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Near East & South Asia

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NKAO Official Hints at Compromise

91AS0838A Paris GAMK in Armenian 23-24 Feb 91 p 2

[Interview with Simeon Babayan, chairman of the executive committee of the oblast soviet of Nagorno-Karabakh, by B. Gevorgyan; in December 1990; place not given]

[Excerpts] The following interview with Simeon Babayan, chairman of the executive committee of Artsakh's oblast soviet, was published in the 2nd issue of ARTSHAKYAN SHABAT in December 1990. The interview was conducted by B. Gevorgyan, a correspondent of the INTERFAKS news agency.

At the conclusion of the interview, Babayan talks about the difficulty of mutual compromise over issues of "principle." Obviously, Babayan wants to remind the Soviet public and the Azeri side of the "principle" of Artsakh's right of free self-determination and respect for the inviolable human and national rights of the people of Artsakh.

[Gevorgyan] Let us begin with the most fundamental question: What is the current situation in NKAO [Nagorno-Karabakh Autonomous Oblast]?

[Babayan] It is as complex as it was in the past. The primary reason for that complexity is that we do not have a governing body—specifically, an oblast soviet of people's deputies and its executive committee—which is recognized by the center. In addition, interethnic clashes, which have recently assumed massive proportions, have not ended.

[Gevorgyan] Then who is overseeing the affairs of the oblast today?

[Babayan] One way or the other the vital affairs of the oblast are run by the oblast's executive committee, even though it is not recognized by higher organs. We have strong ties with local government bodies. Like us, many of these bodies are suspended in a state of uncertainty. As a result, we try to oversee the situation in the oblast through joint efforts. However, in these extraordinary conditions it is impossible not to deal with a real force such as the martial law command and its soldiers who have been dispatched to oversee the situation, to ensure the citizens' security, and to contribute to the normalization of the situation. [passage omitted]

[Gevorgyan] Since we are talking about the oblast committee, let me ask you this: Do you maintain any ties with it?

[Babayan] First, the oblast committee exists only in half because the other half, that is the Armenian side, does not exist. This results in an impasse: According to the decision of the USSR Supreme Soviet, a fully authorized oblast committee is needed to restore constitutional authority in the oblast, but the creation of such a committee requires a council which will represent the interests of the Armenian side. In other words, if there is

no oblast soviet there is no oblast committee, if there is no oblast committee there is no oblast soviet, and so on.

[Gevorgyan] So, what is the solution?

[Babayan] I think that there is only one solution: Moscow must recognize the powers of the oblast soviet agreed on in the 20th congress. Then we can convene a meeting of the oblast soviet where we can solve all the outstanding problems about the presence of the Armenian side in the oblast committee and holding elections. Today everyone seems to be aware that this is the only course which can lead to the restoration of legal authority in NKAO and which can reduce tensions considerably in the oblast and the region. When we were on hunger strike in Moscow, senior officials assured us that the powers of the oblast soviet would be restored soon. Unfortunately nothing has been done in that direction. [passage omitted]

[Gevorgyan] How do you interpret the [Azeri] republican oblast committee's desire to hold elections for local soviets on 16 December?

[Babayan] Only the oblast soviet is authorized to call for elections on NKAO's territory. That is the privilege of the oblast soviet alone.

[Gevorgyan] Is the next session of the oblast soviet prepared to recognize that NKAO is part of the Azerbaijan SSR?

[Babayan] I think that it is the deputies who must resolve that question.

[Gevorgyan] Will NKAO send its representatives to the Azeri parliament?

[Babayan] Let us not get ahead of developments on that issue. It is obvious that what must happen is whatever the people of Artsakh decide. I think that it is not too difficult to hear people's views.

[Gevorgyan] Do you think that the people of NKAO will move toward a compromise if negotiations on concrete issues are undertaken?

[Babayan] Yes, the time for mutual compromises has long arrived. What those compromises will be based on is another issue. I think that it would be difficult to reach a compromise on issues of principle, but points of common interest can be found on all other problems. But, I repeat, in the meantime Artsakh must have its governing body.

ArSSR Parliament Scored for Stance on Parties

91AS0838B Paris GAMK in Armenian 6 Mar 91 p 1

[Editorial: "Is the Parliament the Legislature or the Police?"]

[Text] The parliament of Armenia has promised to enact a law about the creation of political parties since its

election. The parliament was elected democratically; an election campaign was held, and candidates presented their plans.

Since its election, the parliament has been engaged in intensive work to reinstate the national state gradually and to create a new economic order. Laws are drafted and voted on.

Armenia has endorsed the path of democracy automatically abrogating the one-party system, which is the antithesis of democracy. Consequently, the country has adopted a multiparty order, and the parliament is obligated to endorse it as a system, through laws, so that it becomes part of the government structure.

This is how fundamental the issue of multipartyism is from a standpoint of democracy. Why is the parliament ill at ease when it discusses the law about parties? Why is it concerned about their control, which can only be exercised by the people who may or may not express their confidence in parties during elections?

The parliament has finally drafted the law. It appears that our deputies do not wish to acknowledge the unique situation that has been imposed on our people so far. When Armenia ached under the one-party system and the Armenian national parties were involuntarily exiled, our people were deprived of their freedoms. When the parliament drafts a law to allow the return of national parties to their motherland, it insults the dignity and the suffering of our nation. After the overthrow of a dictatorship, all exiles automatically gain the right to return. Disgraceful laws, or more correctly abuses of the law, are automatically abolished. Consequently, the right of Armenian national parties to operate in the fatherland cannot be a subject of discussion formally or otherwise.

The parliament appears to be confusing its role with the notorious responsibilities of some agencies. We are astonished by the way the parliament discussed the right of political parties to operate their own presses. After discussing the issue, our parliament, led by slogans of freedom and democracy, refused to grant the right to own presses to new parties. What principle of freedom, democracy, or morality can serve as a basis for such a decision? Such a decision can be explained and understood not by any concept of justice, but by certain intrigues.

