abd-al-Fattah Hasan is a driver who lives in Gharb al-Qahirah Quarter. His salary is 188 pounds and he has three children. He gets an additional income of 200 pounds in profit from private property. He has said: My income is barely enough. I spend at least 250 pounds on food. We eat meat only twice a week. The remaining 150 pounds I'm supposed to spend on water, electricity, clothing, and transportation. Is this reasonable? A 15 percent raise means 20 pounds for me. This sum is not enough to buy 2 kilograms of meat or three lunches. Who said we want a raise? It is better to stabilize prices. The butcher has hiked the price of meat by one pound a kilogram even before we have gotten the raise. The milkman has raised the price of milk by 20 piasters a kilogram. The prices of all things have increased. What will the raise do for us?

Umm Muhammad is the wife of an employee whose monthly salary is 70 pounds. She has four children, three of whom are in school. She lives in a single room in a shared house. She pays 5 pounds for monthly rent and 4 pounds for water and electricity. She has said: My husband's raise will not amount to 10 pounds, whereas the hike in the price of butane gas will cost me 6 pounds monthly. Yesterday, I went to buy a meat bag from the cooperative. She paused and then told me: Between us, I buy a meat bag once every two months, and I say this even though it is a shame for one to reveal one's affairs. What can we do? Our circumstances dictate it. The price of a meat bag was 13 pounds and it has suddenly risen to 15 pounds. What is the reason? The prices of all kinds of food burn like fire. So I told myself: Never mind eating meat. I went to the market and bought 2 kilograms of eggplants for one pound, one kilogram of tomatoes for 50 piasters and 2 kilograms of potatoes for one pound, which means that a meal of potatoes and eggplants cost me 2.5 pounds, not to mention the cost of oil and of butane gas. Is this fair or unfair? So what can we eat? For breakfast, broad beans cost 70 piasters and bread 50 piasters, not to mention tea and sugar. A packet of tea costs 70 piasters and doesn't last two days. Even the price of flour sold by the supply authority has risen. I used to purchase a sack of flour for 11 pounds. This month, I have had to buy it for 15 pounds. It is consumed in half a month. Then they say: We have given you a raise. We need a raise equal to the salary in order that we may cover the difference in prices.

Another woman interrupted Umm Muhammad to say: "At least you are employees and you will get a raise. But what can people like us who depend on daily income do? They are saddled with the burden of inflation and get nothing in return. I swear by God, and I need not swear to you, that I have sold my gold chain, which was all I possessed of this world, not to buy something but in order that I and my four children may have something to eat. My husband is a porter. One out of 10 days he can find work. We need 90 pounds a month for bread alone. I cannot tell you what we get to go with the bread. The price of a kilogram of sour cheese used to be 180 piasters

and it has risen to 2 pounds this month. Even the price of a kilogram of al-Mish cheese has become 3 to 3.5 pounds. Can anyone believe that this is the price of al-Mish? As for meat and chickens, we hear about them on the radio and we may see them on holidays."

The woman could control herself no longer. She added, with tears pouring down her cheeks: We wish they would hold prices as they are and have mercy on us.

Sayyidah Muhammad is a model of the so-called country woman. In a section of al-Nasiriyah Quarter, she pulled me aside to say: Do you know what has happened since prices were raised? Robbers have appeared in the quarter. They hold up people with switch blades and rob them openly. Inflation will ruin the world. I have six children and three orphaned sisters whom I and my husband support. Don't dare tell me if I had just used family planning. First, we have neighbors who have employed family planning. Our condition is the same, we are all exhausted. Second, the children may help with the expenses when they grow up and work.

Sayyidah added: I have a question to ask. When poverty is prevalent, why do they hike prices and not try to reduce or stabilize them? When the prices of butane gas, flour, and rice were increased, I cried with anguish. But if the price of another commodity is increased, I will walk the streets and scream in protest.

We know who enjoys life in our country: Currency merchants and drug traffickers. All the others are exhausted.

I bought pajamas and underwear for the kids and they cost 500 pounds. By God, I had to sell bracelets to buy them.

#### **Half Sandwich of Broad Beans for a Quarter Pound**

While talking to women in a certain section, an eight-year old child rushed out to tell me: A half a sandwich of broad beans costs a quarter a pound, which means I need 50 piasters at least to get enough. Imagine that I need 50 piasters to eat at school. What would I do if I wanted a piece of chocolate?

A woman standing at the door of a butcher's shop said to me, almost in whispers: I buy fat and intestines to cook for my husband, a powerless employee who earns 80 pounds. In my old age, two years ago, I started working as a maid. I earn 40 pounds. We have three children. What can these few pounds do in the face of the inflation monster?

#### **Professionals' Complaint**

Even free professionals complain. Safa' al-Qulub, a woman lawyer with three children, has said: It is true that our income is not limited. But it is not infinite. The wages for lawsuits are well known. Excluding major lawyers, the lawyer's income is middle income or less. The price hikes do affect us in two ways: First, like other people, the price increase devours a large part of our

income. For example, benzine for the car now costs me 3 pounds daily, whereas it previously cost 2 pounds only. The prices of meat, clothing, and shoes have also risen. This is one aspect. The other aspect concerns the fees I collect from those who employ my services. Inflation affects the income of all people. Consequently, their purchasing power and their ability to pay and spend in any area are diminished. Many of those who employ me ask me to postpone collection of the fees. Many abandon their lawsuits halfway through so that they need not pay the fees. Thus, we are all harmed twice by inflation.

Another woman lawyer said: What is surprising is that the costs of some goods have not increased. Yet, as soon as the wage raise for employees was announced, merchants increased the prices of these goods, such as shoes and purses, whose prices have risen by 25 percent. Laundry men have raised their fees by 50 percent. They now charge 1.50 pounds instead of one pound for ironing a dress. Everybody is stealing from everybody.

#### **Merchants Disavow**

Merchants are a main link in the race to hike prices. What do they say? A woman vegetable vendor has said: Thank God that the raise has been given in the summer. Otherwise, vegetable prices would burn like fire. Merchants fear that their goods will perish when prices rise. They accuse us, the vendors. But the fact is that the main party in hiking prices are wholesalers. Our profit is limited. We feel for the people because we deal with them and we experience their problems. A vegetable meal without meat costs 5 pounds. Okra costs 2 pounds [a kilogram], green beans 1.20 pounds, and tomatoes 50 piasters. This is the lowest tomato prices have gone this season, whereas tomatoes cost 15 piasters a kilogram only two years ago.

Al-Hajjah Zaynab 'Abd-al-Ghani is a chicken vendor. She said: A kilogram of chicken costs 360 piasters. We buy chickens for 280 piasters a kilogram. But they lose weight and they cost us feed and upkeep. Inflation is bad for the customer and for us. There are no buyers. We used to sell 20 pairs of chicken daily and now we sell just one. This means that if prices were lower, people would buy and there would be turnover.

Muhammad Rihan, a butcher's shop owner, has said: The demand for meat has diminished greatly. Often, the consumer will buy one half of a kilogram. There is demand for fat, whose price has reached 3 pounds, and for intestines which cost one pound. In the past, we used to give away these things free of charge. But now they are in demand.

#### **Supermarket or Association?**

My interest was aroused by a citizen who said that the cooperatives have turned into supermarkets and are no longer cooperative associations founded to supply scarce goods to all people at affordable prices.

I noticed that there was no crowding in the cooperatives. Perhaps there wasn't even a single customer. I questioned a worker at the cooperative and he said: Subsidized goods are only delivered to the cooperatives every once in a while. The price of macaroni has risen this month from 60 piasters to one pound, the price of flour has risen from 30 piasters to 75 piasters, and the price of meat has risen from 6.5 pounds to 7.5 pounds a kilogram. We are waiting for the prices of other goods to rise.

After having been an instrument for price control in the market, the cooperative has now become an instrument for hiking prices.

All the citizens I have interviewed and others prefer stabilized prices to getting a raise. All agree that increased prices have devoured manifold the raise before it has even become a reality.

What is surprising is that when the state raised the prices of some goods, it paid no attention to establishing market controls so that prices may not become uncontrollable. In the past, i.e. in the 1960's, the pricing agency controlled the prices so that they could be balanced with costs and so that the consumer would be protected from the greed of merchants and middlemen. But this agency disappeared from the market throughout the 1970's and was then abolished completely. The market has thus been left wide open to be manipulated by whoever wishes to manipulate it and controlled by personal ambitions. Who will control prices when the raise does actually become a reality?

## ISRAEL

### Deteriorating Relations With U.S. Examined

90AE0058A Tel Aviv MA'ARIV in Hebrew  
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[Article by Dov Goldstein]

[Text] Tell the people the truth. David Ben-Gurion said: "It doesn't matter what the people want, only what they need." Populist leaders whose stature is no higher than the weeds in the field, behave according to the reverse rule, whether they articulate it or not: "It doesn't matter what the people need, only what they want." And those who are even pettier conceal the truth from the people for reasons of self-preservation, because if they were to admit that we are trapped in a difficult situation in one of the most vital areas for our existence—our relations with the United States—they might have to assume responsibility, and expose themselves to the judgment of the people, especially of the voters.

I hope no one will suspect me of using the serious crisis in Israeli-U.S. relations as a lever to scare people off from the formation of a narrow-based government headed by Yitzhaq Shamir. If restoring relations with the United States involves and depends on abandoning Israel's affairs in the hands of the wonder duo Bush-Baker, then we are exchanging one danger for another,

greater one. If we can preclude the deterioration of our relations with the United States only by agreeing with it and thus hurting Israel's security—like what happened yesterday on the Nitzanim Beach—and in the more distant future its existence, too, then allowing relations with the United States to deteriorate is the lesser evil, although there is no certainty that the final result will be different.

Many people in Israel—including its most loyal supporters and well-wishers—are grateful to the American administration because, after countless disappointments, it is now finally on the way to fulfill their great aspiration: to save Israel from itself, to twist its arm, and make it comply with the demands of the "moderate Arabs." Honest people among them even admit this publicly. A few years ago, Knesset Member Yosi Sarid settled accounts with President Reagan in a stunning article in HA'ARETZ that did justice to his talents, in which he accused him of being a "bad president, perhaps the worst of all American presidents from Israel's point of view." The reader was left with no doubts: Anyone who thought of Reagan as a very friendly president, was wrong. He was Israel's enemy because he allowed it to conduct the wrong policy and did not force it to submit to U.S. domination, in other words, to make peace at the expense of its vital interests.

I doubt that President Bush realizes this, but, to my regret, he is likely to win another precious stone in the crown of his achievements. If he persists in his efforts—and he seems determined in his consistency—to destroy every last remnant of the special relations between the United States and Israel until Israel says "I do," Yosi Sarid, according to this distorted logic, will undoubtedly pile extravagant praise on him and dub him "the most friendly president to Israel since the establishment of the state."

Sane people have to hope that the Sarids of this world will be disappointed by Bush and will add his name, according to their lights, to the list of bad presidents from Israel's viewpoint. But the truth is that this time, those who hope for a tough president to condemn Israel have a striking advantage: everything that Bush has said and done so far serves to strengthen their conviction that this time a "true friend" to Israel is occupying the White House.

This is a bitter truth. Now that the supporters of submission have despaired of Shim'on Peres and his narrow government to comply with presidential fiats from Washington, there is nothing for them but to fall back on Bush and Baker and hope that they will succeed where Peres failed. But this truth must not be concealed from the people and must not be packaged in the reassuring wrappings of statements by ministers and others speaking of "legitimate differences of opinions between friends"; "even within a family there may sometimes be disagreement"—this is a false representation and an expression of denial designed to deceive. Precisely those who are faithful to their belief that Israel's policies

should not be conducted by the American administration according to U.S. foreign policy interests, but by the Israeli Government according to the existential needs of the state—witness the dramatic events that occurred yesterday on the Mediterranean shore—are obligated to tell the people the truth: The present American administration is a hostile administration, with no attachment to Israel; it is increasingly leaning toward support for Arab demands, and it is praising the PLO's "moderation" and condemning Israel's "rigidity."

The crisis is already deep and serious between Israel and the United States. What we can expect is not "legitimate differences of opinion," or "family disagreement," but a bitter, tough, nerve-racking struggle before which the people must be told the truth without embellishments and without illusions, so that they can be prepared.

### **Rabin, Peres Psychological Profiles Described**

*90AE0058C Tel Aviv MA'ARIV in Hebrew  
25 May 90 pp 6-8, 51*

[Article by Sima Qadmon]

[Text] About two weeks ago, several veteran media reporters sat in the members' cafeteria at the Knesset. When they got around to telling jokes, someone contributed a new, not-too-decent one about Yitzhaq Rabin. After the chuckling died down, the listeners wanted to know who the source of the joke was. The story teller stubbornly refused to reveal it. Somebody whispered at the other end of the table: "Shim'on Peres for sure cried a lot when he told it to you."

Inadvertently, but certainly not by chance, the guesser chose to attach to Peres an emotionally loaded expression: Sixteen years of unprecedented rivalry in Israeli politics have passed since the contest between Shim'on Peres and Yitzhaq Rabin started immediately after the publication of the Agranat Commission report, when the Labor Party leadership resigned and its heads cast about for an heir to Golda Me'ir, who was then prime minister. Golda Me'ir and Pinhas Sapir skipped over the middle generation and suggested Yitzhaq Rabin, the Sabra surrounded by the glory of the Six-Day War victory, pure and clean like a dove, not linked in any way to the Yom Kippur war, and with a fresh heart-winning past as ambassador to the United States, who on top of all that was also a Knesset member. From the moment Rabin was dropped in the midst of the Labor Party battlefield, the big war began. Shim'on Peres sounded the battle cry and declared: Me, too, and half the party membership gathered behind him.

"There is nothing like it. There has never been such a case, not even in the real ideological struggle between Likud and Alignment are emotions and instincts as involved as in this relationship," claimed a media man who has for many years followed the battle between Peres and Rabin. "And those emotions have contaminated everyone involved: the politicians, who joined the various camps, and even the media. While journalists

come up with logical analyses of Likud and Alignment, when it comes to Peres and Rabin the approach is entirely emotional. Completely irrelevant things gain enormous importance and space, and in many instances there is hardly any objective reporting."

Along this line, a veteran woman reporter verified, suggest it to recall how, following the contest between Peres and Rabin in 1977, when Rabin won, the journalist Moti Golan said: "Two years of objective work down the drain."

These emotions, according to Prof. Daniel Bar-Tal, a political psychologist with Tel Aviv University, are now at their peak. "This is a contest between two men who in fact are not fulfilled. Throughout the long years in which they have been leading the party neither of them completed even one whole term as prime minister. Rabin's term was cut short because of the dollars affair, and Peres' because of the rotation agreement. Each of them is terribly frustrated because of this lack of self-fulfillment and an uncompleted task, which was cut short before they succeeded in proving their abilities. Each of them understands that if he is ever to do it, it has to be now. This is their last chance. The last battle. One of them will win, or they are both finished. And because this is the last battle, it will engage all their emotions, instincts, and energies. This is a war of to be or not to be. And the one who wins will take the whole pot."

And when two are fighting, Professor Bar-Tal said, it shakes up the entire party. "A party is built in part on collective or personal interests. People cannot remain seated on the fence in the midst of such tremors, and they are dragged into the arena according to a combination of various interests. Some on a personal basis, some on the basis of loyalty, and some on the basis of a rational analysis of the chances of the party. Such a duel is a war call to the entire party. It is difficult to remain neutral in such a situation. People become involved. And we mustn't forget that this is a very large party, in which victory on either side involves a lot of power, money, and positions. Whoever wins the battle gets to divide the spoils."

This is a very basic and very deep rivalry between people with different personalities, different backgrounds, and different self-perceptions. "Hatred is a very strong word," said Professor Bar-Tal. "I prefer to call it a rivalry based on emotional reactions, anger, and personal frustration. Circumstances have brought these two people to a situation in which they have to be together all the time. Dependence and repulsion lead to very intensive relations which always involve very strong emotions. Like a husband and wife. On the one hand they need each other, and they know it. And when you need someone and you don't like him, it's very frustrating. For years Rabin had trouble overcoming his strong feelings and staying on a pragmatic plane. And even though he learned to do that, it doesn't mean that his feelings

changed. When Rabin says 'a stinking maneuver,' there is no doubt that this is a very emotional expression, not just a criticism."

And in the positions that each one of them has taken in the party, Bar-Tal believes, these levels can only fan the rivalry. "When faced with a higher objective they can push aside their disagreements and cooperate. But that is not the case in the present situation. And time is running out. Therefore, what we now see happening between them and what we shall see in the near future should not come as a surprise."

It is difficult to examine the relationship between two people and the background for such extreme hostility without a good understanding of the personality of each one of them, Professor Bar-Tal said. But there is no doubt that superficially, we have here two completely different people from the viewpoint of background and character. Shim'on Peres rose from the ranks, matured in the system for many years, and acquired and developed the specific talents required for survival. Yitzhaq Rabin was parachuted into the system. He came up in a military environment, which requires entirely different talents. Although both served in the defense apparatus, they did so on opposite sides of the tracks: one on the civilian side, and the other on the military.

"This points to the fact," Professor Bar-Tal said, "that the basic problem, the short circuit that occurred between the two, happened in the years 1974-76, during the time that Rabin was prime minister and Peres defense minister. Although they had run into one another in all kinds of circumstances, this was their most traumatic encounter, at least for Rabin. Rabin's book 'Service Card,' clearly presents the deterioration of the relations between them. And when Rabin refers to Peres as an 'unrelenting saboteur,' one has to go beyond the expression to understand the background that prompted such a harsh description, which in my opinion influenced the entire unfolding of this relationship.

"Rabin had a very tough time during his term. He was a stranger to the system. In view of the fact that he had been dropped in the midst of the political system, he did not have a power base. Peres had spent many years in this world and he was very familiar with the secrets of politics. Rabin came from a system built and operating entirely differently. The only civilian job he had ever filled was as Israel's ambassador to the United States, and that, too, was a very well defined job that did not require one to deal with the activist aspect of politics. Rabin had a very rough landing. Very traumatic. This, in any event, was his version, and that was the actual beginning of their rivalry. Rabin's perception was that Peres was trying to hurt his leadership and interfere with his policies. And then, when he finally began to understand what was happening around him, the dollars affair broke out and his job was finished. This man undoubtedly wants that position with all the intensity and will of someone who feels he left behind unfinished business, and in his way stands Peres, the man who in his view

undermined his leadership at that time and is once again not allowing him to be fulfilled."

In order to grasp what is happening now in the Labor Party one has to first understand why people enter politics in the first place; this is the opinion of Dr. Avner Falk, a clinical psychologist and psychohistorian who is studying the uses of psychoanalysis for understanding politics, in other words, the unconscious side of politics and the influence of subconscious mechanisms on political leaders.

"There is a close connection between the personal and family life of politicians and the fact that they chose politics as a career," Dr. Falk said. "People who in their childhood suffered abandonment, lack of love, or feelings of powerlessness will seek domination and power in politics, because it lessens the feeling of powerlessness that they have been carrying since childhood. And within the political structure, the leaders can reenact or transfer their family relationships and emotions to the party, which offers personalities that can provide substitute father, mother, or sibling figures. The party leader is clearly a father figure, whose mission is to preserve the integrity of the family. People feel great love and admiration for him, as well as fear and anger, and many emotions that each member brings along from his own family life, since childhood. And when you have two leaders vying for domination," Dr. Falk claimed, "it creates powerful tensions, like in a family in which the parents compete for authority. This also causes tension in the family, splits it up into camps, and brings about crossovers from one camp to another.

"The competitors themselves, in this case Peres and Rabin, also revert to the rivalry model they experienced in their families in childhood: competition with an older or younger brother, or with the father. Every child is in competition with his father, brother, or sister, which is very important to him to win. In the case of Rabin and Peres, I noticed it was said about Rabin that for many years he refused to compete. The question is, why did he avoid competition all those years. The answer is to be found in his childhood relationship with this father or brothers."

But what the experts are not willing to say, people who have been close to Rabin and Peres for years are saying, and in no uncertain terms: There is complete absence of mutual appreciation between the two. Rabin utterly despises Peres. He sees him as inferior. Peres was not in the Palmah [Strike Force of the Hagana], did not serve in the army, and never held a gun in his hands as a soldier. As far as Rabin is concerned, this is a cardinal criterion. Peres, on the other hand, has utter disdain for Rabin's analytical brain. Aside from that, Peres cannot bear the relative ease with which Rabin achieved his status. He cannot free himself from the thought that it was unearned; what has Rabin got that he hasn't?

"The difference between Peres and Rabin," someone told me who had been close to both for many years, "is

like the difference between a prince and a bastard. Rabin is the prince and Peres is the bastard. Rabin, a native of this country, the son of Rosa Rabin, and chief of staff of the IDF [Israel Defense Forces], was handed the party on a silver platter. Peres, the son of immigrants who tried to become a Dan Ben-Amotz-style Sabra, came into the party through the back door, climbed up slowly, had to continuously prove himself, and was not a stranger to any manipulation on his long climb to the top.

"And bastards who got no recognition at home are always the more talented. They are bastards in every sense of the word. They are stronger and have greater endurance. They fought all the battles. For example, the fact that Rabin collapsed in the Six-Day War is not relevant. There must have been lots of excellent generals in the world who experienced moments of weakness in the midst of a war. But such a thing could not have happened to Peres. It would not have happened to the bastard of Israeli politics, because he is driven by ambitions that are alien to the other kind of people, like Rabin, and even like Shamir and Arens, who came to politics from Mosad [Central Institute for Intelligence] or from academe and who didn't have to fight for their position in the party. This also explains why Peres can never relax. 'Ezer Weizmann once said that it's not enough to chop Peres' head off, one has to make sure that the last drop of blood is drained. Peres is a man who derives power from a source that no other top politician is familiar with: the energy that emanates from the fact that he is his own creation. He is propelled by the fuel of his own energy. He arrived at the top through his own forces. Rabin, on the other hand, made it to the top because all the others died on the way."

It is difficult to imagine two people with more different personalities, noted the man who once worked as a reporter on party affairs. "They embody two opposites which had perhaps been more useful in one person than in two. Their presence at the top of the Labor Party creates genuine schizophrenia and split personality in the party. Peres' diaspora ways and Rabin's native Israeli ways, the civilian against the soldier, Peres' boldness against Rabin's conservatism, self-confidence against hesitation, Peres' openness against Rabin's introversion, and instinctive reactions against analytical deliberation. Even their position in the party—Peres leans toward the left, Rabin toward the right—and their messages—Peres' peace against Rabin's security—all these factors have been paralyzing the party for years.

"But as long as the competition between the two continues, the party will not give up either. For 16 years the Labor Party has shown that it cannot live with them and it cannot live without them, although the luxury of this rivalry can be afforded only by a government party who has the key to the state in its pocket. Normally, the loser has to go. Why, then, has the loser not gone away as yet? And now that public polls show that Rabin is preferred, why doesn't the party line up behind him? The party simply doesn't want to leave the deadlock and make a decision."

A decision is not easy in this case, said Dr. Falk. "This is a family drama, a classical Greek tragedy. Removing a leader from his position is also an emotional issue. As we said, the leader represents the father figure. Removing him from his job is like killing him; it arouses feelings of guilt and fear. The party members don't like the struggle between their two leaders, just like children don't like it when their parents fight. The problem of 'Uzi Bar'am and his friends in the new generation, who know that this is the time to rebel against the old leadership, is like the dilemmas experienced in family struggle. This is an internal intergenerational issue," Falk said.

"Oedipus complex and competition between father and son, whereby the party is the mother, the figure of the ideal mother for which the two compete. The removal of a leader is something like patricide. From a tactical viewpoint, it is possible that Bar'am and his friends think it may be better to wait another year and see what happens. But that is not the whole story; there is also the unconscious aspect: anger, disappointment, appreciation, gratitude, and admiration, as well as the fear of doing something that will arouse strong and dangerous guilt feelings."

When we analyze the relationship between Peres and Rabin, Professor Bar-Tal believes, we have to examine several levels. "At the pragmatic level, the question is who can lead the party back to the government. Peres believes that he can be an excellent prime minister, and his belief has had many reinforcements. In the two years in which he served as prime minister his achievements were impressive: He pulled us out of Lebanon, was successful in the economy, and won great sympathy from European leaders. His problem is the electorate he needs. His image has become thoroughly eroded over the years. In my opinion, image consultants can do him no good. The claims directed against him, justly or unjustly, have stuck to him: lack of credibility and a whole mix of rumors about dishonesty and being manipulative. In addition, there is something in his appearance that does not inspire confidence, and this has already become a syndrome that cannot be erased.

"This is Peres' tragedy: Had he come to power, as it happened in the wake of the agreement with Likud, the majority of the public would have supported him. But he cannot get the people's confidence when it comes to voting, not that of the segment from which he seeks support, those who can decide the struggle between the blocs and bring Alignment to power, the left-leaning Likud voters.

"Rabin, on the other hand, is the 'teflon' man, the man to whom nothing sticks. Peres was never caught in anything, but a certain lack of authenticity has stuck to him. Rabin was caught in the dollars affair, but that has been erased from people's memory. His collapse in the Six-Day War has been forgotten, as has the fact that the intifadah began during his term as defense minister in the wake of something that may be viewed as an intelligence failure. I have no doubt that if Peres had been the

man to implement Rabin's policies in the territories, there would have been a great outcry. But these things don't stick to Rabin. Even the 'bone-breaking trial' that is now under way is not affecting him. The attention goes to Mitzna, Livne, Me'ir, but it somehow misses him."

It is true that Peres is not a charismatic leader, Dr. Falk said, but there is an advantage in that. "An uncharismatic leader is less dangerous than a charismatic one, who can pull off dangerous things on a grand scale because of his charisma. Rabin is much more introverted and self-controlled than Peres. He does not develop warm relations, but he is the one to whom people attribute leadership talents and popularity, and not necessarily because he has them. Rabin did not show great achievements as prime minister. But no one remembers that now, perhaps because of Peres' present failure."

Another area of friction, Professor Bar-Tal believes, is the ideological area, in which, in his opinion, there is an unusual paradox: "In the 1970's Rabin appeared as a dove. People still remember his famous speech on Mount Scopus in 1967, as chief of staff, which became a symbol of moderation and compromise. He was the great hope of the doves. Peres, on the other hand, was the activist, the RAFI [Israel Labor List] member, and one of the Labor hawks. Today we find that their views have been reversed. Peres is showing much more dovish positions than Rabin, who in fact has become the leader of the hawks. We have to find out how that happened. One possibility is that they have changed their positions, that Peres has indeed become more open under the influence of his aides, most of whom are doves, and that Rabin has become more of a hawk during this time.

"The other possibility is that each one of them has found a certain niche in the party, not because of ideology, but because destiny led him there, and in the course of time they adopted the ideology of the niche. When Yig'al Alon died, Rabin became the leader of the faction that had been Alon's—the Kibbutz Movement and Ahdut 'Avoda—and because he took over that niche he had to express its views. In the beginning that was a necessity in order to seize the helm, but in time he actually made those views his own. And because the dovish side of the Labor Party did not have a definite leadership, Peres naturally took over that available slot.

"It is hard to say which one of those possibilities is true in this case. I am inclined to think that both are. To say that both these leaders are only paying lip service to their positions while in reality each one of them believes something else, is neither relevant nor correct. This sort of thing can be kept up only for short periods of time. Most people's personalities don't allow them to live for a long time with great contradictions between what they think and what they say. That is schizophrenia. I believe that what happens to people over time is that they change some of what they say and some of what they think and shape their positions in accordance with the camp they are leading, their prejudices, and their current needs, and in this manner they can live at peace with

themselves. This is how it happened that today Peres' views are more dovish than Rabin's, and this is an additional source of friction between them."

Dr. Falk believes that each person plays a role in the party, as in a family. "When a family comes in for therapy, we find that one family member expresses things that are latent in the others. Violence or aggressiveness, for example. When the same one stops playing that role for whatever reason, someone else takes over his role. The change of roles in the Labor Party, if indeed that is what happened, is not surprising. These things happen not because Peres or Rabin changed, but because the people under them had a need to see them in a certain posture. I am convinced that if we asked Peres, who allegedly represents the peace message, he will say that he was always for peace, and that he is also for security. And if we asked Rabin, he will say that he is not a hawk and that he wants peace just as much as Peres."

The two project an entirely different image with respect to personality, too. Professor Bar-Tal said: "Peres is trying to convey the image of a man of the world, on friendly terms with world leaders, an intellectual, and a visionary with contacts with academics. He likes to talk about the books he reads and to make an intellectual impression. Not so Rabin. He is much more pragmatic, and he doesn't talk about visions in lofty words. He likes to analyze situations, to clarify them. He does not have Peres' connection to the intelligentsia. The bottom line is that he is viewed as a man of action, thought, and analysis.

"As one who has followed their careers for a long time, I believe that the personality factor is much more important in Rabin's case. Peres is much more versed as a politician. Rabin did not go through the same socialization. In 1981, when it was clear that they had to unite at least for the sake of appearances, Rabin had great trouble standing behind Peres and wholeheartedly supporting him. The absolute best he could do was to smile and shake his hand. And even then, he had to suppress his feelings to do so. Peres could do that outwardly. He could convey a clear message that he was behind Rabin. For years Rabin learned how to cooperate, because that was the political reality and those were the requirements. But when something goes wrong, the rivalry immediately erupts because of the conflict between their personalities, backgrounds, and pragmatic and ideological views. And at the bottom of all that there is always resentment, this great resentment that has never been resolved."

Dr. Falk does not doubt that Rabin harbors a lot of hatred, anger, and competition toward Peres. "Rabin is a man who hides his feelings. He uses intellectualization in order to isolate his feelings. He is the kind of person with whom one cannot form a relaxed and warm relationship. He is very guarded and introverted. People tend to think that everything came easily to Rabin. That is not true. His life was very difficult, and he expends a lot of energy on suppressing his feelings. Somebody once asked Peres [as published] if he was angry about anything. 'I am



never angry,' he answered. That is not true. It is not easy for politicians to deal with their feelings. Perhaps if they were open about their feelings, they wouldn't be politicians.

"In politics, like in all interpersonal relations," Dr. Falk said, "when two people hate one another so much, it is usually because each one sees in the other the traits he doesn't like in himself. It is possible," he added, "that Rabin wants to see himself as a great soldier, as a hero. But the fact is that in one instance he collapsed at the crucial moment. And if it is true that he scorns Peres because he never held a gun and didn't serve in the army, and if he sees him as a coward, it is perhaps he sees in him this side of himself. Perhaps he's not as big a hero as he wants to believe. And if Peres scorns Rabin for his analytical side and for not being an intellectual and an academic, while he, Peres, tries so hard to emphasize this side of himself, then perhaps he, Peres, has a problem in that area. He may subconsciously know that he himself is not as big an intellectual as he tries to represent himself." And according to Dr. Falk, their problem, both of them, is with their self-image.

#### **Electoral Change Described as 'Insufficient'**

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in Hebrew 8 Apr 90 p 11

[Article by G. Yatsiv]

[Text] How should the hunger strikes by young reserve officers, taking place in front of the Knesset, and the comparatively great support given to them, be regarded?

First and foremost, it should be regarded as a great demonstration of their disgust. Many men and women are joining them in order to shout loudly together, "Fie! Fie!" from the bottom of their hearts, and with total justification. What do they want exactly, aside from shouting? They want to say that they've had enough, they are fed up, we have to put an end to this mess, there should be no more confusion, and the situation is screwed up, the politicians should go to Hell, and that once and for all it must be made right, and the Yeshiva boys should be drafted, and that the mortgage shouldn't be so large, and that the overdraft should be less, and that wages should rise, and that interest rates should be lower, and that it can't go on this way, and there must, must be a change for the better!

Until now, everything has been all right, and whoever doesn't feel this is both heartless and blind. Nevertheless, what are all these good people really demanding? What do they want to happen? What must occur, in their opinion, for the situation to change according to their will? It is my impression that these good people don't even have an inkling—never mind a real concept—of how to answer these questions.

#### **The Previous Scenario**

I have already seen this scenario, and I am full of appreciation and esteem for all of the pure-hearted and honorable people who participate in this disturbance. But, based on my experience, I also know how to perceive the testimony of the demagogues that is sweeping through this audience.

In the previous scenario, as may be recalled, the main hero was Moti Ashkenazi. The night before he left for his only demonstration, Moti came to our house for his last meal before the battle. His only concrete demand was that the minister of defense at the time, Moshe Dayan, of blessed memory, should accept ministerial responsibility. I tried to tell him frankly that he should formulate a more political demand. Two days later, Moti sat there alone, as my friend, and I tried to alert reporters. After several days, it turned out that the sense of bitterness was, indeed, very great and explosive, and many arrived. Many more than these are sitting opposite the Knesset. Then I heard and saw and felt exactly the same feelings: that everything is screwed up, that something must be done, that it is impossible to sit at home doing nothing, that the politicians must go "and let the nation decide"...even then there were nice revelations of volunteerism, and many reserve soldiers poured in there immediately after returning equipment to logistics, and there were great hopes. Only one important thing was lacking: a serious political viewpoint that would determine the root of the crisis and how it could be corrected, and, according to which, would determine what the immediate demand is of all of these good people.

What resulted from all of this commotion? Best regards!—that's what came from it, and a small faction in the current Knesset called "Shinuy." Scores of good people, perhaps even hundreds, are walking all over the country consumed with disappointment, overflowing with despair, totally alienated from the political system, sworn that they will never, ever participate again in a political act whatsoever or in any public movement, or anything that isn't completely personal.

#### **A Dangerous Cocktail**

All of this was likely then to conclude in a much more severe manner. Such a mixture of contempt and loathing toward the ugly democratic processes, with a strong desire to put an end to the "establishment," together with a mixture of obtuse and obscure romantic inclinations for something more beautiful and someone stronger who would come and send to Hell everything in existence, and at the base of all this, a total lack of discernment for the source of the evil and the root of the corruption—all of these make for a very dangerous cocktail. Sometimes also the cause of this cocktail is a threatening and terrible drunkenness that drags fascism with it.

A large crowd, thirsting for change but misguided, also constitutes, as already stated, a convenient battlefield for

different types of demagogues who have not yet succeeded in becoming integrated into the political system. These demagogues are easily spotted, because they are recognized by the obscurity of their thoughts, by the simplicity of their slogans, by their desperate attempts to ingratiate themselves with their pure-hearted listeners and to fit in with their hearts' desires.

Take, for example, the mayors Shlomo Lahat and Eli Landau, who were the first to protest "against the system." What do these two people represent in Israel's political system? From the aspect of their political biography, we speak, as may be recalled, of two people who lost the elections in the centers of their parties as Knesset candidates; publicly, in contrast, we speak of people who belong to a political party, the Likud, whose world view and determined and unambiguous positions are in complete opposition to their personal view, which maintains that we must have dialogue with the PLO. These two initiators of the demonstrators "against the system" are, therefore, people who deny knowledge of the most important principle of a political demonstration: to keep a strong attachment between the personal, inner-conviction and personal political stands, on one hand, and the political framework that was intended to express this conviction and these political stands, on the other. The lack of this attachment is the root of political corruption in Israel, and no method of government and no method of election can remove this dilemma. I assume that if Lahat were a Knesset member, he would act like Sharir. If Sharir were outside the Knesset, he would apparently head the demonstration against the system. For neither of them has a connection between political positions and the political frameworks to which they belong and in which they are prepared to work.

#### **A Moral Backbone**

For what reason did the electoral candidate come before the voters on election day? For his worthiness and personal, good programs? Definitely not. At the foundation of the democratic system is the assumption that the thorn rules over us, and in contrast to other forms of government, we don't depend on elected leaders. Democracy, by its very nature, is very suspicious of them. Because of this, everything is subject to the law, and there are many government authorities that watch over one another and criticize one another, and if a loophole is discovered that tempts thieves, it must be quickly blocked by a restraining law.

In principle, the candidate comes to the voters with his world view and his opinions and power to formulate them and express them and put theory into practice. Regarding this, the personal loyalty of the candidate—indeed is it not for the elected politician—for his party's platform, for its principles and decisions, is the worthy, upright, pure basis of the political system. Between the voter and the elected official there is a sort of contract, according to which the official promises to fight for a certain platform; and in compensation for his loyalty

toward these platforms and stands, and also in compensation for his talent in directing an effective struggle for their implementation, he wins votes. This is the only contract, and there is no doing without it, which determines the moral backbone of the political system. A sharp politician is a politician who misuses the trust of his voters, and the voters must, therefore, fire him from his job. Such a sanction operates in every voting system, and in every voting system it is also likely to be repealed if the voters are not sensitive enough. If, in addition to political corruption, the elected official also misuses funds or takes a bribe, then he is just a corrupt man and, in order to punish him, there is an appropriate legal system. Nevertheless, if we speak of a political system and politicians, we must relate to the political scope of the corruption, and not the corrupt deeds that the politician is convicted of like any other citizen.

#### **The Root of the Evil**

The source of our political corruption in recent years is not the electoral system or the system of government, but the political stalemate within the nation and the national unity government that was born in the bosom of this stalemate—and, at the same time, it also maintains this stalemate, strengthens it, and motivates it.

The national unity government is a clear expression of the politicians' betrayal of the two big parties—their principles, their party platform, and their political path. This government is cutting off the attachment between the positions that were promised to the voter, for which the voters gave their support, and the implemented policies in the different political frameworks. This government fosters cynicism and despair among the voters and removes every moral limitation from those elected. This government is a testimony to the fact that the two big parties do not regard the government as a tool for implementing their policies, but as a goal in itself. If one of the big parties were to cease efforts to obtain ministerial positions even at the cost of personal humiliation and the cost of giving up principles, and would declare that it would return to the government only when its political path earns the trust of the people, this party could attain its goal and, in the end, also return to the government.

Only such a deed, in this system of government or another system of government, is likely to establish a respectable political norm here. If Shamir can sit with Peres in the same government, and if Peres can sit with Shamir in the same government, why can't Moda'i and Sharir also sit with one another?

#### **Faith in a Platform**

What is, therefore, the political demand that the demonstrators had to make the politicians hear? "Be faithful to the platforms that you promised the voters! Don't lie to us!" This is what they had to make them hear.

The side that is most faithful to its platform and path will be the first to break the stalemate in the nation and will

succeed in bringing the public over to it. This will not be easy, but there is no other effective way. Until the public is shown the political alternatives in an unambiguous manner, and within the framework of a fighting opposition and a government struggling hard for its existence, the nation will not break this stalemate and will continue to stick with its traditional vote. Whoever wants to break this type of traditional voting, the burden of proof is his that the actual, controversial subjects are incomparably important, and the luck of the draw is greater than the memories and the traumas that balance the traditional vote. Only when loyalty to principles becomes the norm will political corruption lessen, to a large extent, in our midst.

### Chances 'Poor' for Arab Political Unity

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in Hebrew 11 Apr 90 p 8

[Article by Q. Zayid]

[Text] The declaration of Shaykh 'Abdallah Nimr Darwish, a leader of the Islamic Movement in Israel, by right of the entry of the movement into political life, including its struggle in Knesset elections, has aroused various reactions among the Arabs. Some of the Arab politicians saw it as a gift from heaven, and others saw it as a curse from the heavens.

While the Shaykh, himself, is alarmed by his words, Arab politicians have continued to take hold of his declaration and see it as the "law from Sinai" and the magic rod that has come to save them.

Knesset Member 'Abd-al-Wahhab Darawishah, from the Arab Democratic Party, was the first to pick up the glove that Shaykh Darwish threw down.

Darawishah did not wait to verify if the Shaykh's declaration was true and reliable, or if it was just a reporter's rumor or smoke bomb that came to feel the pulse of the Arab politicians, and went to him on a pilgrimage at the head of his party's delegation on the day following the declaration.

At the end of the meeting, Darawishah was quick to publish an announcement in a newspaper which stated that the two sides discussed the possibility of running for Knesset elections on a combined slate and that there was a fundamental agreement between the two sides on various issues.

In answer to the question, who are the organizations and political parties being taken into consideration on the new slate, Darawishah said: The slate will include representatives of the Islamic Movement, the Arab Democratic Party, the Progressive List for Peace, and individuals from HADASH [Democratic Front for Peace and Equality] on the condition that they are not communists.

According to Darawishah, the reason for excluding communists from the consensus is due to ideological differences of opinion between them and the Islamic Movement. He bases this position on the announcement of leaders of the Islamic Movement that they are unable to join with the communists.

In a newspaper interview, Drawsha said that he is opposed to Jewish participation on the new slate. He confesses his guilt regarding his party's agreement to enter into a combined slate in the elections for the Histadrut when HADASH forced, in his words, the placement of a Jewish candidate at the head of the slate.

"It has been proven that we are unable to speak of unity of the Arab masses when we import leaders from outside our people. This is illogical," he said.

Darawishah sounded too optimistic regarding the establishment of the united Arab slate and expressed hope that the subject would be decided within two months at the latest. He maintains that there is no need for delay, because time is pressing and there is a lot of work, and he also believes that the elections for the 13th Knesset will be held at the end of the year and he wants the Arabs to have a large representation in the Knesset so that they will serve as a pressure group with influence in political life and so that they can be a determining force in the establishment of a government or in its collapse.

### A Hasty Happiness

Knesset Member Darawishah's happiness was, apparently, too hasty. Before the ink even dried on Darawishah's declaration, the leaders of the Islamic Movement published an announcement refuting Shaykh Abadallah Darwish's declaration.

Movement spokesman, Shaykh Ibrahim Sarsur, published an announcement in the newspapers stating that Shaykh Darwish's declaration does not, by any means, represent the position of the Islamic Movement, and it was stated in his opinion and his personal responsibility alone.

Shaykh Sarsur stressed that the movement's spokesman was the only one authorized to express their position and that when the movement's leadership had formulated a position on the subject of Knesset elections, they would release an announcement through him.

The mayor of Umm-al-Fahm, Shaykh Ra'id Salah, who is a central figure in the Islamic Movement, acknowledged that the movement's leadership held a discussion on the matter of entering the political arena.

The unambiguous words of the Islamic Movement's spokesman and the head of the mayor of Umm-al-Fahm put an end to Shaykh Darwish's declaration.

### Politicians in Distress

But politicians among the Arabs continued to take hold of Shaykh Darwish's declaration, and some of them even saw it as a life preserver that would save them from their distress.

The discussion and debate surrounding Darwish's declaration continues in the newspapers. Some reporters continued to deal with the subject as if the establishment of a united Arab slate is achievable.

The politicians who are adopting Shaykh Darwish's declaration disregarded the official announcement of the Islamic Movement's spokesman and composed a slate that will obtain, in their words, nine mandates in the Knesset.

The one hit hardest by his adherence to Shaykh Darwish's declaration was Knesset Member 'Abd-al-Wahhab Darwishah, who invited hard attacks on himself from all directions. He agitated HADASH people who attacked with unprecedented harshness. His colleague from the Progressive List for Peace, Knesset Member Muhammad Mi'ari, who has concurred with him on many issues, including the possibility of a joint appearance in Knesset elections, also disassociated himself from his announcement that the communists must not be taken into account at the time of establishing a united Arab slate.

The Christian members of Darwishah's party saw themselves as being hurt by his enthusiasm of establishing a combined slate with the Islamic Movement, and put heavy pressure on him until he was compelled to withdraw from his declaration.

Talk of establishing a slate, in the center of which would be the Islamic Movement, resulted in the initiative to establish a Christian party. It is still unclear how serious this initiative is, but it is clear that it is in response to the initiative to establish a party in whose center the Islamic Movement will stand.

Christian circles are not concealing their concern for the intention to establish a slate with the participation of the Islamic Movement and are hinting that if, indeed, such a slate is established, all of the Christians will join forces with HADASH, the rival of the Islamic Movement.

### Looking for an Address

The divided hopes that hang on the establishment of the united slate inform us of the decline in the party stock among Arabs.

It is no secret that the traumatic developments in the international communist arena seriously hurt HADASH, and the disputes from within have not passed over this party. HADASH has stopped being the main address for the Arab public in Israel.

Even the magic of the Arab Democratic Party and the Progressive List for Peace has darkened, and they are not

able to become alternatives to HADASH for the leadership of Arab citizens. In the opinion of observers among the Arabs, if the two parties were to join together they would not achieve more than one mandate and at most would preserve their strength. The concern of the leaders of the two parties and their thorough searches for partners teaches us that they are in trouble and informs us of their difficult state.

The difficult state of the parties and the Arab movements concerns many in Arab circles. A very central figure in political life among the Arabs told me that "the Arab citizens are very concerned and they have been looking for an address after HADASH stopped being a true address."

No one has the answer to the question, what will the situation be among the Arabs if the election system bursts apart in the coming months. Many are aware that everything depends on the behavior of the Islamic Movement. The movement's decision that it is the rising force among Arabs will determine, to a great extent, the direction.

Leaders of the Islamic Movement are, meanwhile, deliberating whether they must enter into the party-politics life. Even if we assume that the answer is positive, it is doubtful if an Arab slate would arise that would unite all of the Arab parties and movements within it. On the contrary, this matter will sharpen the ideological rivalry among them, especially between the Islamic Movement and HADASH. Similar to that which is occurring among Israelis, it is probable that two camps will also be established among Arabs: the secular camp, represented by HADASH, and the religious camps with their allies, in the center of which will be the Islamic Movement.

### Severance From the Leftist Parties

If a united slate is not established, with the Islamic Movement in its center, the picture of the political state of the Arabs will remain as it is. In the future, it appears that establishment of a new political party is not anticipated, aside from the possibility that the Arab Democratic Party and the Progressive List for Peace would appear on one slate.

It is difficult to estimate the extent of the power of the Israeli left among Arabs. Arab public leaders, who have become used to cooperation with the left-wing parties, have recently complained of a severance between them.

In any case, the left-wing parties must increase their awareness and their activity among Arabs, for it is likely the need for Jewish-Arab cooperation will grow.

To sum up, the political outlook for Arabs is very gloomy and everyone is expecting it to brighten. Whatever the situation may be, the Arabs of Israel are seeking an address.

### Israeli Arabs Struggle With Identity

90AE0058D Tel Aviv MA'ARIV in Hebrew  
25 May 90 p B1

[Article by Amos Gilbo'a]

[Text] 'Isa Riyan from the small village of al-Birah in the southern part of the Triangle makes a living as a hired cab driver on line 51 from Tel Aviv to Petah Tiqwa. He is tall and stout, has a dark beard, and he has eight children. He is also a member of the Islamic Movement. For years he has been trying to become a member of the cab station in Petah Tiqwa, but without success.

"It's because I'm an Arab, only because I'm an Arab. That's the only reason, there can be nothing else," he said. "I've been working there for 10 years, diligently and faithfully, and haven't had any complaints about me, while others, Jews, are accepted."

This Sunday he took passengers to Tel Aviv. They were talking about the murder in Rishon Leziyyon. "Why did he kill only seven Arabs," one man said, "he should have killed all of them." 'Isa, who speaks fluent Hebrew, was silent. His heart ached and he was afraid; he felt as vulnerable as the seven who were killed. "What should I say? Who knows what could happen to me if I opened my mouth?"

A friend of his and of his family in the village has been working for many years at a plant in the industrial district of Petah Tiqwa. "I deserved to be made team leader at the plant, but the manager came and said to me: 'Listen, you'll get paid as a team leader, but somebody else, a Jew, will be the leader. I don't want problems. What do you care? The main thing is you'll get more money.'"

But he does care, as do many others. They care about the lost honor, they care about being alienated, and they care about being treated as second rate citizens by the Israeli society and its institutions. They feel greatly discriminated against, and the stronger this feeling grows, the more they begin to feel slighted even where none is intended.

This is only one layer of the deep frustration that erupted in violence on the black Tuesday this week among Israeli Arabs, particularly among the youth of Nazareth and its surroundings in the Galilee, in Kafr-Qasim, al-Tayyibah, and Baqah al-Gharbiyah in the Triangle, in mixed Lod, and in Bedouin Rahat in the south. The violence was accompanied by a sea of PLO flags, a lot of green flags of the Islamic Movement, and chanted slogans and calls: "Palestine will be redeemed in blood and fire," "Arabs, wake up from your sleep," "Allah Akbar," "There is no God but Allah and Muhammad is his emissary," and others. A mixture of nationalism and religion.

The nationalistic layer is the alpha and the omega. Since 1967, when the Green Line was broken through, the direct contact with the inhabitants of the territories and the PLO star became a factor in the international arena.

Since 1967, the Palestinian identity of the Israeli Arabs has been developing, and the more it developed the greater became the contradiction between this identity and their identification with the State of Israel, whose citizens they are.

The intifadah sharpened this contradiction to the extreme and split the hearts of Israeli Arabs, especially of the youth. They are here, in Israel, but their hearts are with their brothers and their people. They filled with pride and joy to see the youth of the territories throw stones at Israeli soldiers, and filled with sorrow and wrath to see their dead. Some were members of their own hamula [clan] living only a few kilometers from the Green Line, within the Triangle district.

One day I had the opportunity to read papers written by high school students in the Triangle. The theme was: "What have been the effects of the intifadah on you?" One of the girls wrote something like this: "I hate them, I hate the Jews who slaughter my people."

It is very possible that some of the Arab youth began to hate themselves for not taking an active part in the intifadah and for being content with verbal encouragement, donations, and slogans. Some young men in the Galilee and the Triangle went so far as to organize and carry out violent actions and sabotage similar to those of their brethren in the territories. But that was the exception. Most of the Arab population gnashed their teeth but maintained restraint and self-control. Even the PLO—whose ties to Arab leaders in Israel, including Knesset members, became increasingly closer, in parallel with the money it pumped to the Arab society here—was not interested in a general violent outbreak among Israeli Arabs in order not to spoil the intifadah.

At the same time, the hostility of the Jewish society toward the Israeli Arabs increased. It did not make any distinction between the Arabs in the territories and Israeli Arabs. "Everyone thinks of us as terrorists, everyone is rabidly against Arabs," is what one repeatedly hears from many Arabs.

And then there is the matter of equal civil rights. Israeli Arabs want to close the gaps between themselves and the Jewish population. For example, Tira wants to be like Kafr Saba, with swimming pools, sports fields, parks, a commercial center, paved roads, and so forth. And they want it quickly, now, and that is not happening. They also want full and suitable employment for 1,000 university graduates a year and for 6,000 high school students a year. They also want unlimited opportunities like the Jews, participation in decisionmaking in Israel, and much more.

The leadership of the Israeli Arabs for years fought and is still fighting to achieve equality within the framework of the rules of the democratic game in the State of Israel. It has achieved more than a few successes, but not many. An increasing number of young, educated Arabs rail against their leaders: "You have failed. This is not the way. We must seek a new way of struggle." Similarly,

Peres' failure to form a government left Arabs feeling bitter toward the traditional leadership and its Knesset members [MK].

"The Alignment treated us like a rag in their pocket;" "Every Sharir and every religious member got a hundred-fold what was promised to our MKs—the communists, Darawishah, and Mi'ari—" were a few of the claims recently heard in the Arab sector. Many Arabs hang their hopes on the religious Islamic Movement as a new force to lead Israel's Arabs with Allah's help.

I said Arab sector, although many of the Israeli Arabs increasingly see themselves as Palestinians living, to their misfortune, in Israel. The term "Israeli Arabs" is beginning to disappear from the lexicon.

In spite of all the claims of discrimination, the Israeli Arabs do not see themselves as dishrags, and it is important to understand this. They see themselves as a national minority; their self-confidence is growing and they feel they have power and the ability to harm the State of Israel. Something of this feeling was evident this week. That stemmed from a combination of reasons and factors: the modernization taking place in the Arab sector; the political education and awareness resulting therefrom; the independent organizational tools that they have established and developed for years; demography and geography, which give them a majority in the areas in which most of them live and turn them into a critical factor; the large amounts of liquidity at their disposal; the chinks in the Israeli society and the weakness of the Israeli administration; the PLO's political achievements and Israel's loss of status in international public opinion; and the future Palestinian state in the territories that shines somewhere in their visions.

Traditional past terms like "moderate Arabs" and "extremist Arabs" have lost their meaning. The moderates of today are yesterday's extremists. Almost all of the Israeli Arabs support the PLO and the establishment of an independent Palestinian state.

"The Israeli Arabs are now sitting on the Green Line," Dr. Majd al-Hajj, who was the chairman of the Arab Monitoring Committee for Education, said a while ago, "but they will soon have to make a historic decision, whether to continue the present strategy of endeavors to become integrated in the state through democratic means, or to adopt a new strategy and new methods."

One new strategy is already being openly talked about: some sort of autonomy for the Israeli Arabs. We got an idea of one of the possible new methods this week in Nazareth and other places. The hour of decision is close at hand, the 12th hour is approaching, and some of the Arabs are already at the starting line.

It will not happen in the territories, it will happen here, among us, among one-fifth of the country's population: in Tel Aviv-Yafo, Haifa, Akko, Lod, and Ramla, in the Galilee and the Triangle, on the main roads, in tourist areas, and in parks. Will it follow the pattern of the

intifadah in the territories or will it acquire patterns specific to the Israeli Arabs? Who knows.

Demands for the return of Arab land and property (just to get our ears accustomed to it: Ramat Aviv, Hilton Hotel in Tel Aviv, the Histadrut House, and hundreds of thousands of dunams of agricultural land) will appear on our agenda. Space doesn't allow us to continue.

In the meantime, 21 May is another date that the Israeli Arabs will from now on mark every year.

#### **Demand To Reconsider Arrow Project**

*90AE0071B Tel Aviv HA'ARETZ in Hebrew  
3 May 90 p 1b*

[Article by Re'uven Podhatzor]

[Text] Unintentionally, and almost without the possibility of stopping the process, Israel is again being drawn into "the trap of the national project," whose chances of realization are dwindling with time. Without mechanisms for strategic thinking available to policymakers, there is no one to warn and to draw their attention to the dangerous process involved in the continuation of the Arrow Project.

The lessons of the Lavi' have not been learned, of course, and those who were responsible for the prolonged oversights continue to fill key positions in the political and defense elite. Those same policymakers who failed to identify the dangers and to understand the national significance of the Israeli fighter plane project, are the ones who are deciding, or, more correctly, are ignoring the need to make a decision on the Arrow.

It should be said at once: The technology involved in the development of the Arrow is advanced, innovative, and revolutionary, and it makes a great contribution to raising the professional level of the Israeli scientists and engineers who are involved in the project. The operational conception inherent in the Arrow, and the technological solutions that are being developed at the installations of Israel Aircraft Industries [IAI], are several years ahead of everything that is happening in the field of ballistic missile defense in the entire world.

#### **A Difficult and Problematic Decision**

But despite these important advantages, and the technological leap that will be enjoyed by the Israeli defense industry, the continuation of work on the Arrow Project holds no less a danger than that which accompanied the Lavi' project. As in the previous case, the source of the danger lies in the economic implications of the decision to continue to develop the Arrow. At the end of the process that is now occurring, policymakers are liable to be confronted with the need to make a difficult and problematic decision. On the one hand, they will see before them a prestigious and innovative project, which puts Israel at the cutting edge of world technology. But, on the other hand, it will be clear to them that the economic burden involved in the continuation of this

project is liable to deal a mortal blow not only to the civilian national economy, but also to impair severely the procurement ability of the IDF [Israel Defense Forces] in the second half of the 90s and at the beginning of the next decade.

According to the estimates of senior officials in the IDF, the cost of the Arrow Project will reach the large sum of \$7 billion. For the sake of comparison, the cost of the Lavi' project was estimated at \$11 billion.

The origin of the Arrow is the American "Star Wars" program. The program directors approached several countries and asked for proposals for the development of a short-range antiballistic missile defense system. After reviewing several plans, the Americans decided to adopt the operational design that had been developed by IAI, and in 1987 an agreement was signed for the implementation of the preliminary development stage. The funding for this stage, \$158 million, was divided between the two governments. The United States invested 80 percent of the amount, and the Israeli Government made up the rest.

#### **The Future of the Project Should Be Reconsidered**

Up to this point, everything is just great. But now, close to the date for confirming the funding of Stage Two of the project, questions are arising that require the decisionmakers in Israel to reconsider the continuation of the Arrow. The cost of Stage Two, which will last three years, exceeds \$190 million. A debate began recently in the U.S. Congress over the future of the project.

Many U.S. legislators point to the simple operational fact that the United States has no need to procure a defense system such as the Arrow. According to them, even the defense of Europe from Soviet missiles would not be aided by the Arrow, and if the Americans were to put in place defense systems of this type in Europe, they would be of American manufacture, such as the "Irint" [as published] that is being developed by LTV [Aerospace and Defense Company]. From the tenor of the debate on Capitol Hill, and from statements and discussions in the Pentagon, it may be understood that even if the U.S. administration continues to participate in funding the development of the Arrow, it will be with much lower amounts. "If the share of the U.S. Treasury in the financing reaches 50 percent, you should bless that," said one senior member of Congress. "According to the mood in Washington, and in view of the cuts in the U.S. defense budget, it would be a nice achievement."

The result of the political struggle in the United States will almost certainly lead to the decision to increase Israel's share in the financing of the second stage of the development of the Arrow. Even if the optimistic estimates are realized, Israel would have to allocate approximately \$100 million for financing the next stage of the Arrow Project. And in another three or four years, when the development stage will be concluded, and the need to decide on procurement will arise, the question will loom in all its sharpness.

#### **He Who Has Been Burnt**

That would be after Israel had already invested approximately \$130 million to \$150 million in the Arrow Project; in a period when the threat of the ballistic missiles of the Arab states will become more acute; in an era of economic difficulties that will confront the defense industries, and given an American policy that will place the responsibility for financing the Arrow upon Israel. A similar situation confronted decisionmakers in the mid-1980s when they had to approve continued activity in the Lavi' project.

The Lavi' precedent shows that after such large sums are invested in a national project, and after a giant Israeli industry becomes involved, it assumes a political character, and considerations regarding its continuation or cancellation have absolutely nothing to do with its operational necessity. The IDF has been expressing over a long period its resolute opposition to the continued development of the Arrow, and its senior personalities argue that what happened with the Lavi' is what will happen with the Arrow, as well.

Of course, the decision is not in the hands of the IDF, but the Arrow Project is not limited to the development and production of an antimissile defense system—its realization involves a strategic design, which no one at the political level has taken the trouble to discuss. It may well be decided that it would be better to add a few billion dollars more to the national budget in order to neutralize the ballistic missile threat, but such a decision must be made as part of the crystallization of an overall, long-range strategy. Defense policymakers must understand that the Arrow is not another industrial project. It is a strategic project. Whoever was burned by the Lavi' must beware of the Arrow.

#### **IDF To Increase Procurement Abroad**

*90AE0071A Tel Aviv HA'ARETZ in Hebrew  
4 May 90 p 2*

[Re'uven Podhatzor]

[Text] Differences of opinion and tensions now characterize the relations between the top level of the Ministry of Defense and the leadership of the IDF [Israel Defense Forces], following the decision of the chief of staff to reduce Armed Forces orders with domestic industry and instead to procure items and equipment abroad, using U.S. military aid monies.

The chief of staff argues that the IDF's most pressing problem is the shortage of local currency, and that it would be better to use the shekel budget in the most efficient manner, so that the contribution to defense would be as great as possible. Therefore, it was decided in the army to divert monies from Israeli industries, which produce items such as clothing and vehicles, to industries that produce advanced and sophisticated weapons systems.

The top level of the army views the measure as stemming from a broad national perspective, which requires investments only in advanced Israeli industries, and not in firms that manufacture simple products. In contrast, senior officials in the Ministry of Defense accuse the IDF of following purely business considerations.

The IDF does not intend to cease immediately all procurement from firms that produce simple products, but rather to establish a process that will take approximately three years, which will allow those firms to convert to the production of other products and to retrain employees. The chief of staff has instructed the planning and the supply branches to undertake a comprehensive examination of all IDF procurement in Israel, and to recommend the areas of procurement that can be abolished through procurement abroad. The supply branch alone procures in Israel every year products and equipment with a value of approximately 2 billion shekels.

In addition to the intention to cease procurement of clothing from Kitan, as has already been published, it is intended also to cease procurement of jeeps and command cars that are manufactured at Nazareth Vehicles factories. According to senior military officials, it is possible to procure similar vehicles in the United States, at cheaper prices and without using shekels.

Likewise, the possibility of reducing the quantity of fuel that the IDF purchases from Israeli fuel companies, and instead procuring it abroad, with foreign currency, is being examined. According to IDF calculations, this would save a great deal of money, and would free up funds for other purposes. Additional areas of procurement will soon be presented to the chief of staff, with the intention of abolishing them.

The need to act to reduce military purchases from domestic industry stems from the crisis into which the IDF has been drawn by the attempt to implement the substitutes document, which was prepared on the eve of the cancellation of the Lavi'.

It was found that a large portion of the substitutes was not realized, that others are being held up, and that the procurement of other substitutes involved much smaller quantities than had been planned.

According to senior officials in the defense industries, the IDF has completely failed in its attempt to implement the plan for procurement using the substitutes for the Lavi'. According to these sources, the attempt to transfer monies from "the simple industries" to the advanced concerns also will not help much.

#### **IDF Yearly Work Plan Presented**

*44230128A Tel Aviv YEDI'OT AHARONOT  
(Supplement) in Hebrew 8 Apr 90 p 18*

[Article by D. Sade]

[Text] In the IDF's [Israel Defense Forces] next work year, which began a week ago, they do not anticipate a war. Not with the Syrians, not with Jordan, and not with the eastern front, either, which would include those two and, perhaps, also the Iraqi force.

What do they expect next year? A continuation of the uprising in the territories, a continuation of terrorist attempts from Lebanon, and attempts by terrorist organizations to execute attacks from the Jordanian and Egyptian borders.

Deputy Chief of Staff General Ehud Baraq, who presented the IDF's annual work plan at the end of last week, emphasized that the IDF sees no chance of Syrian military activity in the coming year. He also does not think that Iraq will initiate any activity whatsoever against Israel. However, he emphasizes that "the president of Iraq should not be underestimated, but neither is there reason to be frightened. For a number of years he has had ground-to-ground missiles, and he has already deployed them in the Gulf War. He also has mustard gas and nerve gases, and he used them from aircraft and artillery, even against civilian populations." But, Saddam Husayn, says Gen. Baraq, "knows that it is within the capability of Israel to pay back sevenfold any of its enemies that tries to harm them. He is also an experienced and rational leader who understands the limitations of Iraqi strength. In my estimation, he would think twice or more before he even considered giving the order to use chemical weapons against the State of Israel, for good reasons known to him better than to most of the inhabitants of the State of Israel."

The IDF's work plan stands in the shadow of harsh cuts in the defense budget, which will influence all army activities. The IDF will continue to equip itself with new fighting means, but not at the desired rate. They will continue to use up inventory and they will reduce research and development of new fighting means. There is no sense in developing new fighting means if it is unclear whether it will be possible to purchase them in the future. Toward the end of the summer, they will have to decide again whether to maintain the Navy's submarine project.

The significant change that appears in the IDF's work plan, and it is reasonable to assume that they will not succeed in executing a significant part of it, is in the realm of manpower. As a rule, following an increase in the draft cycles, there is a plan to ease the burden for reserve duty. According to the deputy chief of staff, the IDF will reduce the number of reserve days by seven percent—from 9.8 million to 9.1 million reserve days. From this, 400,000 reserve days will be cut from the security realm. Some of them will be covered by guard duty from soldiers in the regular service, including officers. The plan is that the regular army will allocate 650 soldiers per day for guard duty at the expense of reserve days.



This cut is likely to reduce the number of reserve days for the individual soldier. According to the plan, combat soldiers will serve 42 days in the reserves per year. Officers will serve up to 48 reserve days. According to Gen. Baraq, there are plans and experiments to split the burden of reserve days by calling up many for reserve duty who, until now, have not been called to serve in the territories. There are also plans to call reserve soldiers during two periods per year alone. This is all in the plan. The reality will depend on the situation in the field.

The annual work plan includes a continuation in equipping ourselves with Merkava-3 tanks, a continuation in improving the fleet of existing tanks with fire control means, night vision, and a variety of advanced ammunition. In addition, they will continue to improve the means for breaking through barriers and will improve protection for infantry soldiers. The Air Force will receive, in the current work year, 18 Apache attack helicopters. In the following year, as has already been published, the Air Force will receive 60 additional F-16 aircraft and five F-15 aircraft. In addition, aerial fighting methods will be improved.

In the beginning of the IDF work year, the deputy chief of staff also allows himself to give a summary of the 1989 work year, which concluded on 31 March. "Last year," says Gen. Baraq, "violence in the territories gradually decreased, and there are accumulated results for using means that are in the hands of the soldiers. The activity of the special units, which have remained in the territories for a long period of time, has proven successful, and there is good cooperation between Army units and the General Security Service in capturing the wanted."

According to Gen. Baraq, the last three months have been marked by a significant decline in the number of deaths in the territories from IDF soldiers' gunfire. In contrast, there is an increase in the number of deaths by the locals, such as those killed who are said to be collaborators. Thus, for example, from January to March 1988, 74 Arabs were killed by IDF fire, while 10 additional ones were killed by locals. During the same period in 1989, 58 Arabs were killed by IDF fire and nine were killed by the locals. In the first three months of 1990, 10 locals were killed by fire of IDF soldiers. Thirty-one were killed on suspicion of collaboration.

In the previous work year, there were 15 groups that attempted to penetrate from the northern border, as opposed to 31 groups in 1988. Last year, three soldiers were killed on the northern border in contrast to 17 in 1988. The IDF conducted 29 land operations beyond the border of the security zone in the north, and the Air Force conducted 21 air attacks. In total, in that year 150 terrorists were killed in Lebanon.

#### **[Box, p 18] Training Courses Will Serve in the Territories**

In the work plan this year, there is a special chapter for the uprising in the territories. There are no good tidings in this chapter. The Intifadah will continue. The IDF will

try to reduce the damage in the activity of regular units, but the training system will carry a permanent duty: All of the training courses will include a week of activity in the territories as part of the course. In addition, the IDF will increase the companies in the territories—the same companies whose soldiers are performing the majority of their military service in the territories of Judaea, Samaria, and Gaza.

Since the start of the uprising, the IDF has established a number of such companies, including frontier force companies. In the coming year, they intend to establish additional companies, which will be built in line with the manpower in the reserves.

#### **Record Pollution Levels in Haifa**

*44230128E Tel Aviv HA'ARETZ in Hebrew  
12 Apr 90 p A5*

[Article by E. El'ad]

[Text] A series of record pollution levels was recorded in a number of the residential neighborhoods on Mount Carmel in Haifa beginning two days ago at 9:30 p.m. until early yesterday morning at 1 a.m.

These facts were made evident yesterday following an examination of the data recorded at the observation stations of the electric utility and the Union of Haifa Towns for the Quality of the Environment.

As published yesterday, exclusively in HA'ARETZ, pollution was measured two days ago at 9:30 p.m. at a level of 2,605 milligrams of sulphur dioxide per cubic meter of air. This is the second highest level of sulphur pollution recorded in the largest residential neighborhood in Haifa—Neve Sha'anana.

An hour and a half earlier, when the refineries and electric utility switched to burning low-sulphur oil (one percent) following the directives of the meteorological service, the concentration of sulphur gases in Neve Sha'anana was only 73 milligrams per cubic meter.

At 1 a.m. yesterday, an additional sulfur dioxide deviation was measured in Haifa's Carmel center—1,203 milligrams per cubic meter. In the Ben-Dor neighborhood at the Neshar local council at 10:30 p.m. two days ago, a concentration of 1,066 was recorded. A half hour later, in the Tel-'Amal neighborhood, another record concentration was recorded—982 milligrams per cubic meter.

It should be noted that in the evening hours two days ago many complaints of foul smells in their neighborhoods were received from the residents living in various regions in Haifa.

The assistant manager of the meteorological service, Dr Dov Menes, said yesterday, following the severe pollution events in Haifa, that a most critical and unusual

situation resulting from a combination of extreme meteorological hamsin conditions without wind was occurring at the same time.

Dr Menes said that from the viewpoint of the meteorological services, the warning to begin burning low-sulphur oil starting at 8 p.m. "was their dilemma." According to him, even if the refineries and electric utility had switched, at the same time, to low-sulphur oil, something they are really not equipped to do, this would not have prevented the unusual level, but it would have been lessened.

"Despite the fact that at the electric utility, at the same time, they operated at one-quarter capacity, and at the refineries at one-half of their production capacity, pollution still occurred," Dr. Menes said.

The mayor of Haifa, Arye Gor'al turned yesterday to Prime Minister Yitzhaq Shamir regarding this matter.

### **Economists Want Small Business Encouraged**

44230128F Tel Aviv HA'ARETZ in Hebrew  
12 Apr 90 p C2

[Article by N. Ben-Alay' and D. Jennar-Klausner]

[Text] The State of Israel has not yet given overwhelming legitimacy to small businesses. Whether due to the historical preference to support large projects, or because of the old opinions against the "free" sector, or because of refraining from permitting development that is not tied to giving bureaucratic authorization, small business has not merited real and ideological conditions to encourage its growth. It appears that the factors demanded for a policy of renewed growth are not sufficiently known, neither for the socioeconomic potential hidden in the development of small businesses, nor for the unnecessary difficulties standing in the way of the entrepreneur starting out in Israel.

Small businesses are those employing between one and 20 individuals. They usually have the active involvement of the entrepreneur in the daily business operations. These businesses operate in manufacturing, commerce, and services, including services for business and individuals. In Western countries, encouragement for small businesses constitutes a central tier in the economic growth strategy, considering its contribution to creating new positions of employment. Various studies indicate that the leading factor in the development of places of employment is small firms. Thus, for example, more than 50 percent of all new work places created in the United States were from small businesses.

In Israel, too, a similar picture is forming. At a time when big companies are laying off workers, the small firms are succeeding in developing new places of employment. According to calculations made by economist Ya'akov Wolfe, the number of those working in places employing between one and five employees grew by 67 percent. In firms employing between six and 24

employees, the number of workers increased by 63 percent. In companies employing between 25 and 99 people, the number of employed increased by 45 percent. And this is despite a 25-percent decline in those employed by companies with 100 or more workers.

The economic-employment contribution of small businesses exists despite their instability, which is also one of the certainties. But the uniqueness of small businesses is not necessarily their stability, but their vitality. Similar to biological processes, the growth of small businesses is the product of many experiments of business success and failure, while in each and every stage new enterprises take the places of those that failed. These dynamics stand out against the relative stability of big business, which achieves constancy by laying off tens, hundreds, and even thousands.

The power of small businesses stands out in periods of structural change in the national economy, such as we are now experiencing in Israel. In these periods, when large firms find it difficult to adapt to the changing environment, niches for small business are created that can quickly and effectively take advantage of existing opportunities. This truth was revealed to policymakers in the two countries in which, within the last decade, an extensive, economic radical reform transpired—Britain and the United States. In both of them, small enterprises constitute a local tier for renewed growth, alongside foreign investments.

Israel has not yet succeeded in creating convenient conditions for the development of small businesses. From the sociopsychological aspect, the small entrepreneur is often perceived as a social "deviant," who prefers the uncertainty that comes with self-employment over the "security" of a salaried position. Economically, he has difficulty in obtaining the necessary capital to establish his business. Israel lacks the type of local banking that exists in other countries, which guarantees a direct tie between the entrepreneur and the financiers. Managers of bank branches in Israel (and/or managers of business departments) could serve as moderators and remove risks through their intervention in the development of small businesses. But, whether because of a lack of dictated independence or because of their limited job description, this supporting role is not being realized. The small entrepreneur is required to support his actions under the watchful eye of the "credit inspectors" who deal with the daily follow-up of deviations from the framework of approved credit. There are good reasons for the banks' apathy, from their perspective: The banks have become spoiled by the spread between credit and debit interest, and there is no competition between them, with virtually no exception, for cultivating customers (medium and small) and lending money for the growth of their businesses.

A lack of information is an additional problem for small firms. It is difficult for them to be truly up to date regarding the opportunities created for them in the market. This problem primarily troubles the businesses

in distant locations, such as development towns or those without direct access to focal points of information. This limitation reduces the marketing potential of the products.

The relatively small size of the local market is another limitation: At a relatively early phase of their lives, businesses are compelled to make do with the small size of the local market or begin an "adventure" called export. Research recently conducted shows that lacking marketing and financial directives and guidance, small business is thrown into a crisis in its flow of ready cash at the end of one or one and a half years of its existence. Many of these businesses are not delivered from this crisis.

There is a national importance to the prudent encouragement of small businesses, not only because of the economic expectation for renewed growth, but in light of the transpiring economic and social reality. There is no certainty that the increase of economic activity will necessarily lead to an increase in the number of those employed. It is reasonable to assume that, in the face of the traumatic experiences of many businesses in recent years, the increase in economic activity will be based, depending on the level of the firm, on the continuation of the trend toward efficiency, taking advantage of the best existing manufacturing means. Western countries show that it is possible to achieve a few percentage points of growth per year, for many consecutive years, without a significant decline in the rate of unemployment. On the contrary: There are those who claim, both there and in Israel, that maintaining a significant rate of unemployment has a direct connection to growth, in that it permeates the work force with discipline (moderating pressures for wages and enabling more flexible business arrangements) and improves the profitability of manufacturing.

In the context of the structural crisis of the Israeli economy, it appears that there is room to reexamine the policies regarding small businesses. The encouragement of the development of small businesses could free the hidden potential in different sectors of the country's population.

Whether willingly or by dint of reality, the State of Israel is moving toward a freer economy. This economy, by virtue of its definition, ceaselessly opens and shuts business opportunities. These opportunities are suitable for entrepreneurs of various magnitudes. On this scale there is full justification for small firms. Due to international experience and the accumulating information in Israel, it appears that here, too, small firms could contribute to the economic growth on the national level and to the increase of business opportunities on the local level. Thus, those who shape the policy of growth must include the subject of small businesses as an integral part of the general socioeconomic strategy.

### Integration of Soviets Into Labor Force Discussed

90AE0058B *Tel Aviv MA'ARIV in Hebrew*  
22 May 90 pp 6-8

[Article by Uri Genosar]

[Text] Industrialists may not admit this aloud, but the picture emerging is quite clear: A few months after the immigration wave from the Soviet Union began inundating the country, there are hundreds of new workers in the industrial plants. No, this is not a matter of sudden growth. True, one must not be cynical and disregard the fact that the Industrialists' Union decided to do its share for immigration absorption, but most new immigrants can today be found on the assembly lines, especially during evening and night shifts. Yes, this is not a sudden spurt of growth, but the ongoing need of the industry for production workers, especially for shift work. The intifadah left many "holes" and the Jews did not rush to fill the ranks, so the new immigrants are beginning to fill that need. Industrialists say that they make diligent workers, motivated by the desire to make money, who have not yet been "spoiled" and don't set restrictions on working hours. In fact, many of them prefer to work in the afternoon and evening so that they can study Hebrew at the ulpan in the morning.

Rim Director General Rolando Eisen was appointed to head the team responsible for immigration absorption in the industry on behalf of the Industrialists' Union. In practice, the job is done by the Industrial Management Department of the union headed by Dan Fruchtman, with help from other union departments.

How do they attract the new immigrants to industry? "We have created a bit of atmosphere, a combination of Zionist appeal and the need of the plants for such workers," Eisen said. "There is also some social pressure, because if one plant in Jerusalem hires 15 new immigrants, the one next to it wants some, too. We are now beginning to organize branch-wide campaigns to organize workers en masse for specific industries."

In the Soviet Union, Eisen said, people were not motivated to make more money because shelves were empty anyway. Here there is an abundance of everything, and those who work more, make more. He is aware that many professionals like doctors and engineers will not find work in their specialty here, but he doubts that they could do better in the United States. There, too, there are language problems, security requirements at certain plants, and a different industrial culture. He cited a study which stated that in the first three years of immigration investments go to infrastructure and to creating jobs equal to the number of new immigrants. While in the 1960's immigration found an economy without unemployment, now unemployment is high, also because a considerable share of consumer needs are met by imports.

The Industrialists' Union claims that in the meantime the demand is greater than the supply. There are many

more jobs waiting for new immigrants than new immigrants ready to work. "The new immigrants," Eisen said, "do not want to get on the dole, so they are willing to take on jobs for which they are overqualified. They will both replace present workers and fill available jobs, and it is certain that we will see growth even if the government doesn't do anything."

What is the potential? According to Industrialists Union estimates, Israeli industry can absorb 20,000 new workers (the building sector is said to have the potential for 25,000 workers, and those are two major sources of employment). Currently about 310,000 workers are employed in industry, of which 13,000 come from Judaea, Samaria, and Gaza, and another 1,000 are foreigners. By the way, in the past three years some 40,000 workers left industry, beginning with Koor and the Aeronautics Industry.

Rolando Eisen, a veteran immigrant himself, is convinced that the new immigrants will quickly spread among the population, and he cites studies in support of that statement. The Soviet immigrants who came in the 1970's took 10 years to reach a standard of living equal to the local population. He claims that the Russian immigrants are greatly motivated to advance quickly. The industry is interested in hiring new immigrants in every area: many in plastics, pharmaceuticals, chemicals, and, of course, the metallurgical industry, in which there is a permanent shortage of manpower.

How are they absorbed? "This was our initiative," said Ya'ir Rotlevy director general of Lodziya Rotex, which has already hired 18 new immigrants. "The level of our personnel has improved. We hired two workers, and more came in their wake. We hired professionals, like a textile technician and quality controllers, and of course rank-and-file production workers.

"The workers are willing to do almost any job. They begin working for us at a low salary, but then they advance. We are still looking for weavers for hosiery and knits. We know that there are large textile plants in the Leningrad area. Since there is a large number of women employed there, it is to be assumed that they will want to work here, too."

As part of the deployment of the Industrialists Union, 54 cells of personnel managers were established throughout the country. They are located in industrial centers and serve to facilitate contacts between immigrant centers and sources of employment. Meetings have recently begun to be held with new immigrants for the purpose of channeling them to jobs. The meetings join together groups of about 30 new immigrants with similar qualifications.

Yitzhaq Rosenberg, personnel manager at the 'Etz Lavud company, is the regional coordinator for the Petah Tiqwa industrial area. He is responsible for 19 small plants in the area which produce metal goods, chemicals, and textiles. Some of those plants have already hired new immigrants, he reported, but in the

meantime he is minding mostly "his own beat." 'Etz Lavud has already hired more than 30 Soviet immigrants.

"Absorption of immigrants," Rosenberg said, "does not happen with anyone's help. One simply has to go to the Labor Exchange and hang around there for hours. I brought along a few of our veteran workers who speak Russian, we drafted a paper in Russian with all the details concerning our plant, and we distributed it among the new immigrants we met there. Whenever I went there during working hours I always took with me someone who spoke Russian, we took a few new immigrants with us, showed them the way to the plant, the bus stop. Later, after the first ones were hired, we told them to bring along friends. Who are the workers? We have professionals here, too, but most of them are Russian high school graduates or have vocational training. None of the workers we hired worked with timber in the Soviet Union." 'Etz Lavud is one of the largest plywood plants in the country.

According to Rosenberg, the new workers are scattered throughout every section in the plant, and they become acclimatized quickly. "At work they only learn spoken Hebrew, in contrast to what they are taught at the ulpan."

"Our plant has been unsuccessfully looking for workers for two and a half years," complained 'Etz Lavud Director General Arye Yehuda'i, although the pay offered, 1,900 to 2,000 new shekels gross on the average, is in the higher bracket of the industrial pay scale. "We are experienced in absorbing new immigrants: Two years ago we hired 20 new immigrants from Ethiopia, and the absorption minister came here four times to show them to Jewish Agency people."

A tour of the roomy production bays of 'Etz Lavud reveals a varied range of production operations that do not require special skills. Most of the Russians work in the second shift, because in the morning they take classes at the ulpan. According to Yehuda'i, the pay they get is the same as any other worker's. "We are an established enterprise; people have worked here for 23 years on the average. It is true that workers from the territories left because of the intifadah, but we also expanded our production line and added on another shift."

What will happen if soon, because of the liberalization in the plywood industry and increasing imports from East Europe and perhaps from the Far East, too, domestic plants will have to reduce their size and become more efficient? Yehuda'i had no answer to that. In the meantime he only expressed concern about what will happen when professionals like chemists, engineers, technicians, and others who come to work for him on the production line because of language difficulties go off to seek jobs in their profession after they become proficient enough in Hebrew.

The industry is seeking out Russians and there are enough jobs to offer them, albeit at the bottom of the work hierarchy for the time being.

This year it will be more difficult than ever to win the Israel Labor prize. The competition will be stiff because of the immigration wave from East Europe, which brings workers with high work ethics willing to work in any job with dedication and enthusiasm. They are a different kind of worker, with qualities that are not frequently found in the average Israeli worker of the 1990's.

A special project, entitled The Working New Immigrant in Israel, has been initiated this year by the Tigbor personnel agency to provide employment training and guidance for new immigrants; the agency deals with temporary professional manpower resources under the aegis of Bney Brit. Tigbor will make its human resources services available to the new Soviet immigrants with the help of Bney Brit volunteers; one of its actions will be to organize information meetings for new immigrants at the Bney Brit building in Tel Aviv.

The new immigrants will receive preliminary information on the plane to Israel, at Ben-Gurion airport, and during their stay at absorption centers and ulpan. They will first take a short test for an initial classification, after which they will be offered guidance, instruction, classification, and retraining, and will be channeled to suitable and desirable sources of employment. All the forms—work card, contract with Tigbor, as well as counseling and tests—will be drafted in Russian as part of the preparations under way for this campaign. Tigbor promised to secure experts from among veteran Soviet immigrants to provide employment guidance for the new immigrants and to work closely with them during their initial period of absorption in the labor market. For example, they will accompany newcomers on their first trip to the bank to open an account. Similarly, an aggressive marketing and advertising campaign will be promoted in all branches of the economy to locate jobs and sources of employment suitable to new immigrants.

A new immigrant who takes a job through the intermediary of the project will be taken on by the company as a temporary employee without any fee or payment, promised Albert Benvenisti, Tigbor director general. The new immigrant will join the pool of temporary workers employed through the various departments of the company: clerical, technical, industrial, catering and tourism, medical services, computers, and perhaps even a department for senior management personnel. Although the work is only temporary, the new immigrants will be entitled to all the legal social benefits, as well as holiday gifts twice a year. Naturally, they will not be obligated to accept any job that is offered. According to Benvenisti, Tigbor will finance the costs and expenses of the project for free.

But Zionism and volunteering are one thing, and business is another. The business element in this is that Tigbor will continue to charge the employer the regular

fee customary for providing manpower, and its labor files will fill up with high-quality personnel with academic education (at least on paper), thus permitting the company to offer employers a far larger number of candidates for each position. By the way, because of the stiff competition between the various personnel agencies in the country, even work seekers who are not new immigrants are not charged a fee. Each one can register with several agencies at once and watch how they all offer him the same job, and after he is hired, how they fight among themselves for the finder's fee.

The example that is always cited in every discussion about the issue of employment for new Soviet immigrants is what to do about "forestry engineers," for whom there is nothing to do in a country as poor in trees as ours. Tigbor has already become accustomed to new Russian professions of which we haven't even heard of here, such as footwear engineer or fashion engineer. Let's wait and see how they will react when the first "circus scriptwriter" arrives.

When talking to potential employers Benvenisti tries to persuade them to give new immigrants a chance, to hire them at least temporarily, and he offers a very attractive argument: You get an engineer for the price of a construction worker. According to him, the new immigrants are well aware of the drawback of not being familiar with the language, the mentality, Western working styles, and other disadvantages they present in comparison with Israeli workers waiting in the labor exchange files for an available position. Consequently, new immigrants are willing to do any job; the main thing is to do something and gain experience. Thus, a construction engineer, who was responsible for building cities and huge bridges in Siberia, will be willing to work as a simple construction laborer, while a mechanical engineer will work as a metalworker, a physician as a physiotherapist, another doctor as a hospital aide, and so forth. The list is long. Another advantage is that the new immigrants are not on the dole, like some of the other candidates, and in point of fact, to put it bluntly, any pay is a net gain to them.

The big immigrant "boom" in the labor market will begin toward the middle of the summer, when the thousands who arrived at the beginning of the year will finish their ulpan studies, in numbers that may change the face of the Israeli economy.

Aren't you concerned that other personnel agencies will imitate your example?

"Projects like Working Immigrant in Israel and many like it can only serve to bring us closer to an economic boom like that in Taiwan. There is no job problem in a developing economy, and of course the new immigrants can replace the 125,000 Arab workers. For example, Tigbor is trying to introduce new immigrants in the bakery sector, which is almost completely manned by Arab workers. The next stage will involve the food

industry, and later, after the new immigrants have become better acclimatized, will come the turn of the heavy industry."

Benvenisti would like every personnel manager—in charge of human resources, as they are currently called—in every plant to look at himself in the mirror every day and ask: Have you hired a new immigrant today?

### Professors Discuss Mideast Objectives

44230128D Tel Aviv HA'ARETZ in Hebrew  
12 Apr 90 p A3

[Article by Y. Greenblatt]

[Text] "Peace, in the Western sense of the word, is not possible in our region, in the foreseeable future. There is no way to remove from the Arabs the motivation to destroy us, but it is possible to bring our policies into consideration, through use of force, on one hand, and the temptation of concessions, on the other hand." These words were spoken by Dr. Dan Shifan, from the Truman Institute of the Hebrew University, at the annual conference of the Institute for Propaganda Research in Memory of Harry Kearn. The conference, which was held yesterday in Herzliya, dealt with the subject of considerations and scenarios for peace in the Middle East.

Dr Shifan claimed that the decisions of the Algiers meeting are the positions on the surface and that they are not truly prepared to accept the existence of Israel. But this superficial position is at a turning point, which we must learn to use properly, because from the moment the words were spoken, they got a life of their own. This means that the permanent residents of the West Bank and Gaza, who are different from the refugees of '48, can say today what they really think, using 'Arafat's words, without danger of being murdered.

"This Palestinian group has an interest in getting along with the State of Israel, since the alternative is a catastrophe for them. The refugees of '48, who are hard-core PLO supporters, wish to return to Ramla and Lod. The State of Israel has no response for them in the current political reality, unless we wish to commit suicide," said Shifan.

### Residents of the Territories Must Accept Their Will at the Expense of the Refugees

Israel's goal must be, in Dr. Shifan's opinion, to break the Palestinian consensus between the refugees of '48 and the permanent residents of the West Bank. This can be done by combining two paths: the stick—to continue in the collection of a high price, by dint of the willingness of the residents of the West Bank to fight over PLO representation; the carrot—use of force will bring the permanent residents of the West Bank and Gaza Strip to the clear understanding that the only alternative is to accept their will at the expense of the refugees of '48 or to not get anything.

In the course of time, the chance of achieving this is great. The way to achieve the goal is bound in a process that will continue for an unlimited period of time.

The intifadah opened a door that was locked for decades, said Dr Shifan. Those who have struggled and those who have paid the price in the past two and a half years are the Palestinians in the territories, and they have the legitimacy for reaching an agreement. Nevertheless, in Shifan's opinion, this is a very long process; trusting relations between Jews and Arabs will never exist; and inasmuch as there will be greater peace, Israel will have to make more concessions—when there is an agreement on the West Bank, there will be a problem in the Galilee.

### 'The Intifadah Put Jordan in an Inferior Position'

Dr Asher Sasar, head of the Dayan Center for Mideast and African Studies at Tel-Aviv University, lectured on Jordan and the Palestinian question. He said that the intifadah has shuffled Jordan's cards, since it gives expression for its invalidation and for declaring support for the PLO. Since the intifadah, Jordan has found itself in a position of inferiority in cooperation with the PLO.

This is the background for Jordan's 1988 decision to sever itself from the West Bank and to answer to the Arab-Palestinian consensus in the matter of an independent Arab state and the PLO as the sole representative of the Palestinian people. This decision was, apparently, the decision for severance, but, in actuality, was intended to renew the basis for cooperation with the PLO.

In the long term, Jordan has two main options. The more preferable, in Dr. Sasar's opinion, is a confederation with a Palestinian state, as limited and weak as possible. They do not want the second option, a strong and totally independent Palestinian state. In such a case, Jordan would prefer severance and self-protection on the eastern bank, said Dr Sasar.

## JORDAN

### Writer Disputes Israeli Media Criticism

44000274 Jerusalem THE JERUSALEM POST  
in English 23 May 90 p 4

[Article by Othman Hallaq: "Safeguarding Jordan's Sovereignty"; writer is owner of East Jerusalem daily newspaper, AN NAHAR]

[Text] The Israeli media have become increasingly critical of Jordan's policy vis-a-vis Israel. Jordan is charged with leading the campaign against Soviet immigration, and condemned for its military alliance with Iraq, and for allowing various PLO factions to re-establish headquarters in Amman. Many Israelis find these actions very disturbing, and claim that Jordan has departed from the "moderate" policies which distinguished it from the other Arab countries.

However, there are justifiable reasons for the current Jordanian position.

First, Jordan understands that the present wave of immigration will tip the balance against the Arab strategy of recovering the occupied Arab land lost in 1967.

Clearly, the fundamental difference between the Arabs and the Jews since the beginning of the century is evidenced in immigration, land acquisition and settlement.

While Israelis have contended that the Arabs are waiting for an opportune moment to destroy Israel militarily, the Arabs have realized that over time, Palestinians have continually lost their land, and that Israel, since 1967 has deprived those in the West Bank and Gaza Strip of land under various pretexts. Thus the Palestinians know they are being crowded out. This realization, coupled with the growth in Israel of the "fanatic" school that speaks of the forced "transfer" eastward of the Palestinians, does not leave Jordan many options for safeguarding its sovereignty and integrity.

The ever-growing number of voices speaking for the Jordan-is-Palestine Club—represented by Ariel Sharon and others—has increased the real fears and reservations of Jordan that the current wave of immigration to Israel will bring about the realization of Sharon's intentions.

This state of affairs impelled Jordan to form a strategic Arab front with Iraq, which takes various military forms. It is first and foremost an act of self-defence, as Jordan lacks the resources to provide for its own defence.

For over two decades, Jordan has tried repeatedly to reach a peaceful settlement with Israel in accordance with the formula of "land for peace." All these efforts have been in vain, because Israel does not accept withdrawal from the West Bank and Gaza Strip, and does not accept any compromise over Jerusalem. Nor does Israel recognize the self-determination of the Palestinian people.

Jordan found itself cornered when the territories exploded with the intifadah whose end is still not in sight after 30 months. For the first time, Palestinians and Israelis were forced to confront each other face to face. This led Jordan to realize that "disengagement" from the West Bank would offer the best potential for Palestinians and Israelis to resolve the conflicts to which they remain the principal parties. But instead of advancing the peace process, this strategy has only brought the conflict full circle, to another deadlock.

For decades, neither the Palestinians nor the Israelis have been saying what they really want: they speak of the minimum they are willing to accept.

Both peoples have been captives of their own fears and self-delusions. The hardships of living in Israel in the midst of political and economic uncertainty, and two-and-a-half years of the Palestinian uprising, have forced

the two peoples to confront each other with more honesty and candour. Finally, both peoples are coming to grips with the realization that the Zionist dream of building a Jewish state to encompass all the Jews of the world is not going to materialize, any more than is the Palestinian dream of regaining the former life in all of Palestine and dismantling the Jewish State.

Thus, the land known to us as Palestine and to the Jews as Eretz Yisra'el has to be the home of the two peoples, Palestinians and Israelis. Unfortunately, neither people has yet been able to find the mechanism to translate this new-found realism into an altered form of coexistence. There still remains an abundance of mistrust, lack of confidence and, above all, lack of communication.

Meanwhile, Jordan realized after the "disengagement" that it had to put its house in order. Suddenly there was an economic crisis, with dissatisfaction manifesting itself in the demonstrations in Ma'an, in southern Jordan. The change of government did not help, and austerity measures only brought about more frustration and panic.

Thus Jordan, already in a vulnerable state, opted for the only viable long-term strategy: entrusting its people with a role in determining the future of the country.

This has brought with it freedom of action for the various Palestinian factions. They have existed since 1967, but have operated underground. Now they will be able to operate freely within the law.

Clearly, the Jordanian administration does not have the same grip on the population as formerly, especially as different PLO groups are again operating in the country. But this is one of the prices of democracy Jordan has chosen to pay in order to conform to the public will: no less than 50 percent of the population is of Palestinian origin.

These are the challenges that confront Jordan; and this is the course of action it had decided will enable the country to survive and, hopefully, build a better future.

It is unfortunate that Israel has not been able to put its house in order in a similar fashion. Israeli society is beset with divisions over the type of peace wanted and with whom it wants it. Many Israelis consider territorial compromise perilous, while many others believe the ongoing occupation undermines the country in another way, by destroying the values and principles the Jewish people have cherished throughout the ages.

This turmoil within Israeli society has yet to be manifested in a clear policy of the future envisaged for Israel. It is easy for Israel to accuse Jordan of reckless conduct. But Israel is not so far removed from the very challenges and dilemmas confronting Jordan, and its words echo as little more enlightened than calling the kettle black.

## KUWAIT

### Professor Discusses Causes, Solutions to Deficit Problem

90AE0033A London AL-MAJALLAH in Arabic  
1 May 90 p 50

[Article: "Causes, Results, and Ways of Confronting General Budget Deficit in Kuwait"]

[Text] With the advent of the decade of the 1980s, some "oil glut countries" joined the group of countries suffering from a deficit in their general budgets. With the continued deterioration of conditions in the oil market in the mid-1980s, the size of the deficit and its indices in the budgets of these countries accelerated. However, with the improved prices of oil in the past two years, the figures of this deficit began to decrease.

What are the reasons for the size of this deficit? How can it be confronted? These are questions which Dr. Yusif Hasan al-Ibrahim, professor at the University of Kuwait, answers in a lengthy treatise which he prepared recently, of which this is a summary.

The scholar presented a summary of the government financial system and the role of the government in economic activity while reviewing the three programs of government spending, which are: distribution, apportionment, and stabilization. He went into the deficit in the general budget in its three characterizations, which are: the official deficit, the limited deficit, and the comprehensive deficit. He said that the deficit in the government budget began in fiscal year 1981/82, when it amounted to 181 million Kuwaiti dinar, then it rose to a 1302 Kuwaiti dinar maximum in the 1986/87 budget. But the size of this deficit began to stabilize with a minimum level of no less than 765 million dinar. The highest rate of annual growth for the budget was the year 1982/83, when it reached 417 percent, in comparison with the biggest drop of four percent for 1987/88. Dr. al-Ibrahim pointed out that the highest ratio for the deficit to government revenues had reached 75 percent in 1986/87, and he pointed out that the deficit in the budget had begun suddenly and its size began to grow gradually until it stabilized at big levels compared to principal economic indicators. Only by using the other concepts of the deficit and disregarding the official definition did the picture of the government's financial situation and its relationship to the principal economic indicators improve.

#### The Reasons for the Deficit

Al-Ibrahim said: Among the well-known facts about the economies of the oil countries is that the increase in oil revenues in the decade of the 1970s broke the bounds of government spending and created a spur to its growth. In Kuwait, the rate of overall increase in oil revenues during that decade was 1,896 percent, which led to an increase in government spending at an overall rate of 854 percent during that same period. It is possible to ascribe

the reason for this rise in government spending to the increased growth of the government's role in the local economy, and this growth could have increased at a greater rate had it not been for the administrative and structural restrictions on the economy. In spite of the trend of the oil revenues to drop with the beginning of the 1980s, government spending did not decrease but rather maintained the rates of growth in some fiscal years of this decade. The amount of the drop in oil revenues was about 50 percent during the period 1980/81-1988/89, while government spending realized a growth of two percent for that same period.

The reasons for that are attributed to the negative effects on the economic, social, and political domain which would result from reducing government spending at big rates, as well as the financial and future obligations to which the government committed itself as a result of the previous mode of spending, in addition to the slowdown of economic activity in the same period because of the financial policy of pursuing a self-centered policy. For example, the size and growth of the first category of expenditures (salaries) got beyond the control of the government, and its growth became a *fait accompli* as a result of the role of this category in providing work opportunities for the national work force. The size of this category increased from 329 million dinars, i.e., 19 percent of the expenditures for 1978/79, to 757 million dinars, which is 44 percent of expenditures for 1986/87. The fourth category (construction projects), which is used as a tool for spurring local economic activity, rose during the same period from 305 million dinars, i.e., 18 percent of total expenditures, to 502 million dinars, which is 29 percent of total expenditures. This situation of a drop in government oil revenues which was not accompanied by a similar drop in government spending resulted in the increase of expenditures from revenues and the appearance of the deficit in the general budget of 1981/82.

Relying on these situations and the causes from which the budget deficit sprang, we can draw a future scenario for projecting the size of this deficit to the end of this century, based on suppositions as to the levels of spending and revenues. We will follow two scenarios in this projection: The first is fixing oil revenues at their current level (decreasing their real value), with a three percent rise in nonoil revenues while government spending grows at the rate of the growth of the population—three percent. The second scenario assumes the growth of revenues, whether oil or nonoil, at a rate of three percent annually, as a result of a rise in the prices of oil or the quantity of its production or the exchange rate of the dollar, assuming that the rate of growth of government spending also rises at a rate of three percent, equal to the rate of growth of the population.

The results of the first scenario indicate that, as a result of fixing oil revenues, the growth in the size of the deficit will continue until it reaches a maximum of 2,000 million Kuwaiti dinars at the end of this century. This



level of deficit represents 82 percent of the total imports and 45 percent of the total government spending for the year 1999/2000.

As for the second scenario, despite the growth of oil revenues in proportion to the growth of government spending itself, the budget deficit will continue to grow until the end of this century, even though its rates are less than its growth in the first scenario, since it will reach its maximum at 1200 million dinars in 1999/2000, which represents a drop of 40 percent from the size of the deficit in the first scenario for the same year. However, the common thread between these two scenarios is the continuing growth of the deficit, and a large percentage of revenues and government spending make up its size.

Concerning ways to check the deficit in the budget in the short term, taking into consideration its bookkeeping meaning: It does not constitute a severe and direct financial crisis in the Kuwaiti economy, since the financial situation of the government can cover this deficit. The surplus in its budget for 1989/90, during the first quarter, for example, was 23 million dinars. Any rise in oil revenues as a result of a rise in oil prices or increased production will lead to closing this gap and ending this crisis. Likewise it is possible to suggest a chain of traditional measures to check this deficit, such as imposing duties or various forms of taxes and directing spending. However the short-range view and the traditional means within the government bookkeeping framework adhered to are considered inappropriate solutions. This is because of the nature of the Kuwaiti economy and the government's role in it, since these solutions do not express the real hidden crisis in the general budget, which is embodied in the varied arrangement of the assets owned by the government and society and which upsets the balance between the sources of those assets and the government's obligations in the long term. What is required in the face of this crisis is the preparation of an integrated and comprehensive framework which defines the government's points, and its assets and its earnings over a period of time, as well as the obligations against it and their growth during the same period, since this framework will help to expand the view of the decisionmaker and consequently direct his decisions.

The proposed framework, called framework asset management, can be characterized as a bookkeeping system which shows the value of all the assets owned and the return from them, as well as all the aspects of spending, whether consumption outlay or investment outlay, over a period of time transcending the fiscal year.

## MOROCCO

### Labor Minister Receives CCI Delegation

90AA0130A Rabat ALMAGHRIB in French  
27 Apr 90 p 3

[Article: "Mr. Hassan Abbadi Receives Delegation From Federation of Chambers of Commerce and Industry"]

[Text] On Monday, Minister of Labor Hassan Abbadi received a Moroccan Federation of Chambers of Commerce and Industry [CCI] delegation headed by the vice president of the federation in the main office of his department.

Mr. Abbadi reminded him of the content of the royal letter addressed to the prime minister concerning simplification of the administrative procedure for handling investment cases and affirmed the government of His Majesty the King's readiness to examine any proposals presented by representatives of professional organizations, the Chambers of Commerce and Industry, and the trade unions. On this occasion, he underlined the important role that the government has played in establishing solid national economy institutions and in drafting a suitable legal framework to encourage investments in order to ensure economic recovery and the promotion of employment.

As for the representatives of the federation, they praised the efforts the government is making to increase production, encourage exports, and preserve peace in the labor sector. They expressed the federation's complete readiness to contribute to finding solutions to any problems in the service of the country's higher interest, especially as concerns the improvement of working conditions, the promotion of employment, and an increase in the minimum wage within the context of a constructive dialogue.

### Potential for Increased Trade With Romania

90AA0130D Casablanca LA VIE ECONOMIQUE  
in French 13 Apr 90 p 8

[Article by Najat Benyahia: "Morocco and Romania: Development of Trade in View"]

[Excerpts] What has become of Romania since the end of the Ceausescu regime? After a period of feverish agitation, calm has finally been restored. The new government is settling down to the reconstruction and recovery of an economy that has been sorely tested over the past few years.

A process of economic restructuring is being prepared for. The principle of a market economy has finally won out after lengthy debate. Reconstruction of the Romanian economy will inevitably involve more openness to the outside world.

This will not fail to have its effects on Moroccan-Romanian relations.

In view of the latest changes that have occurred in Romania, we report here on the process of change and opportunities for trade between Morocco and Romania. [passage omitted]

### Opening to the Outside World: a Decisive Step

In March 1990 an executive order was adopted involving certain measures designed to attract foreign investments

to Romania. These advantageous measures are the following: exemption from the tax on profits for a period of two years; a 50-percent reduction of the same tax for the following three years with the possibility of transferring some of the profits out of the country. Romanian Minister of Foreign Trade Alexandru Margaritescu feels that resorting to foreign loans should enable them to modernize their technologies and products rapidly so that they will be in a position to guarantee repayment of these loans through exports.

Ensuring Romania's access to Western markets, eliminating the obstacles that are blocking the development of bilateral trade, and the granting of easy terms and preferential status clauses: these are the new imperatives that the Romanians are now working on.

To this end, Romania has resumed diplomatic relations with the EEC. An agreement on economic and commercial cooperation is in the process of being concluded with the EEC following a visit by a Romanian delegation headed by Minister of Foreign Trade Alexandru Margaritescu. This accord will probably directly involve the improvement of Romanian products' access to EEC markets, support for the economic restructuring process, and a revision of customs tariffs. The volume of Romanian exports to the EEC has already increased for some products (electrical appliances, ceramics, ball bearings, glass, and chemicals).

While this opening to the West is certain, what about Morocco?

#### Morocco and Romania: Better Prospects

For the past four years, the volume of commercial transactions between Morocco and Romania has remained unchanged: about 600 million dirhams. Romania continues to be one of Morocco's top six customers as concerns phosphate imports.

In 1989 Moroccan exports to Romania amounted to 230 million dirhams. Moroccan imports totaled to 380 million dirhams, which generated a deficit of 150 million dirhams. Romania imports phosphates, canned goods, vegetable fiber, and orange juice.

With the opening up of trade, there are opportunities to export olives, oranges, and certain Moroccan ores. Romania exports to Morocco products such as lumber, chemical fertilizers, textiles, metallurgical and chemical products, cars, and glass for window panes.

The Romanians have also participated in the construction of ports in northern Morocco. Negotiations are in progress for projects involving the construction of free-ways and dams as well as the creation of joint ventures. There are at present four joint venture companies in Romania.

Opportunities may also be considered in the tool and die industry and in the electronic and electrotechnical industries, in which Romania has large export capacities.

In these sectors export volume comes to scarcely \$1 billion a year, whereas production capacity is from three to four times as much. The process of modernization of equipment and technologies has already begun.

This should produce very positive results over the next few years.

In this context Moroccan-Romanian relations seem to have gotten off to a good start for further development during the 1990's.

#### Abbadi Receives Labor Union Representatives

90AA0130B Rabat ALMAGHRIB in French  
28 Apr 90 p 3

[Article: "Mr. Hassan Abbadi Confers With Members of UGTM Executive Bureau and Mr. Hachemi Bennani"]

[Text] On Wednesday Minister of Labor Hassan Abbadi received the members of the executive bureau of the General Union of Moroccan Workers [UGTM], headed by its secretary general, Mr. Abderazak Afilal, in the main office of his department.

Mr. Abbadi held a working session with the members of this labor union during which the two parties reviewed the important economic and social issues that preoccupy them.

The minister of employment stated that this meeting fell within the framework of the constructive dialogue desired by His Majesty King Hassan II as the method on which relations between the government and its partners in the labor sector is to be based, the goal of which is to consolidate democracy in the country and promote overall development in it.

Mr. Abbadi praised the continuous understanding and dialogue that mark relations between the government and the General Union of Moroccan Workers, alluding to the many meetings that have taken place at the main office of the ministry, whether they were with this union or with other professional and labor organizations for the purpose of strengthening the dialogue and seeking appropriate solutions to the labor problems that arise.

He underlined the importance of employment and of the efforts made by the government with an eye to promoting and preserving stability and peace in the labor sector, pointing out that the issue of employment is a national issue that requires the mobilization of all organizations and associations to consider appropriate solutions.

In regard to social welfare, Mr. Abbadi referred to the services provided to workers and their families, the different benefits granted them, whether they involve medical or social coverage or job accident, retirement, and other pensions.

The minister underlined the efforts made and the measures adopted for the benefit of Moroccan workers abroad.

As for the general secretary of the General Union of Moroccan Workers, he raised economic and labor issues in Morocco, noting that this labor union has contributed to development in the Kingdom and will continue to do so.

He also reviewed issues that are of concern to this organization, such as labor's status in business firms and institutions, the increase in the guaranteed interoccupational minimum wage (SMIG), and labor relations between workers and employers, evincing the hope of seeing these issues appropriately resolved in an atmosphere of understanding and constructive dialogue.

Moreover, on Tuesday Mr. Hassan Abbadi received former president of the Arab Labor Organization (OAT) Hachemi Bennani in Rabat. The minister informed Mr. Bennani of the resolution adopted by the organization's congress, which was held between 6 and 12 March last in Cairo and that ended his term in office.

On this occasion the minister thanked Mr. Bennani for the efforts he had made at the head of the OAT aimed at strengthening common action in the field of labor and for having creditably represented Morocco in the OAT.

## PAKISTAN

### Concern Over Diplomats' Security in Sindh

46000119A Islamabad *THE MUSLIM in English*  
22 May 90 p 12

[Article by M.S. Raj]

[Text] Karachi, 21 May—Security heads and experts from different countries are rushing to Pakistan to assess the security being provided to their citizens in Pakistan particularly in Sindh.

Highly placed sources, while talking to *THE MUSLIM*, said these experts would review the overall law and order situation in the country specially in Sindh and its effects on their citizens.

Some of the diplomats have expressed concern over the increasing crimes and are worried about the safety of their citizens.

A senior diplomat in Karachi said: "We are all concerned over the law and order and have already taken some preventive measures."

Almost all of the diplomats and their subordinates avoid travelling in late hours. This preventive measure has also been adopted by the leading industrialists and businessmen.

Most of the well-to-do people of the city have stopped travelling in their luxury cars for fear of becoming the target of kidnappers.

The sudden departure of the managing director of a multinational pharmaceutical firm, Squibb, from Pakistan on Thursday following an attempt to kidnap him and another attempt to abduct the wife of the Austrian commercial consular a few days back have further aggravated the situation.

A senior foreign official in Karachi remarked that "until now only the locals were the target of kidnappers but it seems that top foreign officials could also become their victims."

### Attacks on Relief Agencies Spark Concern

46000119B Islamabad *THE MUSLIM in English*  
22 May 90 p 12

[Article by Rahimullah Yusufzai]

[Text] Peshawar, 21 May—The U.S. Ambassador to Pakistan Robert B. Oakley has written letters to the Afghan Interim Government (AIG) President Sebghatullah Mojaddedi and Prime Minister Abdul Rab Rasul Sayyaf, NWFP [North-West Frontier Province] Chief Minister Aftab Sherpao, and the Commissioner for Afghan refugees Maj Gen (Retd) Zulfiqar Ali expressing his concern over the recent attacks against foreign relief agencies and warning them of the possibility of a sharp reduction in assistance for maintenance of Afghan refugees.

These letters, written on 9 May, were meant to highlight in Mr Oakley's words "the very serious implications of the destructive incidents involving Shelter Now International, SNI, which took place on 26 April past at Nasir Bagh Camp."

Since then, another SNI facility at Ghanikhel in Nangrahar Province in Afghanistan has been attacked and looted while masked armed men broke into the offices of Austrian Relief Committee (ARC) for Afghan refugees in University Town Peshawar on 18 May. A huge amount of money has also reportedly been stolen from the offices of Kuwaiti Red Crescent Society by one of its employees. These incidents have caused anguish among the relief agencies providing humanitarian assistance to Afghan refugees.

Robert Oakley in his letter pointed out that donations of money and goods for Afghans were unlikely to be maintained, much less increased, unless there was a strong public condemnation of the 26 April incident and their perpetrators and some restitution by the Pakistan Government as well as AIG. He maintained that SNI which had a large public support network in the United States, Australia and elsewhere was shocked at the incident and the lack of response from Pakistani and Afghan authorities.

The U.S. Ambassador stressed that the security of employees of foreign voluntary agencies working among Afghan refugees was clearly the responsibility of Pakistan Government while the AIG too bore a strong moral responsibility in this context within the refugee camps. He reminded that the AIG had yet to make arrangements to provide any protection to the NGOS [Nongovernmental Organizations] in the camps and inside Afghanistan despite the periodic discussions during the past one year between Islamabad, AIG relief agencies, and representatives of UN and various governments including that of the United States. He felt it was hard to see the current level of assistance maintained unless a reasonable degree of protection was provided to them through the combined efforts of AIG and Pakistan Government.

Mr Oakley's letter also enquired from those to whom these were addressed as to what steps they were planning to take with respect to SNI and to the broader issue of security. His letter also explained the SNI's activities during the past eight years both in refugee camps and inside Afghanistan and refuted allegations that it was engaged in proselytization and dissemination of birth control information. The Ambassador wrote that SNI's project which was attacked in Nasir Bagh Camp was started at the behest of UNHCR [United Nations Office of High Commissioner for Refugees] and Commissioner for Afghan refugees and aimed at benefiting Afghan refugees widows.

It was not known how Robert Oakley reacted to the latest incidents of violence directed at relief agencies both in Pakistan and inside Afghanistan.

Meanwhile, AIG President Sebghatulah Mojaddedi has belatedly issued a statement condemning the 26 April attack on SNI facility in Nasir Bagh Camp, terming it against the interest of Afghan refugees and their Jihad. He also appreciated the good work done by the relief agencies. He urged the Pakistan Government to punish those responsible for the assault on SNI.

### Gilani Meets Nawaz

46000113A Karachi DAWN in English  
12 May 90 pp 1, 7

[Text] Lahore, May 11—The Punjab Government is understood to have decided to set up another committee to talk to the two-member committee set up by Prime Minister Benazir Bhutto to evolve a Centre-Punjab working relationship and to bring to an end the confrontation between the two governments.

Such a notion is stated to have come from Punjab Chief Minister Nawaz Sharif who received one member of the Federal Government committee, Syed Yusuf Raza Gilani, here on Friday.

According to reliable sources the Chief Minister told Mr Gilani that he would, in consultation with friends, appoint a committee to start negotiations with the Centre's committee.

This would be the third committee in the past two weeks to be announced by the Punjab Government for the purpose after the Prime Minister appointed her negotiating team before Eid-ul-Fitr. The first committee reportedly included Chaudhry Shujaat Husain, Mr Ghulam Haider Wyne and Punjab Law Minister Sardar Nasrullah Dreshak. Later, it was reported that another committee had been set up with Speaker Mian Manzoor Ahmad Wattoo, Mr Wyne and Malik Naeem Awan as members.

Syed Yusuf Raza Gilani and Malik Mohammad Qasim, the other members of the Federal Government Committee, arrived here for talks on Thursday. The committee was given mandate after a high-level meeting on the Punjab situation presided over by the Prime Minister.

Before Syed Yusuf Raza Gilani went to see the Chief Minister, he had consulted Malik Qasim. Sources close to them told DAWN that they had decided to initiate a dialogue regardless of their ego as it was a national question which had assumed importance in view of the external and internal situation.

After about two-hour meeting with the Chief Minister, Mr Gilani again met Malik Qasim to apprise him of the details of his talks.

When contacted Mr Gilani expressed optimism and said that another contact would be established soon.

Malik Qasim, when contacted, said that he was interested to see that the outcome of the parleys was fruitful and meaningful. He hoped that the talks with the Punjab Government would ultimately succeed and the two governments would evolve a working relationship and ease the present tension.

The Punjab Government had already said that Mr Gilani would be making a "courtesy call" on the Chief Minister.

Islamabad Bureau adds: The high hopes associated with the Qasim-Gilani mission to Lahore seemingly took a nosedive when reports reached here on Friday morning from the Punjab capital that the Chief Minister Nawaz Sharif's response to the ruling party's gesture of reconciliation was at best "lukewarm" and tempered with visible "hesitancy."

The two-man committee of reconciliation, formed a fortnight ago, was instructed only on Thursday by the Prime Minister to use its best efforts during its meeting with the Punjab Chief Minister to resolve the Centre-Punjab disputes.

The Prime Minister issued these instructions following a long meeting of ruling party's political committee held on Thursday under her chairmanship. The meeting discussed the mission of the committee threadbare and gave it a full mandate to bring about a grand consensus between Punjab and Centre on all contentious issues.

However, when the mission members landed at the Lahore airport last night they were informed that the Chief Minister would be glad to receive only Mr Yousuf Reza Gilani on Friday morning and that too if he wished to make a courtesy call on him (Chief Minister).

"The message was meant clearly to 'cut the committee to its size' and also to make one of the two members, Mr Malik Qasim feel insulted and infuriate him to a point where he would commit a political blunder in a fit of rage" said a member of Prime Minister's political committee, who did not wish to be identified.

However, after consultation among themselves the two members decided to ignore the Chief Minister's "bluff" and accept the offer even in its most shabby shape, he added.

Malik Qasim is quoted to have told Mr Gilani that for the sake of the country and the nation he was prepared to suffer any kind of insult from any quarter.

Malik Qasim is further quoted to have said that he would not make it a matter of prestige, "the Prime Minister has sent us to find a way out of the present state of confrontation between Punjab and Centre as quickly as possible before the situation at the borders deteriorated further.

However, when Mr Yousuf Reza Gilani called on the Chief Minister on Friday morning at about 10 a.m., his visit was strictly treated as a courtesy call and only on being specifically asked by Mr Gilani the Chief Minister is said to have reluctantly let out that he would constitute a two-member committee of his own in a couple of days, which would get in touch with the two-member committee of the ruling party to "sort out the matters relating to the Punjab's grievances against the Centre."

Sources recalled that after Malik Qasim addressed a Press conference on April 30 about the formation of the ruling party's committee, report had appeared in the newspapers first saying that the Punjab government had formed its own committee comprising Mr Ghulam Hyder Wyne and Chaudhry Shujaat but a couple of days later these stories mentioned the names of Malik Naeem, Mr Wyne and Provincial Assembly Speaker, Mr Manzoor Wattoo.

However, when after some days, the Punjab Government officials said that no formal information about the formation and the purpose of the two-member committee had been received so far, Mr Yousuf Reza Gilani personally rang up the Punjab Chief Minister and gave him the details of the mission.

The political committee member said that urgent resolution of the Punjab-Centre conflict was the need of the hour, not only because of the situation at the border, but also because the state of the economy and the socio-political situation in the country did not permit the luxury of continued confrontation between the Centre and the biggest province.

"I do not see any seriousness of purpose in the Opposition camp in this respect and the attitude of Mr Nawaz Sharif towards the reconciliation committee sent by the Centre has disappointed me," he concluded.

### **Shariat Bill: Comments**

46000112D Lahore *VIEWPOINT* in English  
24 May 90 pp 13-15

[Article by Hina Gilani, Zafar Malik]

[Text]

### **Blow to National Solidarity**

The passage of the Shariat Bill by the Senate has come as another blow to national solidarity at a time when the country already stands divided on ethnic, regional and political lines.

As we have seen in the past five years, the proposal for this law has created sectarian and religious tensions and has proved to be nothing but an extremely divisive move. Apart from dividing Pakistanis along religious lines, the Bill has increased the already existing insecurity amongst women and the non-Muslim minorities as to their status and rights in the country.

The Bill as passed by the Senate is similar to the Shariat Ordinance promulgated by Zia in June, 1988, except that this Bill goes much further in eroding the basic structure of the political institutions in the country. What the Senate is proposing is the enactment of a law which would change the basic nature of the State, and would make the Constitution of Pakistan redundant. The provisions of this Bill undermine the sovereignty of the people of Pakistan as enshrined in the Constitution and transfers that sovereignty to a group of mullahs acting through a judicial system not envisaged by the Constitution based on any national consensus.

### **Misconception**

The Preamble to the Shariat Bill shows the misconception under which its proposers and the Senate as a whole are labouring. The objective of the Bill as stated in the preamble is to "carry out the purposes of the Objectives Resolution by ensuring the enforcement of Shariah." An earlier part of the Preamble also claims that the Objectives Resolution confers "supremacy of Shariah" in Pakistan. A reading of the Objectives Resolution, which has now become a substantive part of the Constitution by virtue of the Restoration of the Constitution Order (Presidential Order 14 of 1985), reveals no such intentions by those who tabled and passed this Resolution in the Constituent Assembly in 1949.

The Resolution affirms that "sovereignty over the entire universe belongs to Allah Almighty alone and the authority which He has delegated to the State of Pakistan, through its people for being exercised within the limits prescribed by Him is a sacred trust..."

The Resolution further lays down that the "State shall exercise its powers and authority through the chosen representatives of the people."

The Resolution neither proclaims the supremacy of Shariah, nor does it promise the enforcement of a system whereby the Constitution of the sovereign independent State of Pakistan would be rendered redundant by the proclamation that "Shariah shall be the supreme law of Pakistan...and shall have effect notwithstanding anything contained in any other law, custom or usage (Article 3 of the Shariat Bill)."

The essence of a parliamentary democracy is the representative basis for law-making. A law enacted by Parliament, therefore, has legal sanction and is acceptable by the people. The role of the Judiciary then remains restricted to the interpretation of that law or, in the case of judicial review of legislative enactments, the courts are guided by the basic norms, principles and policies laid down in the Constitution. National constitutions reflect national aspirations and are amenable to changes made by Parliament which has a popular mandate to do so. Under the system visualised by the Shariat Bill the Judiciary will now usurp the function of Parliament to make laws. The interpretation of Shariat by the Judiciary will have the force of law in matters which have never been considered by the Legislature. Even where the Legislature, in exercise of its legitimate functions of law-making, enunciated any principles of Islamic law, the law so made will be subject to any contrary interpretation given by the Judiciary in the matter under consideration, thereby giving the final authority of making law to the Judiciary. Under the Constitution, the Judiciary can only interpret the law made by Parliament which alone is the representative body enjoying the popular mandate to make law. The Bill has placed these two institutions in a constant state of conflict, which can have serious implications for the balance of power in a democracy.

#### The Bias

The very wording of the Bill shows its bias in favour of ulema trained in religious learning from deeni madaris. The purpose of the Bill clearly is the induction of these ulema in every institution, in order to give them a monopoly over decision-making and establishing dictatorship in the name of religion. The whole law has been based on the premise that conformation to Islamic principles, whether in law, education or the economic system, is not possible without their advice and stamp of approval and that the Legislature or the 90 percent Muslim majority (the 10 percent non-Muslim minorities being totally ousted from policy-making by the system of separate electorates) that elects the Legislature cannot be trusted to conform to their own religion except through the coercion of these ulema. If the premise be true, it is a significant reflection on the acceptability of Shariat as the supreme law or even as a source of law. It must be

remembered that this is a fundamental question on which no national consensus or majority support can be presumed to exist.

Under Article 4 of the Bill, all cases are to be decided in accordance with Shariat and if a question is raised before a court whether a law or a provision of law is repugnant to Shariah, the court, if satisfied that the question needs consideration, shall make a reference to the Federal Shariat Court in matters within its jurisdiction, and in matters relating to personal law, fiscal law or regarding the procedure of any court or tribunal the reference is to be made to the relevant High Court. The High Courts have also been given the jurisdiction to examine the question of repugnancy of any existing law to Shariat under their suo moto powers or on petition by a citizen of Pakistan or the Federal or a Provincial Government. It is easy to imagine the chaos that this provision is likely to create. In the first place the superior Judiciary will be flooded with such references resulting in a cessation of all other business of the courts. Secondly, judging by the performance of the Federal Shariat Court [FSC] in the case of Hazoor Bakhsh (FSC holding stoning to death to be contrary to Islamic injunctions and on review a different Bench of the same court giving a completely opposite finding on the basis of the same sources examined in the earlier decision) conflicting views are bound to surface, as Shariat law is amenable to varying interpretations. It is obvious that religious attitudes and sectarian affiliations will influence judicial decisions. This will affect the quality of justice as well as confidence in the courts apart from creating sectarian conflicts and bitterness.

The practical application of Islam under Zia, supported by the proponents of the present Shariat Bill, gives rise to a grave apprehension as to the situation of human rights in the wake of such a law. If the Hudood Ordinances, the Qanoon-i-Shahadat Order, the proposed Qisas and Diyat Ordinance, the Ansari Commission Report on an Islamic form of government or the provision of separate electorates vide the Eighth Amendment in the Constitution are some examples of bringing the laws in conformity with Islamic injunctions, then we can expect inequality, discrimination and persecution on the basis of sex and religion to gain legal sanction. It may also be remembered that no dissent will be permitted or difference of opinion accommodated under the system that is sought to be created by the enactment of this law.

As far as the rights of women are concerned, the views of those who will gain supremacy under this law are well known. All laws enacted to give some protection to women have always been strongly opposed by them and have been condemned as being contrary to Shariat. It is an interesting fact that all recommendations for improving the legal, social and economic condition of women made by the various commissions set up for this purpose have always been opposed in dissenting notes by the ulema-members of these commissions or their female counterparts.

The Bill makes provisions with regard to the promotion of Islamic values through the mass media and the Islamisation of education. This will seriously jeopardise the freedom of the Press and will give the religious groups a handle to persecute opponents as they have been doing in the past. The campaign of indoctrination started during Zia's time will be extended to minimise the change in social and political attitudes expected to be brought about by democracy.

### Controversial Addition

The induction of the Objectives Resolution in the Constitution as Article 2-A is in itself a controversial addition. The main apprehension expressed by the opponents being the misuse of the Resolution by the obscurantist elements for creating conflicts within the Constitution and for the establishment of a theocratic dictatorship in the country, after their failure to gain popular support for their programmes and their defeat in all national elections.

By playing into the hands of these elements and being influenced by their own limited political motives, the Senate has displayed political immaturity and dubiety of purpose most undesirable in such an august House. It has subverted the very Constitution under which it is constituted. The passage of the Shariat Bill by the Senate can be compared to the decision of the Supreme Court in the Nusrat Bhutto case wherein the Court had granted the Chief Martial Law Administrator the power to amend the Constitution, at the same time asserting and reserving the constitutional power of judicial review. Zia exercised the very power granted by the Supreme Court to strike out the jurisdiction of that court. The Senate may be creating just such a monster, and putting the sovereignty of Parliament at stake.

### Supra-Constitutional

Few people, even in the PPP, appear to have quite realised the full implications of the Shariat Bill just passed by the Senate. If it is enacted into law, it will become a supra-constitutional instrument that will delegate powers to reopen issues of codified law to the lowest court and make the Federal Shariat Court almost the sole arbiter of what is lawful or is not. In many ways, it will even make the National Assembly redundant. In conjunction with the Eighth Amendment, it has the potential of making the President even a more powerful figure than he is today.

The Bill has originated in the Senate and now goes to the National Assembly. If it is rejected there or amended in a manner not acceptable to the original movers, it will be mandatory, under the Eighth Amendment, to call a joint session of the two Houses, and since the PPP has virtually no representation in the Senate and only a thin majority in the National Assembly, how it will fare if it wishes to oppose the Bill can easily be imagined.

The original Article 70 of the Constitution of Pakistan read: "(1) A Bill with respect to any matter in Part I of

the Federal List shall originate in the National Assembly and shall, if it is passed by the Assembly, be transmitted to the Senate for its consideration.....(4) If the Bill is passed with amendment or is rejected by the Senate, it shall be considered by the National Assembly; and, if the Bill is again passed by the National Assembly, with or without amendment, it shall be presented to the President for assent."

### After the Amendment

But now by virtue of the Eighth Amendment, the same article reads as follows: "(1) A Bill with respect to any matter in the Federal Legislative List or in the concurrent Legislative List may originate in either House and shall, if it is passed by the House in which it originated, be transmitted to the other House; and if the Bill is passed without amendment, by the other House also, it shall be presented to the President for assent. (2) If a Bill is transmitted to a House under clause (1) is rejected or is not passed within ninety days of its receipt or is passed with amendment, the Bill, at the request of the House in which it originated, shall be considered in a joint sitting. (3) If a request is made under clause (2) the President shall summon a joint sitting; and, if the Bill is passed in the joint sitting, with or without amendment, by the votes of the majority of the total membership of the two Houses, it shall be presented to the President for assent."

The situation thus is that the Senate can do all the legislation. The National Assembly, with its existing balance of forces, cannot block any legislation, except the money Bills, which are protected under Article 74 of the Constitution. It cannot, therefore, block the Shariat Bill, which would give the President's nominees—the Judges of the Shariat Court—power to strike down the existing codified laws and replace them with their own laws based on their own interpretation of the Holy Quran and the Sunnah.

It is argued that one course available to the PPP Government is to stall the passage of the Bill till March, 1991, when new elections are due to the Senate. This can be done under Article 229 where, by two-fifths of the National Assembly, a Bill may be sent for consideration to the Council of Islamic Ideology. By the time the Council gives its verdict, it is said, the party position in the Senate may have changed. But it is forgotten that Clause (3) of Article 230 says: "Where a House, a Provincial Assembly, the President or the Governor, as the case may be, considers that, in the public interest, the making of the proposed law in relation to which the question arose should not be postponed until the advice of the Islamic Council is furnished, the law may be made before the advice is furnished."

This virtually takes the legislative initiative away from the National Assembly and makes the Federal Government and the National Assembly helpless.

### Violative of Basic Law

Now coming to the Bill itself, it is substantially violative of the Constitution. It proposes to divest Parliament of legislative authority and reposes that authority in unrepresentative institutions, the Shariat Courts. It strikes at the roots of the principles of the sovereignty of Parliament and hence of the people of Pakistan.

The measure was moved as a private Bill in the Senate by Qazi Abdul Latif and Maulana Sami-ul-Haque on July 13, 1985. At that time, Mr. Mohammad Khan Junejo was Prime Minister, and his Muslim League was not happy with the Bill. They were successful in stalling it till March 26, 1989, and it was referred to a committee which never sent its report.

Then comes the interesting part. On October 15, 1988—only a month before the general elections—President Ishaq Khan issued Ordinance XXI of 1988 called the "Enforcement of Shariah (Revised) Ordinance, 1988," which is in letter and spirit exactly the same as the present Shariat Bill. The Ordinance automatically lapsed, but it should be asked by everyone why the President had felt compelled to issue it just a month before the elections. It should also be remembered that he chose to attend a dinner given in Islamabad the other day to celebrate the Senate's adoption of the Shariat Bill.

The Bill seeks to influence on Islamization of laws, society, education, economy—almost everything under the sun—and gives the President powers to appoint courts and commissions to do so. Under Section 4 of the Bill all powers rest in courts to strike down all the codified laws of the country and substitute them with new ones. It gives powers to the Shariat Courts to pass, interpret and dispense justice by way of uncodified laws.

In short, this Bill will, it seems, permanently usurp the law-making powers of the National Assembly and make that representative body ineffective.

### Article 2(a)

The Bill has also changed, subverted and negated Article 2(a) of the Constitution. The Article reads: "Whereas sovereignty over the entire universe belongs to Allah Almighty alone and the Authority which He has delegated to the State of Pakistan, through its people, for being exercised within the limits prescribed by Him is a sacred trust.... The Constituent Assembly representing the people of Pakistan resolves to frame a constitution for the sovereign independent State of Pakistan; Wherein the State shall exercise its powers and authority through the chosen representatives of the people; Wherein the principles of democracy, freedom, equality, tolerance and social justice as enunciated by Islam shall be fully observed...."

If passed, the new Bill will not only subordinate the Constitution but encourage sectarianism and could rip apart the social fabric of the country.

### Credibility of 'Third Force' Discussed

46000115A Karachi DAWN in English 14 May 90 p 7

[Article by M.B. Naqvi]

[Text] Intensive efforts are still being made to form a new political party. It is intended to be a credible third force. A number of prominent politicians—Nawab Mohammad Akbar Khan Bugti, Air Marshal Asghar Khan, Begum Abida Hussain and many others—seem to have been in a non-stop huddle.

It cannot be said that there is no justification for the attempt: the two main parliamentary forces, PPP [Pakistan People's Party] and IJI [Islamic Jamhoori Ittehad], have been reduced to political and administrative impotence because of their all-out confrontation. Political processes are thus being discredited, law and order is deteriorating, and administration is at sixes and sevens. The need for a new leadership is, therefore, clear.

The kind of people who are known to have gathered together do add up to a fairly respectable total of political *savoir faire*, experience, administrative ability and, of course, prominence. And yet some vital element is missing. A sense of inadequacy strongly emerges, despite the presence of the usual elements that go to make up a respectable enough parliamentary force of a traditional kind. However, the fact is known that many of the participants are still on different political wavelengths. What reinforces this is the other fact that most of these and similar efforts have so far failed to produce even a broad consensus. It is, therefore, necessary to look for the missing element that will explain why observers expect this effort to fail rather than succeed.

One reason why such efforts have not so far fructified, despite the last several months' intermittent endeavour, is because there is no common political vision among the participant. If one were to look for common substance and purpose in the ideas of the participants, one is likely to be disappointed. Added together, most of these leaders would constitute a Tower of Babel.

The apparent concrete objective appears to be one of *realpolitik*: putting together a political alignment that would, in the here and now, serve to supplant the present political dispensation to be solidified later, perhaps through a general election whenever that may be held. The kind of running around that some leading politicians has been doing during the last few weeks would seem to suggest that they expect to recruit the active goodwill if not cooperation, rather than the benign neutrality, of President Ghulam Ishaq Khan.

While the purpose of replacing a government is fair enough, the crucial question is how it is proposed to be done. If the new party is to comprise the present elected deputies who might, or would, effect spectacular changes through parliamentary procedure, the effort would be counterproductive. It would be repeating the 1950's Republican Party experiment in some form. It will not work in 1990s either. That sort of thing requires an



Iskandar Mirza. Will Mr Ghulam Ishaq Khan make a passable Iskandar Mirza? It is doubtful he will.

One does not say this out of any inordinate love for either PPP or IJI. As noted, their bickerings have already reduced the various governments into inefficient partisan setups that have resorted to immoral means to sustain themselves in power. Centre-Punjab and Centre-Balochistan relations have become an almost tribal feud, eluding enlightened coexistence through rational argumentation based on common national purposes. The malodour of corruption emanates from most administrations, provincial no less than the central. There is no point in detailing the countless scandals that now amount to facts in public perception, whether or not provable in a court of law.

The appalling state of public peace in more populous provinces of Punjab and Sindh cannot be gainsaid, especially in Sindh where gang warfare between PPP and MQM student wings has converted Karachi and Hyderabad into veritable killing fields. It is natural to feel profoundly dissatisfied with the kind of politics that restoration of democracy has brought to the country.

What one, therefore, looks for are parties and forces that would conduct a new and better kind of politics. The protagonists of the new party move have so far preferred not to present even a hazy outline of the kind of politics that they would practise. They are sure to assert that they would pursue democratic and parliamentary methodology. But then PPP is no less democratic and parliamentary. Nor can one accuse IJI of not professing democratic intent. There has to be something more than merely the intention of maintaining democracy to distinguish a new party.

Nawab Akbar Bugti has, I understand, dropped some hints of what the new party should, perhaps would, be like: it would be secular in outlook; it would extend recognition, openly rather than implicitly, to various ethnic nationalisms; and by inference it would favour federalism. In terms of the actual morphology of Pakistan politics and the recent experience of the working of the Federation after 1985, these principles would appear to be legitimate, workable and necessary. But would that be enough?

Experience of democracy since either 30 December 1985 or 2 December 1988, shows that while the Pakistanis do want and need a democratic framework—and they continue to despise all kinds of dictatorships—something more is required. The relevant question is: what is to be put inside the framework? Parliament, elections, independent judiciary and free Press are all vital and good; Pakistan would not survive without these things. But the fact is that they do not fill the belly of hungry people. Or else, there should be no widespread dissatisfaction today. Nor do they, by themselves, provide the warp and woof of national unity and cohesion. A new party can justify itself only by showing how it would meet the other popular requirements.

Institutions of democracy by themselves do not ensure the welfare of people, necessary as they are. Democratic politics has also to have a social and economic content. PPP and Ms Benazir Bhutto appear to believe that democratic framework and IMF-dictated economic policies, combined with continuing the Zia-bequeathed foreign, social and economic policies, would ensure satisfaction and happiness to 110 million Pakistanis. It is an unsound proposition. Or else, people would not feel the need for an alternative. (IJI appears to have no different policies either and hence the insistent need). Where do these prominent leaders stand vis-a-vis this question?

It has been noted earlier that the hints dropped by Mr Bugti are workable and necessary. But these characteristics of new politics apparently desired by Mr Bugti are not enough. Look at existing facts in Sindh: PPP, for all its unbounded love of Islam and apparent intention to outdo the religious orthodox on selected Islamic themes, is, or at least was, a quintessentially secular party (whether or not it believes in federalism). So is MQM; its claim to eminence is that it liberated Karachi and Hyderabad from the stranglehold of religiously-oriented reactionary parties. And yet, look at what these two have been doing to promote murder and mayhem.

There are now a large number of Sindhi nationalist parties, groups and alliances, almost a dozen of them, who are also secular in outlook. When questioned, they would affirm belief in democracy. Their contribution to Sindh's law and order situation is no less deplorable. The fact is that nationalism *per se* is not necessarily a noble force or ideology. It is true that in some cases men like Garibaldi can be held up as worth following. But then nationalism also throws up Mussolinis, today's Le Pen and British and French National Fronts.

Unless a nationalism is informed with the spirit of humanism and its leadership pursues a progressive and positive social philosophy of human liberation, it is more likely than not to be an evil force. The desideratum, therefore, is a philosophical and political programme of human liberation, underpinned by a programme of economic reconstruction that, by ensuring rising living standards, can sustain the politics of human development through freedom. These elements are a vital need without which parties and social forces lose their significance and utility, even if they are not, downright enemies of these purposes.

What does the envisaged third force propose to do for the common Pakistani in the political, social and economic fields? Let citizens demand concrete and forthright answers to concrete questions. If the replacement of PPP and IJI would still follow the same political, foreign and economic policies that have been in force since God knows when, we do not need it.

**Budget Deficit 'Most Serious' Economic Problem**

46000114E Karachi DAWN (Supplement)  
in English 12-18 May 90 p 6

[Article by Aftab Ahmed Khan]

[Text] Budget deficit i.e. imbalance between total government revenue and expenditure is, currently the most serious macro-economic problem facing Pakistan's economy. An effective policy for reversing its growth and ensuring lasting financial stability requires bold and difficult policy actions.

There was a persistent growth in the dimensions of the overall budgetary deficit in the seventies and eighties till the end of FY 1987/88 when it reached the massive figure of Rs 57.6 billion, or 8.6 percent of Gross Domestic Product (GDP). This gap emerged because of inadequately restrained expenditure policies, weak revenues and poor performance of public enterprises. In particular, the fiscal revenue system was marked by inelasticity with respect to overall economic growth, largely attributable to tax evasion and heavy reliance on indirect taxes at specific rates.

Thus over the four-year period (FY85-FY88), total financial revenue, despite many discretionary revenue measures increased by only 1.5 percent of GDP to 18.3 percent in 1987/88. The increase in total revenues over this period was more than offset by the surge in expenditure, which rose as a share of GDP from 24.7 percent to 26.9 percent over 1984/85-1987/88 and substantially exceeded the budget targets. These over-runs were in turn related to increased outlays for defence, interest

payments and social services (health and education). Development expenditures averaged 7.2 percent of GDP during this period.

One serious consequence of this hefty fiscal deficit has been the rapid growth of domestic debt which increased from Rs 55.6 billion (20 percent of GDP) in 1988-89 to Rs 328 billion (42 percent of GDP) in 1988/89. Consequently, interest payments on the domestic debt expanded rapidly, thereby exacerbating the budget deficit further. The share of interest payments on the domestic debt rose from 1.3 percent of GDP in FY81 to 3.5 percent in FY89. The average interest rate paid on domestic debt climbed from 6.6 percent in 1981-84 to 8.3 percent per annum in 1987/88.

Pakistan like most developing countries makes use of three methods for covering the deficit: domestic borrowing (from non-bank sources and commercial banks), external borrowing, and Central Bank financing. Each method carries different costs and benefits for the economy. Domestic debt finance, besides, the direct budgetary cost can lead to crowding out of domestic investment by raising interest rates or as a result of credit ceiling. However, it has the benefit of postponing the inflationary impact of a given deficit. External financing helps to preserve domestic investment rates, but at the cost of lowering future domestic consumption when the external debt must be serviced or repaid through higher exports or lower imports. Central Bank financing avoids the accumulation of domestic or foreign debt, but can generate high or variable inflation rates.

The table below presents a summary of public finance from 1985/86 to 1989/90 and bring out how the overall deficit has been accommodated.

**Summary of Public Finance (At current billion Rupees)**

	1985/86	1986/87	1987/88	1988/89	1989/90	
	Actuals	Actuals	Actuals	Prov. Actuals	Budget	Expected
GOVERNMENT REVENUES	92.8	105.1	122.9	144.2	163.8	159.8
Tax	72.4	82.9	93.5	109.9	121.4	121.0
Non-Tax	17.5	20.9	23.6	29.9	37.3	33.9
Surplus of Autonomous Bodies	2.9	1.8	5.8	4.4	5.1 <sup>1</sup>	5.0
GOVERNMENT EXPENDITURES	134.5	152.4	180.4	200.5	219.9	216.3
Current	97.7	108.3	133.7	158.2 <sup>2</sup>	163.9	161.3
Development	36.7	44.1	46.7	46.7	56.0	55.0
Overall Deficit	-41.7	-46.7	-57.5	-56.3	-56.1	-56.4
Financing	41.7	46.7	57.5	56.3	56.1	56.4
Domestic Borrowing	30.7	37.2	44.8	38.0	34.1	35.5
Non-Bank	25.0	25.8	30.9	37.1	29.6	30.5
Bank	5.8	11.4	13.9	0.9	4.5	5.0
External (Net)	11.0	9.5	12.7	18.3	22.0	20.9
GDP at Market Prices	514.5	572.5	670.9	774.2	881.1	881.1

Summary of Public Finance (At current billion Rupees) (Continued)

	1985/86	1986/87	1987/88	1988/89	1989/90	
Memo:						
As a % of GDP						
GOVERNMENT REVENUES	18.0	18.5	18.3	18.6	18.6	18.1
GOVERNMENT EXPENDITURES	26.1	26.6	26.9	25.9	25.0	24.5
Current	19.0	18.9	19.9	19.9	18.6	18.3
Development	7.1	7.7	7.0	6.0	6.4	6.2
OVERALL DEFICIT (-)	-8.1	-8.2	-8.6	-7.3	-6.4	-6.4
Domestic Borrowing	6.0	6.5	6.7	4.9	3.9	4.0
Non-Bank	4.9	4.5	4.6	4.8	3.4	3.5
Bank	1.1	2.0	2.1	0.1	0.5	0.6
External (Net)	2.1	1.7	1.9	2.1	2.5	2.4

1. Includes disinvestment of shares in public Corporations

2. Includes infact of net lending of Rs 2.3 billion

Source: Ministry of Finance, Economic Affairs, Planning & Development.

It became obvious by the end of FY88, that Pakistan has to firmly control and reverse the disconcerting trend of large and growing deficits; otherwise, a further deterioration in the fiscal imbalance would become a serious destabilising factor for the economy. By stimulating imports, it would intensify pressure on the already precarious balance of payments with consequent external financial instability thus undermining Pakistan's international credit-worthiness. Aside from this, it would crowd out private investment by pushing domestic real interest rates upward and/or fuel inflationary expectations as increasing monetization of the fiscal deficit became unavoidable.

The adverse impact of high inflation on resource allocation and income distribution is well known. Experience of a number of developing countries with large and growing fiscal deficits shows that in a high inflationary situation, an economy could easily enter into a trap wherein an upward spiralling cycle of inflation-devaluation-rising interest rates-rising wages and salaries-rising inflation could disrupt the production and investment activity severely and could lead to large scale capital flight.

All this highlighted the importance of a significant fiscal adjustment in Pakistan, involving a major resource mobilisation effort and expenditure control/rationalisation measures, accompanied by steps aimed at improving tax administration and implementation. In view of this the Government's decision to reduce the overall fiscal deficit from 8.6 percent of GDP in FY88 to 4.8 percent in 1991/92 in the context of IMF's four year (originally it was for three years) structural adjustment programme was imperative for avoiding a future economic crisis. A fiscal deficit in the range of 5 percent of GDP is consistent with real GDP growth target of 6

percent per year, 6 percent annual inflation and the maintenance of the current public sector external debt ratio to GDP.

In the first year of the IMF adjustment programme (FY1988/89), as a result of fiscal steps taken by the Government, the overall budgetary deficit was reduced to 7.3 percent of GDP from the high level reached in 1987/88. The 1988/89 budget also introduced various measures with a view to improving the equity and elasticity of the tax system. Direct taxation measures in this budget included elimination of certain income tax exemptions and rationalisation of tax credits; 10 percent surcharge on tax payers with incomes above Rs 200,000 in 1987/88; and improvements in income tax auditing procedures.

In the area of indirect taxation, the 1988/89 budget introduced a number of changes in excises, sales tax and import duties aimed both at broadening the tax-base and at increasing the yield of taxes and expenditures. In the area of expenditures, various restraint measures were also taken, including less than full indexation of civil service remuneration, efforts to contain the growth of subsidies, improved expenditure control and tighter limits on discretionary grants to provinces to finance their fiscal deficits.

The 1989/90 budget intensified the structural reform of the tax system that was initiated with the 1988/89 budget. The indirect taxation measures in this budget include the extension of the existing sales tax, mostly at the uniform rate of 12.5 percent, to 42 domestically produced products, an increase in the coverage of the tax from the level of about 28 percent of large scale industrial production achieved in 1988/89 to about 32 percent in 1989/90; the conversion of a large number of specific

customs duty rates to ad valorem rates; and the rationalisation of the present system of central excises, which involves, inter-alia, the extension of excises to services such as domestic air and rail travel and advertisements on television and radio, and an increased excise rate of services provided by certain category of restaurants and hotels.

In the area of direct taxation the measures include a number of steps to broaden the base of income tax such as extension of the withholding tax (to public transport, property income, commissions and brokerage), taxation of dividend income, all business income of some trusts, reduction of initial depreciation allowances, and the introduction of a "Capital Value Tax."

In addition, the tax concessions granted in 1988/89 budget to new enterprises in key industries were streamlined; in particular, the list of eligible industries which previously was open-ended, has been reduced from 42 to 6. These tax measures represent second stage of the comprehensive programme of the tax reform that was initiated in 1988/89, which aims at the implementation of a broad based General Sales Tax at the manufacturer and importer level, with a tax credit feature.

The latest indications are that the expected magnitude of the overall fiscal deficit in the current year would be 6.4 percent of GDP.

In the next fiscal year (1990/91), in terms of the IMF structural programme, the over-all fiscal deficit should not exceed 5.5 percent of the expected GDP. On the basis of 5.5 percent growth in real terms and 13.5 percent advance in nominal terms (compared to 13.8 percent in 1988-89), the GDP in current prices for 1990-91 would be around Rs 1,000 billion. This means that the overall budgetary deficit should not exceed Rs 55 billion (compared to Rs 56.4 billion for 1988/89). In view of the unavoidable escalation in defence spending on account of the imperatives of our security and the desirability of a significant real increase in development expenditures for overcoming structural bottlenecks in the economy (e.g. power shortage) and avoiding a further erosion of our human capital, containment of the deficit at the level envisaged in the Fund Programme would require additional resource mobilisation measures as well as strict expenditure control.

The two main areas of taxation that have not been adequately tapped so far are agricultural income and domestically produced goods. In the area of individual income tax, improvements in tax administration could make a significant contribution to additional revenues. It would also be desirable to re-structure personal tax to include all sources of income with lower maximum rates, fewer brackets and the elimination of most existing special allowances. Another desirable reform in this area would be to stipulate that transactions above a certain amount will be unacceptable for tax purposes unless paid by cheque. Considerable administrative inconvenience and public harassment would also be avoided if there is

a flat rate of tax on small retail establishments and small professional business based on easily estimatable parameters such as size of the shop.

In the field of company taxation also, there should be re-structuring so that average effective rates are high for revenue purposes and marginal effective rates low for investment purposes. This can be achieved through some combination of better approximations of annual economic depreciation rates, elimination of sector and asset specific allowances, lower statutory rates and adjustments for inflation.

In the area of indirect taxation the contemplated introduction of the General Sales tax, would enhance public revenues significantly.

Higher tax effort alone, however, will not be sufficient to contain the deficit within the prudent limits and simultaneously provide the essential defence and development requirements. It will have to be supplemented by appropriate policies on user charges, subsidies, and self-financing by public enterprises. The large gap between investment requirements of public enterprises and the internal generation of funds makes higher self-financing by public enterprises of crucial importance in improving the public sector's performance. Currently, autonomous corporations in the public sector are viewed as instruments of patronage and the projected privatisation targets have not been met. It is necessary to implement a well considered programme aimed at improving public enterprise financial efficiency as well as speed up initiatives towards privatization.

In conclusion, it is recommended that the rationale and implications of the medium term adjustment programme agreed with the international financial institutions should be explained to the general public so that they are aware of changes they can expect from year to year and plan accordingly. Similarly, basic principles relating to pricing policy of public goods and services and subsidies should be elaborated and publicised to avoid future charges of mini-budgets.

### **COP Urges President to Suspend Sindh Government**

*46000110A Lahore THE NATION in English  
9 May 90 Midweek p 2*

[Text] Islamabad—The COP [Combined Opposition Parties] parliamentary party in a meeting held here with Ghulam Mustafa Jatoi in the chair has unanimously demanded of President Ghulam Ishaq Khan to exercise his constitutional powers, declare emergency in Sindh and suspend Sindh government.

They observed that Sindh government, due to adopting partisan policy, has completely failed in providing protection to the life, honour and property of the law-abiding citizens.

They accused that the policies of Sindh government have virtually pushed the country on the verge of civil war. They took serious note of the rocket attacks at Hyderabad, killing over 20 innocent citizens in two days and advised the PPP [Pakistan People's Party] leadership to control party workers in the best interest of the country and the nation which is confronting threats on its territorial borders.

The meeting expressed its full solidarity with the MQM [Mujahir Qaumi Movement] which was being victimised for withdrawing its support to the PPP-led governments exercising their democratic, legal and constitutional rights.

The leaders also took serious notice of the barbaric activities of dacoits in Sindh which were razing to the ground whole village under what they said the protection of rulers.

They said the innocent people including low-ranked government functionaries were being kidnapped and rural Sindh has been especially facing law of jungle.

This situation has forced the traders to take out procession to register their protest.—PPI.

#### **MQM-PPP Peace Efforts Hampered by Police Harassment of Mohajirs**

*46000113E Karachi DAWN in English 12 May 90 p 12*

[Text] Karachi, 11 May—MQM [Muhajir Qaumi Movement]'s Information Secretary Aminul Haq on Friday said the police were indiscriminately arresting the innocent Mohajirs to extort money.

After arresting four MQM workers the other day the police demanded sums of Rs 25,000 each from their family members and allegedly threatened that if the money was not paid, they (police) will implicate the held workers in the fictitious case of keeping illegal arms in their possession. Mr Haq said that in actual fact not a single illegal arm was seized from MQM workers.

He further accused the police of raiding houses without warrant and arresting the relatives if the wanted persons were not found.

Mr Haq cited a particular case in which the police, who were in search of an MQM worker Umar Qaimkhani, arrested his aged father, Maj (Retd) Shamshad Qaimkhani, and two other relatives and took them to police station. There the police allegedly tortured them as a result of which the left eye of Shamshad Qaimkhani was badly damaged.

They were let off under threat that if anyone of them lodged a report with the higher authorities, they would be rearrested.

Mr Ahmad Salim Siddiqui, deputy Information Secretary of the MQM, has demanded that the Government

fulfil its promise to the 'Nai Roshni' school teachers and save their families from ruin.

He reminded the Government that when it had announced its decision to close the 'Nai Roshni' schools, it had promised to absorb the concerned teachers in the provincial educational service. But, one year has elapsed and no such teacher has been given re-employment.

Mr Siddiqui said that under the PPP [Pakistan People's Party] rule the middle class and the lower middle class were being systematically discriminated against. He appealed to the President and the Sindh Governor to intervene in the pitiable case of 'Nai Roshni' school teachers.

MQM MNA [Member of National Assembly]s Syed Mohammad Aslam, Syed Tariq Mahmood, Kunwar Khalid Yunus, Dr Rafiq Isani and Engineer Zakaria Kazmi have in a joint statement demanded immediate arrest of the assassins of Mr Abid Raza, Finance Secretary of the Kharadar MQM unit.

Mr Raza's murder is part of a well-laid conspiracy to penalise the MQM for its devotion to 'Haq Parasti' (righteousness), they pointed out.

They warned that if such sordid cases recurred the MQM-PPP dialogue might be called off and, if so, it would be a setback to the joint efforts for peace.

In the past too, they recalled, the PPP's, extremist elements had indulged in anti-Mohajir activities to pressurise their Government with the result that not a single provision of the then PPP-MQM accord had been implemented.

The MQM parliamentarians demanded of the Sindh Government to keep its "word of honour," match its professions of peace with actual deed and haul up all the elements within its rank and file who, they alleged, were killing innocent persons at will and were engaged in looting and arson."

Mr Tariq Javed, Senior Vice-Chairman of the MQM, has condemned the police raid on the house of Mr Sami Ahmad Khan, Advocate, who is pleading the case of Councillor Khalid Bin Waleed.

Mr Sami, he said, had received threatening calls in his office and at home asking him to refrain from pleading Mr Khalid's case. Not only that, the police raided Mr Sami's house and tried to browbeat his daughter, Dr Seema, he added.

Mr Javed recalled that earlier Advocates Ishtiaq Kanhori and Khurshid had been kidnapped and tortured while in custody, but that no culprit has so far been arrested.

#### **MQM Reportedly Losing Ground in Sindh**

*46000112F Lahore VIEWPOINT in English  
24 May 90 p 33*

[Article by Husain Naqi from "Lahore Diary" column]

[Text] The Diary's absence last week was due to a visit, along with some colleagues, to the Sindh capital, Karachi, on an invitation from the Information Department of the Government of Sindh. This week's column will, therefore, be about what could be gathered regarding the situation in that province. The provincial Government was willing to arrange an extensive tour of Sindh's interior but its guests wanted it to be postponed for another time. However, one could get a feel of what was happening in the interior from talking to people and from Sindhi-language newspapers.

### Ethnic War

The average newspaper reader in Lahore should not be blamed if he thinks that an "ethnic war" is going on in Sindh and civic life has all but collapsed. Some zealots consider imposition of martial law as the only panacea for bringing back law, order and normalcy to that province. Little do they realise that the facts are otherwise. It is army rule that was responsible for all the present ills of the province, notably the strife fanned under a plan to perpetuate General Ziaul Haq's dictatorship after he overthrew the elected PPP [Pakistan People's Party] Government and manipulated the execution of Zulfikar Ali Bhutto, whose home province was Sindh. That proved to be the last straw, even though ruling party leaders and Ministers in Sindh assert that the real turning point was the imposition of the notorious One Unit scheme.

Sindh PPP's Deputy Secretary-General and former Minister, Dr. Ismail Odhejo, Information Minister Naved Qamar, Law Minister Yusuf Dedha and Chief Minister Aftab Shaban Mirani, besides other Ministers who talked to the journalists from the Punjab, all appeared to be articulate, concerned over what was happening and free from ethnic and parochial prejudice. Proud Sindhis they are, but their commitment to Pakistani nationalism, based on the maxim of live and let live, and the Federation of Pakistan came out clearly.

Dr. Ismail Odhejo recalled the creation of One Unit followed by the first martial law. The birth of another provocative body came on its heels—the 'Mohajir-Punjabi-Pathan Mahaz' with Mawaz Muzaffar, an emigrant landlord, as its leader. Settlers and absentee landlords of the fertile barrage lands which included civil and military bureaucrats backed it up, along with traders and industrialists. That was an obvious affront to the local Sindhi populace. It was the beginning of strife.

Ayub Khan's martial law, combined with One Unit and the shifting of the Federal Capital from Karachi—which was given over by Sindh to honour the wishes of the Quaid-i-Azam when another province was reluctant to oblige—made matters worse, particularly for Sindh's small and emerging middle class as well as the down-trodden. Sindh's lands were apportioned for the evictees of dam sites, national award recipients, and migrants from various parts of India who converged on the country's capital. The Old Sindhis' deprivation thus

increased further. Apart from the traditional vested interests, more joined in the plunder till the PPP emerged on the scene.

From the beginning, it was the most positive force on the political scene, both for the rural as well as the urban population because of its nationalist stance and concern for the deprived classes.

The emotional attachment for the Bhuttos was natural and for the Federation of Pakistan it was a blessing, say all of Sindh's ruling party men and Ministers. General Zia's martial law introduced the drug mafia on the one hand, and encouraged ethnic forces on the other.

### Unemployment

Sindh PPP leaders do concede that there is a problem of unemployment for Mohajirs, but it is acuter in the case of old Sindhis. They accept the MQM [Muhajir Qaumi Movement] as a linguistic minority community whose assimilation process in the rural and even urban areas was disrupted by design when Urdu was imposed during the Ayub martial law all over Sindh. But it is regarded as a mafia-type, non-political body infested with armed groups of the Jamaat-i-Islami which grew under the evil patronage of Ziaul Haq. Despite the PPP's effort to facilitate the MQM's entry into the political mainstream, its apolitical leader relapsed into the fold of anti-political and anti-democratic forces.

Many in Karachi, from all ethnic groups, accuse Inter-services Intelligence under the late General Akhtar Abdur Rahman and his Chief to be the instigators and founders of armed ethnic groups in Sindh. It is suspected that some are still in contact with these groups as old-time associates, mentors and promoters. While PPP Ministers did not answer queries in this regard, knowledgeable Karachiites dispute suggestions that after the induction of the elected Government, total delinking must necessarily have taken place.

### MQM Claim Disputed

Sindh PPP leaders also dispute the MQM claim to be the sole authentic voice of the Urdu-speaking people identified as Mohajirs. During the general elections there were vocal PPP supporters among all strata of the Mohajir population in Karachi. In Hyderabad, however, the divide seems to be more deep-rooted, and mutual intolerance has grown since the first martial law. But even there people appear to be getting sick of the continuous killings and the damage inflicted on trade and commerce. The monthly turnover in the famous Risham Gali market at Hyderabad has dropped to a mere Rs. 20 million from Rs. 300 million, the editor of a leading Sindh daily told his colleagues from the a Punjab.

There are many others to confirm that the MQM is beginning to lose its popularity amongst the Urdu-speaking populace and that mainly terrorism and organised disinformation are keeping it in focus. The same is true about ethnic Sindhi organisations like Jive Sindh

about whom the PPPs old Sindhis remind you that they have roundly defeated it in three general elections—in 1970, 1977 and 1988.

Despite all the troubles that plague his province, Chief Minister Altab Mirani sounds optimistic. He feels convinced that the present problems can and will be solved politically and not through administrative measures. He says that “we should work out terms to live together” and assures that this realisation will come sooner than later.

### **Jamaat-i-Islami Criticized for ‘War Cries’**

*46000112B Lahore VIEWPOINT in English  
24 May 90 pp 7-8*

[Text] Some people may condone the Jamaat-i-Islami [JI]'s dubious role in relation to the Pakistan Movement and its hostility to Pakistan's leadership even after the State's creation; but even if one is persuaded to forgive and forget the party's distant past, no-one can ignore the fact that its leadership has persistently tried to obstruct the growth and consolidation of democracy in Pakistan and hamper the country's progress.

While the Jamaat's leaders have readily paid lip-service to democracy during periods when they were not able to come to terms with a dictator—as during the Ayub era—their basic approach to politics has been to seek alliances with military rulers. On the level of sheer opportunism this attitude is quite understandable, because they seem to realise that the mass of our people will never be persuaded to support the Jamaat's programmes and policies. Further evidence of its sterile political philosophy was provided at Lahore's Al-Hamra last week, in a Jamat-sponsored International Kashmir Conference, when one of their chief supporters, an aging journalist, repeated his slogan that Islam and democracy could not live together; and there was no-one in the motley gathering willing to contest the perverted thesis that seeks to counter and destroy everything for which the Quaid-i-Azam and Allama Iqbal had stood.

### **Support for Dictators**

It is well remembered that the Jamaat gave full support to Yahya Khan and all his destructive policies. The constitution that he wanted to foist on the country, in order to perpetuate his hold on power, was quickly certified by the Jamaat as being Islamic. What is worse, Yahya Khan's perverse action in East Pakistan, his mad refusal to seek a political solution to what was primarily a political problem, were fully endorsed by the Jamaat, and its subsidiary organizations sought to assist Yahya Khan's aims by spreading mayhem and murder among Bengalis opposed to the military crackdown. Until the fateful evening of March 25, 1971, a political compromise was possible; but backed by such reactionary forces as the Jamaat, Yahya Khan gave orders for military action to be taken, and this ultimately transformed East

Pakistan into Bangladesh. This makes the Jamaat-i-Islami responsible for many wrongs, including the sorry plight of the Biharis in Dhaka.

Six years later, when, as a result of the machinations of certain wayward political parties, the PNA-PPP [Pakistan National Alliance-Pakistan People's Party] agreement was brushed aside and General Zia carried out his preplanned coup, it did not take the Jamaat leaders very long to join hands with the oppressor. They even became members of his government and remained until their help was no longer needed. After being eased out of the Government, the Jamaat continued to back the dictator's repressive policies, often trying to provide the harsh, unjust measures with the cloak of Islamisation. Then, in April 1979, when a grave crisis hit neighbouring Afghanistan with the Saur Revolution, the Jamaat saw this as an opportunity not to be missed. It collaborated with General Zia to help intensify a situation of civil war and, thus, instigated a flood of Afghan refugees to enter Pakistan. With American help, a jihad was declared, leading to the present mess in Pakistan: the burden of refugees, peace destroyed by gun-running and its society under attack from drug-traffickers.

### **After Afghanistan**

After February 15, 1989, following the departure of all Soviet troops from Afghanistan, and more recently with the possibility that adherence to the Geneva Accord could lead to peace through a negotiated settlement, the Jamaat-i-Islami has stood by the rebel factions that are uninterested in ending the war and are quite happy with the benefits they garner from the status quo. It is increasingly obvious that the present situation cannot be perpetuated, if only because even America has belatedly reached the conclusion that it cannot drive any further advantage from the Afghan imbroglio. It seems likely now that the UN plan for an interim regime acceptable to all peace-loving elements in Afghanistan will soon be implemented so that a *loi jirga* can be convened and assigned the task of supervising fair and free elections in the country.

Thus, with a fair possibility of Afghanistan no longer offering opportunities for the Jamaat to carry on with its bizarre policies, its war cries, fund-raising and gun-running have seemingly been diverted to Kashmir. Its gallant Amir has promised that one lakh volunteers would be recruited by the Jamaat to help the Kashmiris' struggle. At the conference staged in Lahore, no serious attention was paid to the Kashmir problem; only war-mongering slogans had brought together a disparate group of politicians. Some supporters of the JI have made the fantastic demand that the historic Simla Accord should be scrapped. It is plain that those who talk glibly of war have probably never been near a battlefield during action, and never heard a shot fired in anger (except since Jamaat-i-Islami's student wing began the use of Klashnikovs on campuses). The Jamaat and its allies, like their Indian counterparts—the BJP [Bharatiya Janata Party], RSS [Rashtriya Swayamsewak

Sangh], Shiv Sena, and the VHP [Vishwa Hindu Parishad]—seem quite determined to foment chaos on the sub-continent in the hope that they will ride to power through anarchy and bloodshed.

### The Problem

In the circumstances, it is surprising that the Speaker of the National Assembly and the Chairman of the Senate were present at this conference whose aims do not even remotely tend to serve the national interest; and Wasim Sajjad went so far as to lay down conditions for any talks by Pakistan with India. The conferees seemed to believe that the Kashmir issue emerged suddenly in January, 1990, with the upsurge of militant Kashmiri nationalism in the Srinagar Valley. They forget (and the Jamaat would certainly like to forget) that the Kashmir dispute goes back to 1946-47 and even further. It has a background and a history that is part of the bungling during the sub-continent's partition, perhaps its worst example. Nor can it be said that the bungling was confined to devious British tactics or that it was one-sided as between India and Pakistan. The absence of a rational partition plan has led to frequent conflict in the past and threatens to do so again over Kashmir. Other factors such as the recent election in Azad Kashmir and the tussle between the PPP [Pakistan People's Party] and the IJI [Islamic Jamhoori Ittehad] have helped to make the atmosphere more explosive. These and other minor factors must be put aside, and a rational *modus vivendi* devised so that Pakistan and India can reach a peaceful political settlement.

It need hardly be said that to achieve this desideratum, Indian perceptions must also conform to reality. It should be accepted that Pakistan has never had the capacity to mastermind a mass movement of any sort in Kashmir, and its failure to do so in 1965 created problems that have still not been fully overcome. Further, the 1971 crisis had nothing to do with Kashmir, and the Kashmiri people were alienated from Pakistan by what Yahya Khan's Government did in East Pakistan. On its part, Pakistan must pursue a balanced policy, and as soon as possible begin earnest negotiations with India. Further, the Jamaat's bid to destabilise the country must be resisted and it must not be allowed to make use of its Afghan allies to spread its tentacles to other areas, including China, and create new problems for Pakistan.

Above all else, it must be understood that neither Pakistan nor India can afford to go to war. The dictum that in war all suffer defeat, even the victors, is incontrovertible—and nowhere does it apply with greater force than to the sub-continent and the millions of its people caught in a poverty trap that can only be sprung through peace and good neighbourly co-operation.

### Appeal Cites Kashmir as 'Bridge To Peace'

46000117C Karachi DAWN in English 14 May 90 p 4

[Text] Lahore, 13 May—Several prominent people from all walks of life have appealed for a peaceful settlement of all Indo-Pakistan disputes, including Kashmir.

In a joint statement issued here on Sunday, they said that South Asia was haunted by the spectre of another India-Pakistan war.

The following is the text of the statement: "As concerned Pakistanis, we urge the Governments of India and Pakistan to refrain from seeking military solutions to an eminently political problem. Wars did not resolve this issue in the past. It is irrational to expect that another, bloodier and costlier war can do so in future. To the contrary, it will deepen the conflict between the two countries, add to their burdens of external debt and excessive military spending, reinforce militaristic and chauvinistic elements, and negate the process of democratisation and development.

"We note with sorrow one outcome of the current war of words and nerves. It has diverted attention from the plight of the divided and beleaguered Kashmiris. For months their rights have been violated, livelihood threatened, and security endangered. The international press and world human rights organisations have been barred from the valley, there are but few witnesses to the atrocities." It is a condition we deplore and protest against.

"As Pakistanis who have recently obtained relief from a decade of human rights violations, we know the linkages between repression and resistance. We recognise the universality of human rights activism, and its humanising role in the society. We salute the courage and humanity of the organisations and individuals in India and Pakistan who have upheld their countries, best traditions of humanity and courage of conscience.

"We believe that Kashmir, which has so far been the primary cause of hostility between Pakistan and India, can well become the bridge to peace between the two countries. We appeal to the Governments of India and Pakistan to regard this recent assertion of Kashmiri popular will as an opportunity to forego territorial ambitions and to initiate a bold new process of peace and cooperation in South Asia."

Among the signatories are Ms Abida Husain, MNA, Ms Asma Jahangir, Mr Aataullah Sajjad, Mr Dilawar Mahmud, Mr Eqbal Ahmad, Poet Habib Jalib, Mr Jugno Mohsin, A.H. Kardar, Malik Meraj Khalid, Dr Mubashir Hasan, Mr Husain Naqi.

Mr Dorab Patel, former judge Supreme Court, Mr Parvez Hoodbhoy, Mr Raza Kazim, Advocate, Mr Sajjad Haider, former Foreign Secretary, Mr P.K. Shahani, Mr Aziz Siddiqi, Mr Taj Mohammad Langah, Mr Yakub Ali Khan.



### **Azad Kashmir Polls: Commentary and Interviews**

46000112C Lahore VIEWPOINT in English  
24 May 90 pp 9-11

[Text]

#### **Azad Kashmir Polls—What About the People?**

Azad Kashmir [AK] went to the polls on May 21—the first elections in the territory to be fought on a party basis. The polling was marred by clashes at several places, in which at least six people were killed, and widespread allegations of rigging and bogus voting. According to the results available at the time of going to press—Tuesday afternoon—the position in the 48-seat Assembly was as follows: PP [People's Party] 16 seats; MC [Muslim Conference] 15 seats; AMC [Azad Muslim Conference] 4; Tehrik Amal 1; Independent 1. Polling was also held in various parts of Pakistan for 12 Kashmiri refugee seats.

But have the elections solved anything? The current upsurge in the Valley was exploited by all AK parties, but few had any suggestions to offer or had any clear idea as to the future of the people of Kashmir.

VIEWPOINT's Zafaryab Ahmed was in Azad Kashmir to watch the election campaign come to an end. He filed the following reports and also interviewed several political activists:

#### **Playing the Kashmir Card**

The elections in Azad Jammu and Kashmir [AJK] were held amidst a changed political situation: both nationally and internationally. On the one hand, the situation was tense because of the respective positions of the Indian and the Pakistani governments vis-a-vis the status of the territory and the current uprising in the Valley. On the other, at the national level, it became a contest between the IJI [Islamic Jamhoori Ittehad] and the Pakistan People's Party, the former accusing the latter of a sellout on the Kashmir issue and crying hoarse for a militaristic solution and the latter trying to defend its position at home and project its position internationally. However, it was for the first time in the electoral history of AJK that Pakistani political parties got directly involved in an election campaign there, and it was also the first election to be contested on a party political basis. But biradari, clan loyalties, continued to operate and remained one of the major considerations in the selection of candidates by the various parties.

The main political parties which contested the elections were the PPP, the AJK Muslim Conference, (now IJI after Muslim Conference announced joining the alliance in its May 17 public meeting in Muzaffarabad the Azad Muslim conference), the Liberation League, the Tehrik Amal and the Jamiat Ulema Azad Kashmir. The Jamaati-Islami, though otherwise active in organising jihad conferences and trying to outdo every other political party with its more militant stand on the Kashmir issue, had announced a boycott of the elections and asked its

workers to support "salch" candidates. The Muslim Conference and the People's Party contested all the 40 seats. The Liberation League had its share of four candidates in the PPP's 40. The Azad Muslim Conference fielded 17 and the Tehrik Amal 22 candidates.

The campaign remained devoid of any political content and its focus did not go beyond what the people in AJK called the Kashmir card. Both parties asserted that their victory was essential for the liberation of Kashmir. The People's Party recounted the efforts of Mr Bhutto to establish its credentials and described its opponents as the major hurdle in the liberation of Kashmir. The Muslim Conference was hellbent on establishing People's Party as an Indian agent and, with a big "If," telling the people how the liberation of Kashmir would have been achieved by now had Gen. Zia not died in the plane crash. Beside this, Punjab Chief Minister Mian Nawaz Sharif and Sardar Abdul Qayyum in their speeches pondered to each other, and the former promised the latter 10 out of 12 refugee seats in Pakistan; he also said he wanted the Sardar to be made life-President of Azad Jammu and Kashmir as if he were the sole leader on both sides of the ceasefire line. The Sardar, in turn, wished that the Mian would become Prime Minister of Pakistan and saw this as a basic precondition for the liberation of Kashmir.

Two months ago, when the ruling Muslim Conference decided to go for elections, there seemed to be no potential opposition to its rule. The Opposition grouping, the Azad Kashmir Awami Ittehad composed of the Azad Muslim Conference, the People's Party, the Liberation League and the Tehrik Amal, had failed to form an electoral alliance. Outside the alliance most people saw no chances for the People's Party to make a dent in the strength of the ruling Muslim Conference. Even the party's own workers were not sure what future lay ahead for them. To keep the People's Party workers demoralised, uncertainty about the democratic political process was constantly propagated. People were told not to support a political party which had no grip over political power. It seems that the IJI's Kashmir campaign was consciously launched keeping the AJK elections in view.

With the announcement of elections, the AJK PP with its electoral ally, the Liberation League, came into the field and despite all its shortcomings, gained electoral momentum. The Pakistan People's Party came out in support of its Azad Kashmir section, and Ministers and leaders set up camp in the area and succeeded in launching the People's Work Programme, up to that time obstructed by the AJK Government in solidarity with Mian Nawaz Sharif. As a result, the AJK Government began taking some interest in much-neglected development work and started some projects of its own. Even the Muslim Conference enthusiasts agreed that the People's Party had become stronger.

The pro-People's Party elements argued their case in the perspective of the politics of the last five years of

mis-rule and described the Azad Muslim Conference and the Tehrik Amal as natural allies in the formation of a future government. Both the latter two parties were active in the agitation against rigging in the 1987 local body elections in Azad Kashmir.

The other side stressed the clan connections of the AMC leadership with the IJI's Chaudhry Shujaat Husain and said this would be more effective than any other affiliation in the formation of government. Brig. Hayat Khan of Tehrik Amal, who was made the President of Azad Kashmir after General Zia suspended the elected government in August, 1977, was also said to have IJI connections and AMC supporters argued that he could be wooed into an alliance. The people in general seemed disinterested and disappointed with the performance of the ruling party. People in the cities mostly poor hinted towards breaking the clan ties while voting.

In such a situation, anything would be an achievement for the People's Party. But the leadership didn't seem to go along with the popular temperament. The MC leadership, confronted with tough opposition for the first time, appeared to have become quite jittery. Not sure of victory, they even announced that if they lost, they would not accept the electoral results.

Sardar Qayyum said in the last week of the campaign that he would scrap the election results in his capacity as President of the State—a position which he decided to retain and therefore did not contest the election himself. The People's Party Interior Minister, Ch. Aitzaz Ahsan, in retaliation declared that the Federal Government would not hand over power if the elections were rigged.

#### Interviews

##### 'No-one Could Think PPP Had a Chance'

"A couple of months ago when the elections were announced in Azad Kashmir, no one could think that the People's Party had any chance. The ruling Muslim Conference appeared to be comfortably seated in a winning position. I myself held the same view, but I must confess now that it was one-sided and a partisan conclusion. It totally ignored the neglect that the people of AK were meted out during the five years of Muslim Conference rule."

This was said by Mohammad Azam Khan, a senior advocate.

He added: "But I must say that the People's Party had not been able to expose the deeds of our Mujahid-e-Awal. Looking at the magnitude of the money that he is said to have transferred abroad and the property that he has reportedly purchased abroad, one thinks that this Mujahid of ours is planning to die on alien soil." He linked this with how the Jamaat-i-Islami in its attempts to prove Maulana Maudoodi a 'Shaheed', martyr, had brought out Traditions saying that death on alien soil was martyrdom.

The lawyer, though not too hopeful of the AJK People's Party performance, was supporting a losing candidate from his own 'biradari'. When it was pointed out that he was not being fair with the democratic process, he said: "Not really. I would really prefer a People's Party Government. And the presence of our candidate weakens the MC candidate." This wasn't easy to comprehend, but perhaps uncertainty leads people to such reactions or perhaps it was very much within the logic of the feudal machinations of our entire electoral politics.

Raja Sultan Mahmood, an MC worker and ex-President of the Mirpur Bar Association, predicted that it would be a close fight, "but it is in the interest of the Kashmir jihad that the Muslim Conference forms the Government."

When it was pointed out that the 1988 elections in the territory were held on a non-party basis and non-registered parties were not allowed to participate and that even then the Muslim Conference hadn't been able to get a majority, Raja Sultan Mahmood said: "I am not saying that the MC will form the Government. It will have a sufficient majority to form a government with the support of independents or some other group in the house."

The corruption and favouritism were so blatant that even MC supporters couldn't afford to deny the charges outright. Mr. Sultan Mahmood said: "Thorey bohat hoondi aiy." (A few things happens) Some other MC members too were evasive on questions about the nepotism and corruption of their party's government. One of them said: "People's Party members are not angels. There is no possibility of their forming a government. God forbid if they do. You wait and see what they will do."

Dr. Zafar Iqbal, a People's Party supporter, commented: "I agree they (PP-wallahs) are no angels, but this can be checked by setting new traditions in politics, like declaration of assets by the members of the House. And I am sure that there can be other measures which the experts can frame."

Dr. Zafar Iqbal, himself a Jat, one of the leading biradaris, said: "Biradari politics will have to give away to party politics. At times I have a feeling that it has already happened. I will be able to say something with confidence after the election results."

Talking of the MC slogan of accession of Kashmir to Pakistan, Dr. Zafar said: "They are trying to impose their will on the people of Kashmir. The People's Party is demanding independence of Kashmir has left it to the Kashmiris to decide about their future. It should be decided by a referendum."

When asked about the intervention of political parties from Pakistan in the politics of Azad Kashmir, Dr. Zafar Iqbal said: "You can't put the People's Party and the IJI on the same pedestal. The Azad Kashmir People's Party is part of the Pakistan People's Party whereas there

neither exists a Muslim League in Azad Kashmir nor does a Muslim Conference exist in Pakistan."

Another political worker commented: "The People's Party stands for independence of Kashmir." When reminded that Mr. Bhutto wanted AJK to be made a province of Pakistan, he said: "Province or no province, everything will depend on how we structure our relations with the Government of Pakistan. The Muslim Conference has accepted a subordinate position. Our Head of State is not given the proper protocol. The Muslim Conference did not make a single move during Zia's rule to gain some respectability."

### Different Reaction

An advocate in Muzaffarabad had a different reaction to the question about Pakistani politicians' involvement in Kashmir politics. He said: "Look at our political history. It has been subject to the vagaries of politics in Pakistan. The most recent example is that when you had martial law, the elected government in AJK was suspended. Your Interior Minister has recently threatened to reject the popular verdict if it is not in favour of his party. What can we do even if we do not like it? The set-up is such. The ruling party believes in acceding to Pakistan."

Raja Shaukat, a People's Party stalwart and member of its Central Committee, blamed the Punjab Chief Minister for meddling in the affairs of Kashmir and said had it not been for Mr. Nawaz Sharif's interference, "I tell you we would have managed our campaign on our own despite the fact that the AJK People's Party is a part of the Pakistan People's Party. They tried to discredit us while accusing the PPP as Indian agents. The PPP leadership had to come and defend its position."

Sardar Mohammad Raziq, an advocate who had joined us while we were talking to Raja Shaukat, said: "Independence we can't fully avail of. I think we will be better as a part of Pakistan." He believed that the Muslim Conference would be able to form a government and was the only party that could help the liberation movement.

In the system which prevailed from 1947 to 1960, the person holding the confidence of the Working Committee of the Muslim Conference was nominated as President of Azad Jammu and Kashmir. For sometime in the earlier years, the office of Supreme Head also existed and he approved legislation for Azad Jammu and Kashmir, but this office was abolished in 1952 and thereafter the President was the only executive head, who was assisted by some Ministers.

In 1960, the presidential election system through the votes of Basic Democrats was introduced in Azad Jammu and Kashmir. Another body known as the Jammu and Kashmir Council was also formed which was also elected by the basic democrats.

The major constitutional change came in 1970. Adult franchise was adopted and a presidential system of government was introduced, which functioned for four

years. In 1974, it was replaced by the parliamentary system under the Azad Jammu and Kashmir Interim Constitution Act, 1974, which has undergone about eight amendments so far. The Assembly consists of 40 Members, elected on the basis of adult franchise, and eight co-opted members of which five are women. One member is co-opted out of the ulema, one from technocrats, and one from among Jammu and Kashmir nationals working overseas. Since 1975, the Prime Minister is elected by the members of the Legislature. He is the Chief Executive of the State, whereas the President is the constitutional head. He is elected by the members in a joint sitting of both the Houses with majority vote.

There is a Supreme Court for Azad Jammu and Kashmir and a High Court, in addition to many other courts established under various laws. The pattern of the State in Azad Jammu and Kashmir is almost the same as in Pakistan, with the exception that there exists an Azad Jammu and Kashmir Council with the Prime Minister of Pakistan as its Chairman, six elected members, three ex-officio members, and five members nominated from the members of the Pakistan National Assembly. The Council has been assigned a specified field of activities and it has some of the functions assigned to the Central Government in Pakistan—defence, security, foreign affairs and foreign trade, currency and coins.

The elected government was suspended in August 1977. Elections were held for a new Assembly in 1985 in which some parties were not allowed to participate. The others boycotted the polls.

### High Cost of 'Debt Servicing' Analyzed

46000113C Karachi DAWN in English 12 May 90 p 9

[Article by Sultan Ahmed: "Axing the Disruptive Deficit Budget"]

[Excerpts] Pakistan's budget-makers are exerting themselves endlessly now to devise means to reduce the large budget deficit. They are under pressure from the IMF to do that, but even without that, reducing the deficit which had ballooned to 8.4 to 8.6 percent of the GDP [gross domestic product], as various put, is an essential step. In fact, that is indispensable for our economic health.

The deficit did come down last year to 6.7 percent from the previous year's peak but is refusing to climb down significantly this year, which is expected to close with a deficit of 6.3 percent instead of the 5.5 percent which the IMF had originally called for and six percent which it later agreed to.

And in view of the fact the agreement with the IMF to reduce the deficit to 4.8 percent within three years has been extended to four years, the precise deficit target which the IMF would set for the next financial year is not known yet.

A low deficit budget is good for the economic health of the economy in too many ways. It will be non-inflationary in a country in which inflation has played havoc for too long a period. It will reduce the need for heavy taxation or too large a borrowing of money at a high cost or printing of currency notes in large volumes in desperation. It can make financing the almost stagnant Annual Development Plan [ADP] less expensive.

But it is easier to want a low deficit budget than to achieve it. So the central issue is how to achieve that quickly and sustain that in a world in which some of the richest countries, like the US and Japan, have large budget deficits. It could be done through heavier taxation, a more widespread or broad-based taxation and better tax collection. And it could also be done through less expenditure, but that is not possible in a developing country where usually there is clamour for larger development outlays as well as higher expenditure on education, health and environment.

The stress hence in Parliament and in the Press is on reducing non-productive expenditure, and that is usually sought under three heads—defence, debt servicing and administrative expenditure. Any move to cut the defence expenditure is out now because of the crisis in Kashmir and the tensions on the Eastern front, and the large defence outlay of India. The scope for reducing the administrative budget is limited after the [passage missing] total budget which is utterly impermissible. It is indeed ridiculous that we borrowed heavily, and a high cost, to finance development, the outlay on development now is significantly less than the outlay for debt-servicing. This pattern has to be reversed quick and sustained.

The means to achieve that is through a very low inflation rate, a real rate and not one artificially constricted statistically. That was the secret of the phenomenal development of Japan and West Germany after World War II. Right now Japan has an inflation rate of 3.6 percent and the prime lending rate of 6.25 percent, and Germany has an inflation rate of 2.7 percent and prime lending rate is 10.5 percent. Currently the prime lending rates of both the countries are higher than what they were until recently, and yet they are far better than Britain's inflation rate of 7.5 percent, which is regarded high, and its prime lending rate of 16 percent.

When inflation is low, interest rates are low and the government could borrow money cheap—even at three percent in Japan—instead of 15 to 16 percent as in Pakistan. If the cost of borrowing was low, 43 percent of the current budget would not be spent on debt servicing as we are doing. And when inflation is low the development plan would cost far less, the rate of development would be higher, and increase in salaries to be paid to government employees would be low. Exports would be higher and there would be large savings, investment and

economic growth. When interest rates are low the government can repay some of the old loans and borrow more at a lower rate of interest reduce the debt-servicing cost and the budget deficit.

A lower inflation rate from the present 15 percent, as against the official 6.5 percent, can be achieved if there are no large tax increases or sharp rise in the administered prices and cost of industrial inputs and domestic services, and if there is no printing of money on a large scale. Along with that, to reduce the demand pressure generated by the underground economy tax collection has to be more widespread and efficient, and exclusion of high spending groups, like the ultra-rich Zamindars, from the tax net has to come to an end. Simultaneously there has to be a sustained crack down on the persuasive corruption and crime to reduce the inflationary press of these groups who make fast money and spend fast. [passage missing]

[Boxed item] To achieve lower budget deficit only debt servicing option is viable, which at Rs 59.5 bn is equal to 43 p.c. of the revenue budget and is the single largest expenditure, far exceeding even the ADP outlay of Rs 56 bn. and defence expenditure of Rs 51.8 billion this year.

#### Article Claims People Want Tax Reforms

4600114D Karachi DAWN (Supplement)  
in English 12-18 May 90 p 5

[Article by Ghayurul Islam]

[Text] The People's Party Government has been in office for 18 months now. It came to power through popular vote at the conclusion of a long and hard struggle for the restoration of democracy and on the basis of a very elaborate action programme contained in its election manifesto. Eighteen months are a long enough period even for a totally inexperienced government like the PPP [Pakistan People's Party]'s to lay down the groundwork for the implementation of its election promises.

It cannot be denied that this Government has been faced with a vicious Opposition, with a declared intent of cutting short its life by any means at the earliest, and its options have remained restricted by the Eighth Amendment which has brought into existence a constitutional diarchy in the government. At the same time, it is also hard to deny that the PPP leadership, in many cases, acted with limited vision and lack of tact and comprehension. These two factors—viciousness of the Opposition and tactlessness of the ruling party—have complicated the inherited problems and widened the distance to their solutions.

However, it is necessary and desirable to assess the accomplishments and failures during about one-third of the tenure of the elected government. The basis of economic and social policies of the PPP Government as contained in the Party's election manifesto has been the devolution or diffusion of financial powers to representative organs to the lowest level of administrative units.

It was rightly propounded that that was the correct way for mobilisation of resources, implementation of development programmes with minimum corruption, widest possible dispersal of the fruits of development and enforcement of accountability of public representatives and state officials.

The principle of devolution is in fact the foundation of all progressive policies which can unleash the so far restrained and crushed initiatives of the people. The constitution of the National Finance Commission would have been the first step to progress towards the achievement of the objective of dispersal of financial powers. Its coming into existence has been delayed by the controversy raised on the Punjab Government nominee who is reportedly in the pay of an international organisation. The controversy seems to be meaningless as the gentleman in question, Dr Mahbubul Haq, continues to retain his membership of the Senate and qualifies even to become a Minister.

Not only that; the Federal Government has meanwhile taken measures in the reverse direction contrary to the commitment of abolishing the Concurrent List and reducing the Federal List of the Constitution transgressing the boundaries of provincial jurisdiction as in the case of the People's Development Programme (PDP). It is not only Punjab and Balochistan which are vocal in resenting this usurpation of power, Sindh and NWFP [North-West Frontier Province] are also simmering with grievances, although they are ruled by the PP [People's Party]. The Federal Government has unnecessarily exposed itself to the charge of irregularities because of its method of PDP implementation, and may, at the end of the day, collect more brickbats than bouquets.

Sindh has reasons to be more resentful because federal interference is greater in its affairs than elsewhere. Officials in Karachi make no secret of the fact that development programmes of Sindh, like the SSPD (Sindh Special Development Programme), are held up (despite the fact that each month's delay costs several million dollars in price escalation) because the Centre's interest is not restricted to the economic viability and welfare dispersal of the projects but encompasses how and by what machinery these have to be approved, implemented and supervised. It is this interference in the affairs of the provinces which encourage interested persons to bandy about allegations of irregularities and corruption against federal functionaries and recruit ready believers.

As far as the basic objective of devolution of powers is concerned, 19 months have been wasted. Even if the constitutional process is initiated right now, it may not be completed upto the end of the PP Government's tenure. And if the People's Party fails to show positive and visible progress on provincial autonomy even Sindh may fail to repeat its verdict. Without waiting for an amendment in the Constitution, a beginning must be made in this budget to fulfil its commitment in respect of

the Concurrent List and rationalise procedure of allocation, commitment and release of funds to the provinces and approval and implementation of projects, by abstaining from the exercise of the federal powers in relation to the Concurrent List of the Constitution.

Another sphere to which the People's Party manifesto had given, and deservedly so, fundamental emphasis was the welfare sector—education, health and housing. Basic to all these are the expansion of production base and generation of employment. Efforts in the direction of fresh investment—foreign and domestic—to stimulate the economy have been commendable, though the Opposition's viciousness was more pronounced in this area. The interest in Pakistan's economic development created among overseas investors—foreign as well as expatriates—by the inauguration of democracy was deliberately sought to be diluted by publicising internal differences, out of proportion, through special missions sent abroad.

However the overseas investor's interest has survived. During the 16 months since December 1988, projects worth Rs 86.73 billion have been approved by various agencies, inclusive of 27 projects costing Rs 32 billion by the Board of Investment. Implementation schedule of these projects is now being closely monitored in order to help the sponsors complete them in time and eliminate any bottleneck arising during the process.

The policy innovation of having a portfolio of investment project profiles for presentation to the intending foreign investors, instead of discussing investment opportunities in general, should contribute to prompt decisions. The selection from such a portfolio would give due recognition to our own priorities. A portfolio of 80 such project profiles was offered to the Japanese industrialists accompanying Prime Minister Kaifu.

#### Welfare Sector

As economy's expansion depends mainly on the availability of efficient infrastructure—primarily energy—priority in project selection is rightly given to electricity which had remained neglected far too long. Success has been achieved in finding sponsors for several thermal and atomic energy projects. The Kalabagh Dam project (which has already cost over one billion rupees) having fallen victim to a controversy on distribution of water among the provinces, other alternative hydel projects should urgently be taken in hand until the controversy is amicably resolved.

#### Financial Institutions

Finding internal resources for the approved projects has been highly problematic, specially in view of the fact that the banking system inherited by the PP Government was in a shamble. Two nationalised commercial banks and three development finance institutions (DFIs) were reported to be on the verge of bankruptcy due to the stuck-up debts of billions of rupees. These institutions

had been disqualified by the international finance institutions for lending. Other DFIs were also not in a very happy position. The Government resisted pressures and displayed determination to recover loans and strengthened the recovery mechanism with the result that, according to recent reports, the position has markedly improved and the nationalised commercial banks have registered a cumulative increase of 10 percent in profits in 1989 as compared to 2 percent in 1988, albeit the bulk of this profit is earned by Habib alone. If the efforts for recovery are not slackened due to pressure from politically influential people, new projects may not have to face the same constraint of internal resources. The efficiency position of public enterprises was until two months ago, reported to be improving, but it was difficult to sift publicity from the reality. However events in the Pakistan Steel during the last two months must have changed the picture and the overall balance sheet for these enterprises must have again gone in the red, increasing the strain on the budget.

Until now the unemployment situation has not eased; on the contrary it has worsened due to the deterioration in the country-wide law and order situation. Realisation seems to be dawning on the ruling party as well as the Opposition that confrontation is retarding investment and increasingly contributing to the stagnation of the economy. Unemployment is not confined to any specific region, though the magnitude may differ from area to area. All regions, Sindh as well as Punjab, are equal victims.

#### **Informal Economy**

With the economy stagnating and security situation deteriorating because of Kashmir and Afghanistan, raising of resources for welfare measures—education, health and housing—commensurate with the commitment (literacy rate to be raised to 90 percent in five years, health clinics in every tehsil town and health coverage for the whole nation and 500,000 housing units, each year) seems impossible of achievement unless non-traditional and non-bureaucratic methods are adopted. Informal or black economy which remains outside the net of taxation is estimated between half and equal to the formal economy—thanks to heroin and arms trafficking and administrative corruption. Official indulgence towards the informal economy through frequent amnesties and introduction of numerous bearer bonds/certificates has encouraged and emboldened operators in this sector. This has created inelasticity in tax receipts.

Increase in revenues in this situation can be effected only by further burdening the few honest tax payers and the masses of consumers, resulting in greater pauperisation quite the contrary of the promise of poverty elimination. The manifesto had acknowledged what has been known as a fact for a long time that "only 50 percent of all existing taxes are actually realised and the remaining 50 percent is shared by the tax collectors and the assesseees." Before levying new taxes in the Budget or increasing the

rates of the existing ones, the People's Party Government is duty bound to reassure the nation that every possible effort has been made to eliminate evasion. Until now, very little effort seems to have been made in this direction. If any thing, the situation has worsened. In the present circumstances increase in the rates of existing taxes or levying new taxes would only mean providing greater opportunities of self-service to the tax-collectors and the dishonest among the assesseees. The people look forward to the reform in the taxation system, as promised in the manifesto, through the forthcoming Budget.

#### **Reforms in Land Rent Collection Recommended in Sindh**

*46000113D Karachi DAWN in English 12 May 90 p 10*

[Article by Izharul Hasan Burney: "Provincial Government Suffers Heavy Loss"]

[Text] Karachi, May 11—The collection of Land Rent by the KDA [Karachi Development Authority] in Karachi and some other authorised Local Bodies in Sindh is resulting in heavy loss of revenue to the provincial exchequer, a study shows.

Land Rent is payable on Government land sold on lease by the Sindh Board of Revenue to various development authorities and the Local Bodies to float new housing schemes to meet the growing needs of urbanisation.

The liability for the payment of Land Rent is no persons who purchase residential, commercial, industrial and certain types of amenity plots. It starts from the day the allottee takes over possession of the plot. The lease document also includes a clause to this effect.

**Levy The levy in the case of KDA Schemes is paisa 25 per four square yards and is to be paid annually. The receipts are to be transferred to the provincial account.**

In the case of the KDA Schemes, the Provincial Government is losing revenue for two main reasons: (i) inadequate arrangements to make the annual demand/collection from the allottees, and (ii) failure of the KDA to transfer the receipts to the provincial government.

The KDA has, so far, developed about 113,000 acres of land in its 42 and odd schemes in and around Karachi. This includes about 83,000 acres in KDA Schemes, 29,500 acres in Displaced Persons Townships, and more than 700 acres in the Metrovilles. The number of plots total about half a million.

Consequently, the KDA should prepare and despatch about half a million Demand Notes every year for an estimated billing amount of Rs 10-15 million, the study shows.

**Other Problems** In actual fact, the KDA does not send the Demand Notes. It rather waits till the allottee gets stuck up somewhere: approval of building plan, water/sewerage connection, lease or mutation, sale or transfer of plot, or the building completion certificate, etc.

That is the time when the KDA confronts the allottee with a huge accumulated bill to pay the long pending Land Rent also.

Thousands of allottees and property owners who do not need to visit the KDA for any work neither get the Demand Note nor pay the Land Rent, the study shows.

This indifference is part of an overall situation in the KDA, insiders said. The KDA does not similarly care to send Demand Notes for the payment of the instalments of the balance of cost of land, the Non-utilisation Fee, etc.

The position in some other Local Bodies/development authorities which also obtained Government from the Board of Revenue to launch housing schemes is not much different, the study indicates.

#### Mount

In so far as the KDA is concerned, it has not maintained a separate head of account for receipts of Land Rent. This is lumped with some other items. Consequently, the KDA has no idea of the exact amount received yearly on account of Land Rent.

It is for these reasons that KDA's total receipts of Land Rent remain on a very low side—just about Rs 20 million during the last three or so decades.

As for the transfer of Land Rent receipts to the provincial exchequer, the point of view of the KDA is that these were being adjusted against a claim against the government.

#### Finances

Back in the sixties, the government launched the Displaced Persons Townships in Karachi and entrusted the job to the KDA. The Government had to provide certain finances but could not. Consequently, the KDA utilised the Land Rent receipts to meet part of the obligation.

Subsequently, the KDA also decided to retain the Land Rent receipts, pertaining to plots in the KDA Schemes as well as the Metrovilles.

Notwithstanding the merits of the two positions, the collection of Land Rent needs sufficient improvement and streamlining from the point of view of the taxpayers.

An accumulated bill causes great inconvenience to the allottees, particularly the low income groups and the poor, some full-proof method needs to be devised to ensure annual billing, so that the taxpayers are saved from harassment. It will also improve the liquidity position of the tax collection agency, the study shows.

#### Article Urges Implementation of Agrarian Reforms

46000113B Karachi DAWN in English 12 May 90 p 9

[Article by Mushtaq-Ahmed: "Feudalism: A Running Sore"]

[Text] The Federal Government's recent directive to the provinces urging them to implement the land reforms of 1972 and 1977 is a sad and sordid commentary on the way the machinery of government operates in Pakistan. The fate of the 1977 reforms which in any case, had supplemented and not substituted the basic law of 1972, could be attributed to the supersession of a democratically elected government by a military regime, which was averse to their implementation because of its rightist and reactionary inclinations. But incomprehensible was the partial and perfunctory implementation of the 1972 reforms.

Between 1972 and 1977 was a long enough period of time for the resumption of the entire surplus land in the possession of the landlords and its redistribution among the dispossessed peasantry, and yet the stipulated transfer did not take place despite the solemn pledge given by the Prime Minister to the people, especially to the people of the rural hinterland. The promise held out in the party manifesto was repeatedly reinforced by a commitment during the progress of the campaign, that culminated in his resounding electoral victory and the irretrievable defeat of the motley opposition that had no economic programme to offer to the electorate.

The introduction of reforms soon after the assumption of office, so it appeared, was an earnest of Mr. Bhutto's intention to forge ahead with them without waiting for the National Assembly to be convened. Recourse to the extra-constitutional device showed both his impatience and the urgency of the measures to handle the situation, he thought, called for quick decision and prompt action. With his assured majority in the National Assembly he was certain that the step he was taking under his ordinance-making power would find overwhelming legislative support. In the light of that assurance, the ordinance through which they were promulgated, had the stamp of popular approval even if legislative sanction was sought after its promulgation. The Prime Minister was not wrong on either score. They were universally acclaimed by the masses and when the time for voting came in the Assembly, the vote was decisive in their favour notwithstanding the few dissenting voices from the opposition benches.

More reassuring was the protective cover of Martial Law to meet any jurisdictional challenge to their validity on a subject exclusively reserved for the provinces in all the previous constitutions, including the Provisional Constitution adopted by the National Assembly, pending the adoption of a new constitution.

Feudalism was a running sore in the body-politic of Pakistan whose gravity the rulers of the new country had

not cared to recognise. Mr Liaquat Ali Khan had shown an awareness of the problem but not the readiness to solve it. Although dispossessed of his own lands in India for which he had claimed no compensation, socially he belonged to the class politically dominant in Pakistan. But for its cooperation in running the government his position would have become untenable.

Khwaja Nazimuddin came from the well-known aristocratic family of the Nawab of Dacca. His successors had neither the will nor the interest in the alteration of the status quo.

The Muslim League Parliamentary Party, particularly its wing in West Pakistan, was also a party of the landlords. Its feudal character was amply brought out by the overnight transfer of the loyalty of its members to the Republican camp, leaving the party without a following and leadership. Mr Feroz Khan Noon, the last Prime Minister before the imposition of the first Martial Law, had openly declared his opposition to any reformist legislation of the land system, himself being a big landlord.

Field Marshal Ayub Khan was the first Head of the State and Government in the long line of succession to make an attempt to reform the system. Lacking the zeal of a reformer, it was a half-baked and half-hearted attempt. The ceiling of 500 acres of irrigated and 1,000 acres of non-irrigated land was too high and the concessions made to the landlords were too many to give the peasantry a much-needed and long awaited relief. All that he was able to extract from the landed gentry was two million acres of land from which less than two lakh peasants were able to benefit. Since much of the land surrendered was fallow, uncultivated or uncultivable and the price to be paid for it was heavy, it was not an unmixed blessing. Compensation for the resumed land, exemption of lands used for livestock farming, orchards and shikargahs had in fact left the system intact, and in a sense given it an added strength.

The landlords had gained more than they had lost. They were the principal beneficiaries of the price support policies. The huge subsidies came from the public exchequer while they themselves paid to taxes to the treasury. The reforms were by no means far-reaching nor were they a mere subterfuge.

Their summary rejection by Mr Bhutto as an eyewash undoubtedly contained an element of personal bias but his description was not devoid of a large grain of truth. His statement was dictated by the desire to be considered a pioneer in the field and not a follower in the footsteps of Field Marshal Ayub Khan. He was, it is true, the first leader of national stature to have made land reforms the centrepiece of his programme. No other predecessor of his had dared to sponsor them with the boldness and courage displayed by him. It was a natural and widely shared expectation that from being a matter of academic interest agrarian reforms would become a matter of practical politics.

The Ayub Khan Reforms had not broken up large estates into units of 500 and 1,000 acres because of back-dated transfers, exemptions of 250 acres in case of female dependents besides many other loopholes in the law. Fixed on an individual basis the family estates remained as large as ever. How large they were and still are is simply bewildering. They measure not in terms of a few thousand but tens of thousands of acres, ranging from below ten thousand to above eight thousand acres. The landlords who constitute a tiny fraction of the rural population own more than 40 percent of the land area and the remaining 60 percent is owned by the teeming millions. This abominable disparity in land ownership the land reforms of the Ayub and Bhutto eras have not been able to eliminate. The result is that feudalism with all its brutal inequities and callous disregard of human dignity, acts as a formidable barrier to the progress and prosperity of the agrarian community, which is believed to be the backbone of the economy.

Not until the size of the holdings, the overwhelming majority of which are uneconomic and if subsistence or below subsistence level is appreciably increased, can agriculture be made a profitable proposition. The exploiting landlord, the exploited tenant, the impoverished peasantry and the destitute landless labourer are the four tiers of the agrarian hierarchy.

Mr Bhutto had promised to put an end to this oppressive medieval system by slashing the size of the holding first to 150 acres and later to 100 acres. He had disallowed compensation for the resumed land and abolished the exemptions allowed by Ayub Khan. The reforms were not radical enough to justify the hopes he had so fondly raised. Even their faithful implementation would not have effected the desired social change in the rural society.

From the quantity of land taken over by the State and distributed among the peasants it became all the more obvious that they did not go far enough or were not allowed to go that far by the vested interests, which dominated the party and controlled the Parliament. Most of the MNA [Member of National Assembly]s from Punjab and Sindh elected on the PPP [Pakistan People's Party] ticket were landlords. Sahibzada Farooq Ali (the Speaker), Mian Mumtaz Daultana, Mr Mumtaz Bhutto, Mr Hafeez Pirzada, the Talpurs, Mr Ghulam Mustafa Jatoi, Mr Mustafa Khar and the Prime Minister himself, belonged to the same class. Ayub Khan although a professional soldier, like most men in the uniform at the higher rungs of the ladder and even at the lower rungs, was a landlord. Inheritance, gifts and grants have played an important part in determining their class composition.

As for Mr Bhutto he was a hereditary landlord par excellence, who owned more than 30,000 acres of land. For a man of his feudal background to have engineered an agrarian revolution would have been nothing short of a miracle. It called for superhuman courage and supreme self-sacrifice. Not that there are no examples of men in



history who have risen above their personal stake to serve as a cause in which they ardently believed. Mao Zedong, Zhou Enlai and Marshal Lin Biao were made of this timber. Throughout the long March of 6,000 miles the Red Army seized the lands in the liberated areas from the landlords and distributed it among the land-hungry peasants. A keen student of international relations and a close observer of developments in China, Mr Bhutto could not have been oblivious of the nature of the titanic struggle waged in China which was primarily aimed at emancipating its demoralized and downtrodden peasantry from the shackles of feudalism. Mere executive fiat and legislative enactments cannot break those shackles in Pakistan. Our malady was the same as theirs, but the remedy we applied for its eradication proved worse than the disease.

Pakistan is as feudal today as it was ever before, while in China which began its career of independence two years after we had attained ours it is a thing of the past. The directives issued by the Federal to the Provincial governments are not likely to cut much ice in the present state of federal-provincial confrontation.

The problem is not one of implementation of what has already been legislated. What the Prime Minister has to examine and investigate is the reason for the non-implementation of the reforms. The previous Government may in her eyes have a major share of the blame for perpetuating a wrong, but her Government has now the opportunity of righting it.

The politicians originally seated in the political bandwagon and those who have subsequently climbed it, do not have either the spirit or the wisdom to realise the duties of the legislators. They are not there to protect their own interests. Their primary purpose is to promote public welfare for which the public has elected them and not to serve private ends at public expense. Land to the tillers or land to the landless, which was a part of the party manifesto, is now seldom heard from the platform even as a slogan.

People can only hope that Begum Nusrat Bhutto, who has gone to China as a leader of the party delegation, will discuss with its leadership not only matters of external policy but also of domestic policy, particularly in the field of land reforms.

[boxed item] The problem is not one of implementation of what has already been legislated. What the Prime Minister has to examine and investigate is the reason for the non-implementation of the agrarian reforms. The previous Government may in her eyes have a major share of the blame for perpetuating a wrong but her Government has now the opportunity of righting it.

### Price Increases, Aid Conditionality Criticized

46000117A Lahore *THE NATION* in English  
9 May 90 p 2

[Text] The sensitive price index (SPI) recorded an increase of 1.34 percentage points for the week ending 3

May. In comparison the last year's jump in prices for the same period was 7.71 percent. But last year the government had not drastically increased prices of either oil or fertilisers. And as the government's policy for raising the prices of these two essential inputs for the economy of the country was announced approximately 40 days ago the actual effect on prices of other commodities has finally been realised in our retail markets. The budget 1990-91 is expected to levy a 12.5 percent generalised sales tax on all domestic goods and services thus the inflationary rate will gather momentum after the budget announcement. In short the recent rise in prices is only a beginning and within a short period the rate would be near 20 percent per annum.

Inflation is an indicator of the efficacy of economic policies. It eventually is also a barometer of the political popularity of the government in power. Already it is clear that the present government's economic priority is to get foreign aid and conform to all the aid conditionalities; and these dictate a programme involving withdrawal of all subsidies thus raising the prices of essentials. That the present increase in prices is a direct offshoot of aid conditionalities cannot be denied. That this programme will continue in the foreseeable future is also obvious. And the fact that the poor will experience an erosion of their real incomes as their purchasing power declines is also an obvious offshoot of the policies of the government. One wonders how long the government will be able to ignore the problem by understating the inflation figures.

### Economic Commentary Suggests Precautionary Measures for Future

46000110C Lahore *THE NATION* in English  
9 May 90 Midweek p 6

[Article by Ikram Sehgal: "Living Off the Future"]

[Text] In his keynote address at the Pre-Budget seminar at Lahore Dr Akmal Hussain, eminent economist and member of the PM [Prime Minister]'s Economic Consultative Committee, touched on four sets of issues with respect to Balance of Payments (BOP), these being whether: (1) we have done well or badly over the past year; (2) long-term trends; (3) policy package prescription of the IMF; and (4) looking to the future.

Over the past year the statistics show that there has been a moderate increase in exports along with a marginal decrease of imports, net result being that our BOP deficit in 1988-89 was US\$2,610 million while in 1989-90 it has come down to US\$2,355 million. At the same time workers' remittances has shown an increase from US\$1,897 million to US\$1,950 million though partly this has been due to payment of accumulated insurances, social security, etc., by Saudi Arabia. Cumulatively current account balance has improved, reducing from US\$1,959 million to US\$1,593 million. In net terms our foreign exchange reserves have improved from 3.3 weeks of import expenditure to a capability of 5.5 weeks

of import expenditure. In relative terms, the performance has been good, good enough to give confidence to the Consortium for more aid, in real terms. For long term strategy evaluation, the performance has not been good enough. In 1980-81 the deficit in the current balance account was US\$1,037; it has risen almost 34 percent in the last decade. Our capability to earn foreign exchange through exports is badly balanced, 61 percent of earnings coming through agricultural products, 28 percent through agriculture-related earnings and only the balance 11 percent from the basket of so-called non-traditional exports. Since the price index of agriculture products in international markets since 1980 to 1989 has declined by 8.4 percent, there has been thus a net decline in terms of trade because of excessive reliance on primary exports. Agreeing with Dr Akmal's diagnosis, this can be traced over the last decade to (1) absence of necessary incentives, (2) failure to diversify into manufactured goods, (3) failure to capitalise on windfall foreign exchange earnings/remittances. On the contrary increasing expenditures on consumer durables, (4) being stuck with the wrong level of exports and lastly, (5) colonial mentality of accepting whatever IMF lays down as policy guidelines. One feels that our government functionaries could have been more independent in their thinking, refusing to accept without question whatever was the underlying IMF logic, the consensus agreed with Dr Akmal Hussain that this is a sad commentary on the policy of an independent country.

One cannot lay more than a part of the blame at the doorstep of IMF, after all IMF is meant to take short term measures only to ameliorate the immediate financial problem of any country. Mr Camdessus, President IMF, is on record on emphasising the short-term mandate of the IMF, concerned with only what he has termed as "battlefield surgery." The IMF comes across as not overly concerned with sustainable development, in fact that is essentially not their mandate. While the analogy of acting under combat conditions is an appropriate description of IMF objectives, that the patient may also be suffering from economic shell shock and needing sustained care is beyond the accepted IMF parameters. In Pakistan's case, the IMF conditionalities which have been accepted by Pakistan in late 1988 for a three year credit infusion (extended for a year) included (1) reducing budget deficit from 8.6 percent of GDP to less than 7 percent of GDP [gross domestic product] (2) reducing money supply in real terms and (3) depreciation of the Pakistan rupee against the US dollar. To do this there has been; (1) a cost reduction in development expenditure (2) naturally GDP growth rate has declined from a high 7 percent to 5.1 percent in 1989 and 5.3 percent in 1990. This has resulted in no space for manoeuvre as (3) our socio-economic infrastructure has deteriorated commensurately and (4) an unemployment crisis. Dr Akmal Hussain eroded his credibility somewhat by repeating the general government optimism at

the figures, saying that he felt that the government had succeeded in controlling inflation, the consumer price being kept under control by government intervention through the Utility Stores. It is felt that he was not being objective as the price intervention only worked in the geographical vicinity of the intervention mechanism, the Utility Stores.

One agrees with Dr Akmal Hussain that the IMF prescription should not be taken as gospel truth as it leads to across the board control on credit and a large depreciation of the Pakistan rupee, higher budget deficits and unemployment. However, one feels that we are overly concerned with the IMF whereas we should have been more concerned with alleviating the Balance of Payments problem on the prevention is better than cure philosophy, which should include (1) increasing our exports; (2) diversifying our exports (a) product-wise (b) targeting objectives nation-wise; (3) using the IMF credit wisely; and lastly (4) listening to the IMF when it says that Provincial taxes must be increased. In fact, the last point is extremely important as the Provincial effort in raising taxes is abominable. The Provincial Budgets last Budget year came to 53.5 billion rupees approximately, the provinces raised about 9 billion rupees (about 16 percent) in revenues, the rest, 44.5 billion rupees (84 percent) being met by the Federal Government through the share of Federal receipts, subsidies and grants.

For some very earthly reasons, the Federal bureaucrats want to keep the Sword of Democles in the form of Income Tax in their hand while the logical and correct method is that with devolution of powers there has to be commensurate decentralisation of tax assessment and collection. Acting on the incentive principle, the Federal Government must provide matching funds, i.e., if Sindh collects 5 billion rupees in taxes, it must be given the same amount by the Federal Government for development. The Income Tax [IT] Department is not only mostly corrupt but also not cost effective; centralisation has accentuated the problems. Out of the 16 billion rupees proposed to be collected during 1989-90 approximately 12.5 billion rupees, about 80 percent comes from Multi-National (MNCs) and Federal State Enterprises, requiring less than 3 percent of the IT Department effort. The rest, 97 percent of the IT efforts is designed to extract taxes (about 3.5 billion rupees) from 500,000 salaried and 500,000 self-employed, an exercise that, with honourable exceptions, lines pockets of Income Tax personnel down the line. This is an amazingly inordinate allocation of resources for the tax assessment/collection effort. While keeping the Corporate sector pertaining to MNCs and Federal State Enterprise under Federal Control, the Federal Government must divest itself of all other income tax assessment collection effort except that which falls within Federal or Federal Administered Territory. Let the Provinces be responsible for Wealth Tax while imposing Community Taxes to raise funds for its development and non-development expenditure, the matching funds that the Federal Government gives will

be for development purposes only. In this manner the electorate at the bottom rung of the ladder will be inherently associated with the spending of tax money paid for both development and non-development needs. The present deficit is about 66 billion rupees in money terms, unless the Provinces get into the tax collection effort, this deficit will grow. By encouraging the Provinces to impose Community and Wealth Tax, the Federal Government will be passing on the responsibility to the Provincial Governments, at the same time those who are now out of the ambit of Federal taxes, the agriculturists, will fall within the purview of Community and Wealth Taxes imposed by the Provinces and executed by the Local Councils at the lowest rung, than up the ladder of the Sub-Division, District and Division levels.

Looking at the adverse Balance of Payments, our export policy with regards to non-agriculture and agriculture related products is not realistic. Pakistan can only export machinery and related items to the Third World (other than Buy-Back items on Offset Mechanism) and that also mostly in the adjoining region. Countries like Bangladesh, Sri Lanka, Burma, Nepal, Iran, etc., are our natural markets, provided we pay some attention to them. In this respect we need a full time Commerce Minister, not one with divided attention; without casting any aspersion on Faisal Saleh Hayat, who already has his work cut out for himself as Minister for Local Government and Rural Development, particularly administering the conceptually brilliant but politically problematical People's Programme. Some organisational changes are necessary, prime among them being the need for one Federal Minister for Finance and Economic Affairs, Commerce, Planning and Development, with Ministers of State in Finance and Economic Affairs, in Commerce and in Planning and Development. Insurance should be put under Minister of Finance and Economic Affairs. The creation of an Economic Czar has now become a dire necessity of Pakistan's continued economic life. Unless the aforementioned Ministries are coordinated by one single person on a "war" basis, our Balance of Payments position is going to go from worse to abominable. While Countertrade is a necessary fact of life in the face of growing protectionism, strict control should be maintained to ensure that our goods and commodities do not face a price decline by competing with each other in the international market. Faisal Saleh Hayat has managed US\$50 million increase in our cotton derivatives quota with the United States, mainly because of the status and prestige of Ms Benazir with the US Administration and Congress, we should aim for a US\$500-US\$1 billion increase. We do not want alms, just the means to finance our purchases through sales of our manufactured cotton cloth and made-ups.

Now that debt servicing has become the single largest component of our budget, it is time we thought of the future of our children and begin to control this widening gap between our resource mobilisation and our expenditure needs.

### Article Recommends Debate on Defence Budget in National Assembly

46000114B Karachi DAWN (Supplement)  
in English 12-18 May 90 pp 1, 7-8

[Article by N.H. Jafarey. First paragraph is introduction]

[Text] There is an element of waste in defence expenditure. This has been accepted by two former Air Marshals—Noor Khan and Asghar Khan—and Lt Gen (Retd) Saeed Qadir. For 1989-90, the waste may be between Rs 5 to 7 bn, not a negligible amount. Let the Defence Ministry provide details of expenditure to the N.A. and let the issues be debated.

Every independent country desires to hold its International Frontiers inviolate. The task is assigned to the Defence Forces of the country who, when the occasion arises, sacrifice their most precious asset, life itself, to ensure that the international borders are not violated and the Country retains its independence as a sovereign state.

The Super Powers fall in a different category. Their perception of national security is not limited to their territorial frontiers but extends to other regions. Both the USSR and the United States are interested in Cuba, Latin American countries, Eastern Europe, Japan and Taiwan, although these countries are thousands of miles away from their national frontiers.

Fortunately, after 40 years of cold war, there is an understanding between the United States and the USSR which has resulted in curtailment of their defence expenditure, to quote an American magazine, the American military establishment is finding it difficult to live in peace with peace.

The defence requirement of each country depends on its geo-political situation and environment. Pakistan, since its very inception, has been rather unfortunately placed. Afghanistan cast the solitary negative vote when Pakistan was seeking admission to the United Nations. At present, even after the exit of the Russian forces, General Najibullah's attitude is one of open hostility and there have been dozens of cases of violation of Pakistan's sovereignty. Its air-space has been violated and scud missiles have been fired, causing loss of life and property in Pakistan territory.

With India we have a long history of suspicion, this includes two wars. Because of the popular uprising in Indian-held Kashmir, India at present has assumed an aggressive posture of which the Government and people of Pakistan have to take notice. The Indian Prime Minister has threatened that Pakistan will have to bear the cost, reports a newspaper of 11 April. Some bitterness with India immediately after Independence as a result of mass killings in both the countries was to be expected. With the passage of time an understanding should have been possible which would have enabled the two countries to reduce their defence expenditure and increase their outlay on health, education and the social

sectors because both the countries are under-developed and the masses live in utter poverty.

India is four times Pakistan's area, eight times its population and its GDP [gross domestic product] is seven times greater than Pakistan's. India has an advantage of 3:1 as far as the Army and Air Force are concerned and an advantage of 7:1 in the Navy. Keeping these figures in view, Pakistan can have no territorial ambitions against India. According to the World Bank Development Report 1987, India spent 21.5 percent of its total expenditure on defence while Pakistan spent 29.5 percent for the same purpose. This has been at the cost of education and health. India has spent 2.7 percent of its total expenditure on education and Pakistan's figure was 2.6 percent while in health India spent 1.9 percent and Pakistan spent 0.9 percent. Private consumption in India is 65 percent of the GDP while in Pakistan it is 77 percent. India faces what can be considered acute poverty, we are relatively better off. Pakistan's GDP for 1987 was reported as \$350 per capita while that of India was \$300 per capita.

India has ambitions to become a Super Power. There is a school of thought in India which is of the view that it is not a question of "desire"—it is written in the scheme of things, keeping in view India's location in Asia, its industrial base and its population. India has a problem with all its neighbours: Nepal, Bhuttan, Bangladesh and Sri Lanka. While strained relations with Pakistan can be put down to the travails of Independence and the Kashmir issue, why have the other smaller neighbours been complaining of India's domination and desire to control their destiny?

Keeping in view Pakistan's geo-political situation, there is a general consensus that in the interest of regional stability and peace the regimes in Pakistan, Iran and Afghanistan should have friendly ties not necessarily defence pacts. For no fault of ours our relations with Afghanistan have always been bedevilled. Pakistan wants a neutral government in Afghanistan which is acceptable to the people of that country. Our strategic requirement is that we should not have a hostile neighbour in the northwest. With India, except for the Kashmir issue, we have no outstanding major problem. Both Pakistan and India are committed to having a free plebiscite in Kashmir to determine their future.

#### Procurement of Weapons

But for the hostile attitude of India and Afghanistan, Pakistan's defence expenditure would be much smaller. Expenditure on defence as a part of total expenditure has shown a declining trend. In the year 1988-89 the increase in defence expenditure was only 5 percent over the previous year as against 12 percent increase in the year 1987-88 over the previous year's budget. India's defence budget for 1990-91 has been put at Rs 198.6 bn as compared to the 1989-90 budget of Rs 51.76 bn for Pakistan. For the year 1990-91 the Indian defence budget shows an increase of 8.6 percent as compared to

the previous year. According to the newspaper reports 25 percent of the total defence outlay is to be spent on the procurement of capital equipment: tanks, aircraft, naval vessels, missiles, etc.

Pakistan in the interests of its security will necessarily have to increase its defence expenditure in the ensuing year. Some additional allocation should have been made to the defence forces during the current year also to meet the Indian threat. This is evident from the speech and TV interview of the Advisor to the Prime Minister for Finance and Economic Affairs in connection with the price increase of petroleum and fertilisers to generate additional revenues.

Unfortunately after the promulgation of Martial Law in 1958 the Defence Budget appears almost as a single line entry in the Demand for Grants and Appropriations in the annual budget. For the year 1989-90 there is a single line entry, Demand number 34: "Defence services to defray the salaries and other expenses of the defence services." The object classification which is available for other grants i.e. establishment charges, pay of officers, purchase of durable goods, repairs and maintenance, commodities and services etc. is not mentioned. There is another entry under Development Expenditure of the Defence Division, no Demand number is given and the allocation for 1989-90 is nil.

Expenditure incurred on the defence services is booked under various heads given in the classification handbook for Defence Services which is not a secret document. Apart from Defence Expenditure "effective" there is Defence Expenditure "non-effective" which covers pension charges of the defence officers. There is another major head "Capital outlay on Defence Services" met for revenue expenditure. This covers expenditure of such items as the construction of a new strategic road, construction of a new ordnance factory or a new cantonment.

There are heads of account under which expenditure on pay, allowances, rations, uniform and clothing, equipment, military hardware, transport, accommodation and maintenance are booked. There is similar classification for the Navy and Air Force.

The army has a fighting arm: the infantry and armour units; there are supporting arms like artillery, engineers, signals, supplies, ordnance etc. There is a "teeth and a tail" i.e. the fighting arms and the supporting formations. While there is no fixed ratio of expenditure between the "teeth and the tail," we should be clear as to what is being spent on the main fighting force, the "teeth," which includes their equipment, and the amount being incurred on the "tail" i.e. supporting forces and miscellaneous items from clothing to accommodation.

Immediately after the death of General Ziaul Haq, the defence forces embarked on what can best be described as a public relations effort. Members of the Senate and National Assembly visited armed forces' installations

and they were given a broad picture of the objects in view and the function of the various components. This was the beginning of "glasnost"; hitherto everything about the defence forces was secret and unfortunately the people's only exposure was when the Martial Law troops took over the civil administration.

The culmination of this effort to break down the barriers between the Defence Forces and the people was the Exercise Zarb-i-Momin.

The exercise began with a presentation by the Chief of the Army Staff, at which not only media men from Pakistan and foreign countries were invited, but also Pakistani creative writers, dramatists and poets, to inform them as to what was the object of the exercise. Foreign military attaches were also invited, this included Soviet Russia and India; India declined.

General Mirza Aslam Beg was openly critical of the way the 1965 and 1971 wars had been conducted. With the acquisition of modern weapons and increased mobility there has been a change in the concept of war and the military doctrine. While Pakistan has no aggressive intentions and its defence forces only have a duty to defend the national frontiers in the event of a war being forced on us, the fighting will be done on the enemy territory, to the extent possible within our means. After the Chief of the Army Staff had made his presentation, other Principal Staff Officers spoke to cover recruitment and training of the armed forces, procurement of materials and services, the communication and transport of the army and other relevant issues. Media men who were assigned to the opposing sides spent nights in army camps and had their food in the field mess. For the first time the media got a close and clear picture of how the defence forces operate. The Air Force collaborated so the problem of inter-service coordination in war was also highlighted.

Apart from the President and Prime Minister, Members of the Senate and National Assembly also saw the exercise and there was extensive media coverage both in print and visual. In fact the extent of the coverage was criticized by no less a person than Air Marshal (Retd) Nur Khan, an officer known for his foresight, integrity and courage.

#### Money's Worth

We in Pakistan would like to have a cost effective Defence Service, full return for the money spent because expenditure is being incurred after tremendous sacrifice on the part of the common man who suffers because of the meagre outlay on health, education and social services. There has to be an assurance that we get our money's worth.

There is no reason why the defence expenditure should not be presented in greater detail to the National Assembly and discussed in the House. The Defence Committee of the Cabinet in Pakistan meets periodically to discuss the threat from the enemy, the state of

preparedness of our defence services, the role of the Army, the Navy and the Air Force to meet the security objectives.

In all democratic countries of the world, defence allocations are debated in the National Assembly/Parliament/Congress and the people's representatives make their contribution during the discussions. Issues get clarified and the country knows what they are aiming at and what is the reason for such substantial outlays on the defence forces: they have an assurance that the money is well spent.

#### Wasteful Expenditure

In Karachi, thanks to the efforts of Admiral (Retd) H.M.S. Choudhry, the seminars held by the Foundation for Development through Moral Revival provides the citizens with an opportunity to discuss issues of national importance. I can recall two seminars—one held last year to discuss the strength of the armed forces and the other one held more recently to discuss the Indian Naval threat to Pakistan's security. This was of special interest because according to latest estimates Pakistan is outnumbered by 7:1. India has an aircraft carrier, nuclear submarine and its total strength is almost seven times that of Pakistan. With a single port and a long sea coast we have to be careful.

We should not hesitate to concede that there is an element of waste in defence expenditure. This has been accepted by the Government in the United States and UK. Estimates vary, but the amount has been put at anything between 15-25 percent. In Pakistan, Air Marshal (Retd) Nur Khan, Air Marshal (Retd) Asghar Khan and Lieutenant General (Retd) Saeed Quadir have estimated this as between 10-15 percent. For the year 1989-90 this can be between Rs 5-7 billion, not a negligible amount.

In the year 1989-90 the increase in the defence budget was only 5 percent over the previous year which was an indication that Head Quarters of the services proposed to eliminate this waste and use the money saved for improving the fighting capability because the overall increase was less than the anticipated rate of inflation, currently estimated at 8 percent per annum by the Government.

From 1971-76, I had the privilege of working as Financial Advisor, Ministry of Defence, and it is during this period that Prime Minister Z.A. Bhutto, who was also Defence Minister, started the re-organisation and re-equipment of the defence forces. We had lost East Pakistan, our defence objectives had to be re-defined. The process of modernisation was begun. Tow missiles, the Sea King Helicopters, the tank rebuilt workshop, the Kamra air craft overhaul complex were projects which were begun at that time. The process has continued.

We have now Cobra Attack Helicopters, F 16B Fighters, the infantry has been mechanised, the armoured corps and artillery have been modernised for more accurate

and lethal fire power. From the manufacturer of small arms and ammunition, we have upgraded our capability to manufacture missiles though their range is not 3000 miles to match the Indian missile. We have developed a laser range finder, the first Pakistani tank is likely to be ready in 1991, we have also the capability to build mechanically propelled vehicles which can remove damaged tanks for repair. In brief, our defence industrial base has expanded.

Some of the issues which can be usefully discussed relate to the strength of the standing army, the expenditure being incurred on procurement of defence equipment and expenditure on research and development and inter-service allocations. A scrutiny of specifications is also necessary so as to tie up defence procurement with indigenous production and reduce our dependence on foreign sources of supply should be made.

At present, we have a volunteer standing army. Its strength is fixed by General Head Quarters, keeping in view the threat. There is a school of thought which is of the view that instead of having a standing army we should have a large reserve force, or a people's force and a small standing army. At present recruits enter the armed forces as sepoy at the age of 16 or 17 years, undergo a training of 2-3 years, and serve for a period of 14-18 years after which they are demobbed and transferred to reserves. Our non-effective budget which caters to the pension of retired defence personnel increases every year and is a heavy burden. There is some talk of a people's army but this ignores the fact that in a democratic society while in an emergency the people will on their own fight side by side with the defence forces, people's armies are generally associated with single party states and autocratic regimes while ours is a pluralistic society and a democratic multi-party system. There is need to have a second look at the present arrangement under which a Major retires at 47 years and soldiers are de-mobbed at age 35-40.

The National Assembly can discuss the expenditure of research and development and procurement of military hardware. The question of specifications can be discussed because most of these are at present tailored to or conform to what the armament industry in the West has developed, basically for its own use and after that for sale to developing countries. It is time that the defence forces had a second look at specifications so as to enable indigenous production of our defence requirements, a greater self reliance. Expenditure on Defence can lead to economic development by creation of new industry and jobs, it can be classified as productive.

All these issues can be debated in the National Assembly and the Defence Forces may find that the people's representatives may increase expenditure on research and development or on procurement of defence hardware, but they may wish to have a second look at items like clothing, accommodation, contracting and procurement procedures etc. In a democratic set-up it is essential that the National Assembly discusses the Defence

Budget in detail. This in no way will compromise the security of the country, this is a necessary corollary of the exercise Zarb-i-Momin. We have a democratic Government and let the Minister of State for Defence take the initiative and direct the Defence Ministry to provide the National Assembly details of expenditure in the defence of the country.

### **Commentary on Kashmir: Learn From the Past**

46000117B Lahore *THE NATION* in English  
9 May 90 p 2

[Article by Muzaffar Ali Syed]

[Text] A simple answer, implicit in the proverbial saying, would be in the affirmative. Any one who has ever lived a life, that is, accumulated some historical experience, could readily testify its veracity. Of course, many things happen in life and quite a few keep on happening again and again. There may even be a recurrent pattern about them. so, we can say that historical situations do occur and re-occur, depending upon the people who have to undergo them without being able to change them. Situations turn into events and events into destinies with human effort or understanding hardly coming into play for the sake of diverting or even deflecting the course of events. It is like a novice player getting beaten always on the same point which he has never learnt to avoid, much less to counter.

History, one would say, is much more complicated than a naive individual's performance. But if it should keep on repeating all the time, the situation would always remain the same. In fact, there would be no proper history left and we shall have no human sense of time. We cannot remember all the dates in a calendar. Instead, we tend to measure them against the incidents of our life-history, national or international history. Even if history be reduced to a chain of events, the individual events would be different and distinct. Admittedly, there would be a measure of similarity between certain events, as between the various battles fought at Panipat or between the I, II and III Afghan Wars. We can see a number of similarities like the locale, the temperaments of adversaries, the state of their soldieries and most of their weaponry. However, the over-all historical environment, composed of many small differences accumulated into a structure of changes since the last event, is broadly dissimilar. One of the major differences may be discerned in the human reaction to the event which must have naturally undergone some change of perception and outlook, if not of understanding, in the meantime.

These are, however, more or less animal adjustments made through an elementary instinct of survival, intent upon finding a way out of disaster by trial and error. Normally, after every set-back, a more deliberate exercise by way of learning what they call "lessons of the last war" is undertaken. That such an exercise may or may not be sufficiently honest and analytical, depends on the will and competence of the military and political leadership. But herein lies the big catch. If such a will and

competence were present, no debacle would have come about. Furthermore, if such an exercise is meant to be sufficiently analytical as well as critical, it should better not be conducted solely by a team of insiders working under the same command which is responsible for bringing the matters to such a pass. One can be reasonably sure that the post-1965 self-assessment must have been quite salutary and self-congratulatory. In any case, whatever lessons may have been learnt from 1965 could not have proved much relevant or applicable in 1971 which was fought in a radically different environment, military as well as political.

The famous aphorism of philosopher George Santayana might be pertinent here: *Those who refuse to learn from history, are condemned to repeating it.* History is human experience gained over a period of time as well as a branch of learning which subjects that experience to a methodical and analytical study. One could learn something from the earlier, as animals learn to avoid anything unpleasant or hurtful they have come to know. But that is not learning in the human sense which is capable of drawing useful lessons from something not directly experienced. We are, therefore, amenable to learning not only from our own history but also from all human history that is available for analysis and scrutiny. This may be past history of our own clime and culture or recent history that has happened anywhere in the world. Nothing is too far away, in time or space, to elicit experience from, on the intellectual as well as emotional plane.

Way back in 1975, the present writer had an opportunity to visit one of the higher defence studies institutes where international affairs or recent happening are focused upon as a kind of exercise for in-depth study. In those days, the military take-over in Chile was an important recent happening and a lot of material on that subject had already appeared in the international Press, so it was natural to ask if Chile was included among the problems under study. It was surprising, however, to be told that Chile was too far away to be of any relevant interest. Looking back, one can say that such a study may not have prevented the military take-over that was staged almost on the same pattern two years later in Pakistan, but it could have become more easily analysable and deeply understandable. In any case, here was a perfect example of refusing to learn from recent history, even when it was destined to serve as an *operational model* for a coming event of such momentous importance for the nation. A cynical view on this subject would be that the students were intentionally left in the dark so that a similar scenario could be easily staged here. The basic point, however, is the willful ignorance considered as a bliss. It is certainly helpful in bringing the noose around the neck nearer, shutting out oneself against reality.

One cannot, of course, rectify past history. Nor can a *post facto* wisdom be of much avail. The only insurance against being caught unawares is to keep on expanding the range and the depth of contemporary awareness. Let us admit that we, as a nation, are chronically prone to

alternate attacks of cynicism and bravado. Either we refuse to believe in what is obviously there or we hope to change everything to our benefit with little but our own will and determination at our disposal. The cynics amongst us, for instance, refused to believe that anything was happening in Afghanistan. They thought it was at the most a bushfire lit up by a couple of hirelings but when they saw a superpower depart from the scene, some of us started bragging as if it was our own achievement. The current reality of a highly dangerous and intensified civil war is a phenomenon that calls for a fresh assessment of the situation that seems to elude our comprehension.

Similarly, in Kashmir, India has unashfully declared in no uncertain terms that if things go too bad for them in the Valley, they would make Pakistan pay for it. Even then, the reckless amongst us would like us to have a go, regardless of consequences. The dilemma here is how to hold back a major offensive without letting the Kashmir massacre to go on. This calls for no bravado on our part and no build-up of the war-psychosis as India is currently engaged in. Let us realise, in the light of all that we have experienced since 1965, that wars are no more fought and won through bravery on the battlefield. Contemporary warfare is a complex phenomenon in which modern technology, diplomatic support and negotiations on the table play a decisive role. None of these elements can be wished into existence through rhetoric and hysteria. The public's role in all this is to let the house be kept in order, and not to force the nation's hand in some unforeseen and unwanted direction. Keeping cool and calculated, as well as intensely active in the exercise of political and moral pressure while remaining vigilant on the warfront, is far from betraying the sacred cause of Kashmir. In fact, if we let go in the heat of passion, there would be nothing more harmful for Kashmir as well as for Pakistan. We should remember that India had successfully put us on the defensive in 1965 in a way that the struggle for Kashmir could not be carried on.

This time, of course, the momentum in Kashmir is capable of gaining strength on its own, with India making all the blunders in the book. Pakistan has the opportunity to concentrate on its own defence against any retaliatory aggression which would be the gravest mistake that India could commit in the current environment of history. It is likely to prove the worst-case scenario for India and the best of opportunities for Pakistan as well as for Kashmir, if we could manage to keep our heart and head together on this momentous occasion of history.

#### Commentary Views Corruption, Accusations

46000118A Islamabad THE MUSLIM in English  
22 May 90 p 4

[Text] Mr Salman Taseer, MPA [Member of Provincial Assembly] and Deputy Opposition Leader in the Punjab Assembly has cited the report of the audit of the Punjab government's accounts by the Auditor-General in

making serious accusations of gross financial irregularities in its accounts. A test check on 25 percent of the transactions he claimed revealed audit objections covering an amount of Rs 655 million out of which Rs 392 million was apparently theft and embezzlement. If the sample of transactions is representative, then the total sum unaccounted for may be just a little under Rs 1,600 million—the figure for the province's health budget.

Unless Mr Taseer is entirely misrepresenting the findings of the audit report, these are grave charges and should be a matter of serious concern, not the least for the Punjab government itself. Admittedly the phenomenon of corruption is widespread in our society. Indeed, this has been so for many years. Practically no sphere of activity or province, for that matter, is free from its pernicious effects. Given all that, however, the sheer scale and magnitude of the sums involved in the disclosures made by Mr Taseer should make us pause. Can we afford, particularly at a time when all the indications point to an impending economic crunch, to allow such huge proportions of our already stretched resources to be misappropriated?

The Punjab government, which has frequently complained of being done out of its due share of Federal funds, owes it to the people of this province to come up with a satisfactory response to Mr Taseer's allegations. If these are groundless then this should be demonstrated beyond reasonable doubt and if necessary, the Auditor-General's office should be requested to elaborate on its report so as to leave little room for a partisan juggling of figures or deliberate misrepresentation of facts. If, on the other hand, the charges are substantiated, the Chief Minister should put political expediency aside and introduce some measure of accountability in what appears to have become an absolutely untenable situation.

Meanwhile, the ruling party, too, needs to set an example. Repeated accusations of corruption against some of its members have largely been ignored. Frequently the response has been that if there is any substance to such charges let these be proven in court. Recourse to the courts certainly remains one, but by no means the exclusive option, if the purpose of the exercise is to crack down on corruption, other avenues must be explored. The party's high command, for instance, should lay down a strict code of conduct for itself and all those subject to party discipline. When the issue is one of corruption it must demand accountability and action in a manner that is clearly seen to be non-partisan. It can then, with greater authority, insist that others follow suit.

### **Commentary Discusses Balochistan Politics**

*46000112E Lahore VIEWPOINT in English  
24 May 90 pp 16-17*

[Article by Tahir Mirza: "Plotting in Quetta"]

[Text] Quetta these days is blooming with roses, and there is a cooling breeze in the evening when you can sit out on the lawn without a fan. At such a time, you would

think, the politicians of Balochistan would be thanking God that they do not have to live and work in the sweltering heat of the plains of the Punjab and would relax in amiable harmony.

But, no, the air is full of intrigue and thick with plots and counter-plots. It is rumoured that the Balochistan Chief Minister, the redoubtable Nawab Akbar Bugti, is in trouble following the withdrawal of the Balochistan National Movement (BNM) from the ruling coalition and differences with the Jamiat Ulema-i-Islam [JUI], another coalition partner. It is said that he has threatened that he would recommend dissolution of the Provincial Assembly if his coalition partners do not behave.

### **Mengal Coming Back?**

Another theory is that Sardar Ataullah Mengal, living in self-imposed exile in London, wants to return to Pakistan and is pulling the political wires in Balochistan by remote control. The BNM consists of his supporters and it is said that he is on a stronger wicket than Mr. Bugti, who has no party of his own, his Balochistan National Alliance [BNA] largely consisting of his relatives and friends. His own nephew, Mr. Tariq Khetrani, a Minister in the Cabinet, admitted during a chat at the lovely Aga Khan-owned Serena Hotel in Quetta that Mr. Bugti would have been less susceptible to pressure from the JUI if he had had a viable party of his own.

The JUI now holds the key to Balochistan politics. It had nine members in the 45-seat Provincial Assembly, equal to those of the IJI [Islamic Jamhoori Ittehad] and the BNA, and five Ministers in the Cabinet till one of its members resigned his seat earlier this month following differences with the leadership. The JUI has two main grievances. One relates to the issue of the speakership of the Assembly. It says that initially it was agreed that the office would be given to it, but then it was entrusted to the BNM without consulting all the coalition partners, and now that the BNM has left the Government, JUI wants what it calls its rights restored. A committee has been set up representing all parties in the coalition to decide on the issue.

The JUI's second grievance relates to implementation of the 10 points on whose basis it had agreed to work with Mr. Bugti's BNA in the coalition Government. The leader of the party's parliamentary group and Senior Minister in the Cabinet, Maulvi Ismatullah, says that they are concerned primarily over two points: (a) a draft law submitted a month ago to Islamicise civil laws and the existing multiplicity of laws operating in the province, and (b) hostel accommodation to be given to university students according to merit, and not on the recommendation of any political organisation (the Jamiat's main 'bete noir' is the Balochistan Students Organisation (BSO)). Maulvi Ismatullah says that both these are included in the agreed 10 points, but Mr. Bugti is dragging his feet on implementing them. "We've written a long letter to him," the JUI Minister said, sitting cross-legged on the floor of his modest bedroom



in his official residence, "and told him that if he needs the JUI, he should act on the 10 points. The ball is now in his court. If he gives a positive reply, then we will keep on supporting him. But if we feel that Bugti Sahib wants to keep us suspended in the air, then we will decide whether to remain in Government or not. We have called a meeting of our executive for June 1, and will take a decision then."

#### Decision Postponed

Thus, at least till next month, it appears that the JUI has postponed a decision on leaving the coalition. To queries about the party's reported negotiations with the PPP, Maulvi Ismatullah said that there had been no talks on a party basis: if some individuals had talked to the PPP—which has five members and sits with Bizenjo's Pakistan National Party (four members) in the Opposition—that was another matter.

The JUI in Balochistan maintains some of the party's original anti-imperialism that, following the 1970 election, had made it a natural ally of the then NAP [National Awami Party] in both the Frontier and Balochistan. Maulvi Ismatullah says: "We've not become Ministers for bungalows and flags. We can leave at any time. We talk against the Sardars and Nawabs. If anyone has defeated the Sardars and Nawabs, it is the JUI. We defeated the Khan of Kalat and Nawab Jozezai."

The JUI draws its main support from the Pashtun belt in Balochistan and Maulvi Ismatullah claims that the Sardari system has been virtually eliminated from these areas. "Now our attention is turned toward the Baloch areas, and maybe Bugti Sahib is worried about that too."

Maulvi Ismatullah also claimed that his party was against U.S. influence. He said that the JUI was a religious party, but "we are different from others. We've an anti-imperialist character." He said he could not understand the close relationship between U.S. Ambassador Oakley and Mr. Bugti; "Sometimes the Ambassador arrives on sudden, unannounced visits, and we have asked Mr. Bugti about this."

But the 'maulviat' of the JUI remains a problem for other political elements in Balochistan. Indeed, although the party was forced to include non-intervention in Afghanistan as part of the 10-point coalition agreement, it shamelessly exploited the issue during the 1988 general elections.

#### Mahmud Achakzai

Mahmud Khan Achakzai, Chairman of the Pakhtoonkhwa Milli Awami Party with two members in the provincial assembly (one has since joined the Bugti coalition), operates out of a heavily-guarded office, approached through a rickety wooden staircase, a stone's throw away from the Quetta Press Club. He is a stout, handsome and ebullient man in his 30s who speaks fearlessly against outside interference in Afghanistan,

which he says he still considers to be his spiritual homeland. He accused the JUI of exploiting the religious feelings of the Pathans on the Afghanistan issue. "They took the Holy Quran, literally, to the people and said will you vote for this or for the Communists, meaning our party. That's how they confused the issue. But even then, the JUI, if I remember correctly, got 57,000 votes in the Pashtun areas and we got 42,000. If you add up the other anti-mullah votes, then we got more votes than the JUI."

He added: "The day the election results came in, our party proposed that the BNM, the PPP, the PNP [Pakistan National Party] and our party should form a coalition, minus Akbar Bugti, but the PPP ran after the JUI, and Mr. Bizenjo came to an agreement with the Jamali group. So that was it."

The PPP, in any case, has completely alienated itself from nationalist circles in Balochistan on the Afghanistan issue. As Mahmud Khan Achakzai said, "From where have we got the divine right to intervene everywhere—left, right and centre? We should have recognised the Saur Revolution 10 years ago. I have told the Prime Minister also—and (here the Pushtoon leader picturesquely and typically used the female gender for the ISI [Inter-Services Intelligence]) the ISI was also sitting there—that if it ever came to war with Afghanistan, we would be on the latter's side."

But you come away from Balochistan feeling that the nationalist cause has lost its militant edge. Everyone's prepared to work within the system—thanks to the sense of participation created by the initiation of a democratic, political process. Mahmud Achakzai may still talk of a "Punjabi empire," as he does with great vigour, but all politicians in Balochistan are ready to give the existing dispensation a chance. Baloch-Pushton differences too are less sharp, and some of the credit for it is given to the present provincial Government, which otherwise is accused of lack of action to solve the people's problems. But if for some reason the process gets blocked, talk of separatism and Baloch and Pushtun rights may erupt with even greater vehemence than ever before: and Khair Bux Marri, it should be remembered, sits with his followers only a few kilometres away in Afghanistan.

The other overpowering impression is that the present crisis in the province has been artificially engineered by the JUI, because the two points it has turned into a matter of prestige are not such on which coalitions are made or broken. The BNM's reason for pulling out of the coalition is simple: it felt that continued co-operation with the JUI was harming its progressive image, and there was also pressure from the BSO to stop being part of the Government when the latter was unable to deliver. Then, there is the Mengal remote-control factor, despite his protestations that he will not work against Mr Bugti.

Balochistan politics is in an interesting state of flux. If the PPP fishes too much in troubled waters in its desire

to unseat Mr. Bugti by aligning itself with the JUI, it may make the BNM and the PNP move closer to Mr Bugti. That is the PPP's dilemma.

#### Pre-budget Seminars End

The pre-budget seminars organised by the Federal Information Ministry wound to a close in Karachi last Friday.

Earlier, at Quetta the seminar there was addressed by Mr. Feroze Qaiser, Special Assistant to the Prime Minister, who had served in the same capacity during the first Bhutto Government. His subject was "Government borrowing" and the same bleak picture of the economy that was brought out in the three earlier seminars was etched in again.

Although the fiscal deficit was brought down to 7.3 percent of the GDP [gross domestic product] in 1988-89 as compared to 8.6 percent in 1987-88, borrowing was still in excess of development expenditure by about 3 percent. Revenue had almost disappeared as a source of financing development. And Mr. Feroze Qaiser too underlined the message that "we must generate sufficient revenue to meet our expenditure." He also pointed out that external financing sources were shrinking.

#### Direct Taxes

An interesting fact brought out was that 80 percent of direct taxes came from the corporate sector and 80 percent of this 80 percent from multinationals and State enterprises. Of one million income tax assesses, half belonged to the salaried class. So, if only such a small handful of individuals paid taxes and the takings were a fraction of the overall revenue collections, someone asked, why not abolish income tax on salaried people and the self-employed and thus enable trimmings in the huge Income Tax Department?

The saddest part of the Quetta seminar was Mr. Feroze Qaiser's disappointing defence of Government's inability to tax agricultural incomes—an issue fudged also by Adviser V.A. Jaffery earlier at the seminar held in Peshawar. Mr. Qaiser specially asked to be allowed to talk on agricultural tax, but what came out was a hectoring apology of the existing system. He not only repeated the usual theory that the Federal Government had no jurisdiction in the matter, but went out of his way to point out that the National Taxation Reforms Commission too had come to no definite conclusion about taxing agricultural reforms but only expressed various viewpoints.

Mr. Qaiser became almost incensed when a senior journalist asked whether the feudal domination of politics wasn't a factor in all this. The expert almost implied that this was tantamount to questioning the wisdom of the people who had voted in the MNA [Member of National Assembly] and MPA [Member of Provincial Assembly]s. How naive can the Prime Minister's advisers get, someone remarked at the conclusion of the seminar, and none of Mr. Qaiser's spoutings of Urdu poetry could

prevent the seminar from being a disaster in terms of knowledge gained or imparted. You asked him about lobbying by interested parties for particular projects that were patently uneconomic and the commissions given and taken, and he would go on to talk of how global realities were in a flux and of the need to learn from history.

#### Testy

On defence also, Mr. Qaiser was quite testy. He said that to question the need for increased defence expenditure was something that he would not even dream of commenting on—or words to that effect.

With the kind of sit-pat economic advisers that the Government has, and given the PPP's own hesitance to seriously tackle fundamental economic issues, one cannot hope for the best: one can only be prepared for the worst.

#### Editorial: 'Week of Violence'

46000112A Lahore *VIEWPOINT* in English  
24 May 90 pp 5-6

[Editorial: "Week of Violence"]

[Text] Our people have lived for a long time under the deepening shadow of fear. In large parts of the country, sudden death constantly threatens their lives: they face danger on our roads and highways, in our villages, and in the concrete jungles that we have made of our cities. In places like Hyderabad and Karachi, people are often caught in the crossfire of ethnic skirmishes, in Jhang and other Punjab towns they easily become victims of sectarian warfare, while in the NWFP [North-West Frontier Province] and Balochistan the infighting among rebel Afghan groups or their other activities take a heavy toll of Pakistani lives. Armed clashes on campuses in the main university towns have not only played havoc with the educational system but added substantially to the loss of life among students. Bomb blasts are becoming more lethal and occur more frequently; the discovery last Sunday of two bombs at Nowshehra, at least one destined for the Punjab capital, betrays the Afghan connection in the wave of terrorism witnessed in the country. Masked snipers also kill at random, and riding in jeeps and Pajeros they manage to escape the law-enforcers' tardy chase. Often the police vents its frustrated ire by turning its outdated guns on the people who come out on the streets to protest against police ineptness.

Recent years have also seen the tribe of well-armed dacoits expand and flourish, not without the help of influential persons who should be protecting their victims. The dacoits' actions are no longer confined to ordinary armed robbery; they have raised their functioning to the level of the Sicilian bandits fraternity; they now work in informal cooperatives, kidnap mostly affluent persons for high ransom, and often kill without compunction if their demands are not quickly met.

Daylight bank robberies and muggings on well-frequented streets are no longer unusual occurrences. Looting, arson and wanton destruction of property have been added to the weaponry in any sort of mad confrontation. It is also well known that a whole range of criminal activities are fuelled by the drug mafia as well as the gun-runners because their evil trades can prosper best in an atmosphere of uncertainty and insecurity.

All this has been with us for many years, but the situation seems to be getting worse—if only because it has not, as was expected, gotten any better. One reason often cited for Authority's failure to control the crime wave is the ongoing cold war between the PPP [Pakistan People's Party]—which runs Governments at the Centre and in two provinces—and the IJI [Islamic Jamhoori Ittehad] coalition which has a base in the Punjab and has done its best to destabilize the Federal Government through continuous intrigue and unending attack. There can, of course, be no doubt that lack of co-operation between the various governments has made law and order a pathetic spectacle. It has been said recently that Indian agents are creating trouble in various parts of Pakistan, in retaliation for what New Delhi claims Pakistani operatives are doing in East Punjab and the Srinagar Valley. A special effort has been undertaken to keep track of Indians who overstay in Pakistan and investigations are said to indicate that some of them could be involved in such nefarious activities, although no evidence of any sort has yet been revealed. Other observers believe that the hidden hands Government spokesmen mention frequently are not necessarily those of foreign agents, but could well be the cat's paw of elements who seem determined that democracy should not be allowed to stabilise and flourish in Pakistan. Whatever the truth, and however blame may be apportioned for the unhappy state of affairs, Government must redouble its efforts to check all manner of criminal activities and devote all its energies to the task of restoring normalcy in the country. Let it not be forgotten that prolonged insecurity of life and property leads to sharp disaffection among the people and tends to make them wayward and capable of actions that can promote further disorder and anarchy.

The last terrible week of violence should convince everyone in authority that something must be done immediately to halt Pakistan's drift towards total disarray. Apart from administrative measures, it is essential that the promised conference on Sindh be convened without further delay. Invitees to the important moot should include all important political parties and leaders in the province, whether or not they are represented in the legislatures. Further, prominent citizens and social organizations, particularly such institutions as the Edhi Trust, and the representatives of Chambers of Commerce and Industry should be invited to help the Government to evolve effective plans to bring back peace to this crucial province. Trade union representatives and student leaders should also be asked to help deal with what is Pakistan's most important national problem. It is necessary, of course, that the conference should be

representative, but it should not be allowed to become unwieldy, so that it is not treated as a platform for wild speech-making but offers a forum for honest discussion and debate on issues of vital importance.

All aspects of the situation in the country, and particularly in Sindh, should be thoroughly surveyed and remedies sought to overcome the grim problems created in recent years. Attention must be given to reform of the administration and the reorganization and strengthening of the police and other law-enforcing agencies, with a special bid to weed out corrupt elements. Nor can the effort to eliminate corruption be limited to public servants; equal if not more attention will have to be given to corruption in other sections of society, including politicians and businessmen. Particularly in the context of Sindh, and to some extent the Punjab, a special effort must be made to control and emasculate wadera-shahi, whose links with rural crime have never been any secret but have lately made a mockery of the law—particularly in cases involving kidnapping for ransom. It is absolutely essential that at the same time public opinion should be mobilised against anti-social elements of all types who are engaged in activities that make life miserable for the people in many ways and also tend to weaken the country's social fabric. Lastly, it is important to ensure that crime is not politicised and politics is not criminalised, so that Pakistan and its people can begin to move towards normalcy.

#### **Editorial Urges Center-Punjab Cooperation**

*46000110B Lahore THE NATION in English  
9 May 90 Midweek p 6*

[Editorial: "Beyond Scoring Points"]

[Text] The Punjab Chief Minister complained recently that the Federal Intelligence agencies were not cooperating with the provincial law-enforcing agencies in the suppression of terrorism in the province. According to Mian Nawaz Sharif, the ISI [Inter-Services Intelligence] and Intelligence Bureau were not providing information to the Punjab government and the Federal government had also not responded in a positive manner to his approaches for information on terrorists. A response to this complaint has promptly been made by the Centre, in the form of an open letter from the Federal Minister for Interior, Chaudhry Aitzaz Ahsan. The letter seeks to reassure the Chief Minister of the Centre's willingness to cooperate with Punjab in combating crime, and invites him to attend a meeting of the heads of all the Intelligence agencies and himself in Islamabad on the 26th. Chaudhry Aitzaz Ahsan, inviting Mian Nawaz Sharif as the Home Minister of Punjab, has stressed the importance of his personal presence at the meeting, in order that 'channels of communication' may be streamlined, and instant policy decisions taken.

Like all other issues the law and order problem has been the victim of the Centre-Punjab confrontation. As the problem reaches what can only be termed as crisis

proportions the need for cooperation between all concerned agencies and the establishment of a policy between the Centre and the provinces is manifestly essential. Even as he extends a hand of goodwill, the Interior Minister cannot, however, desist from extracting some political mileage from the situation. His references to the Farooqabad, Chiniot and Gojra incidents in the letter, sensitive issues for the Punjab government, were not entirely necessary. On the other hand the Chief Minister cannot continue to place the entire responsibility for lawlessness in his province on the

Centre, and his oblique references to why Punjab is being chosen as the location for terrorist bomb blasts, are uncalled for. Even if the publication of the Interior Minister's letter has been manoeuvred to put Mian Nawaz Sharif on the defensive, in the interest of Punjab and as practical evidence of his willingness to cooperate with the Centre, the Chief Minister should find the grace to attend the meeting in Islamabad. The situation demands that misplaced notions of personal and party honour be put aside by both parties.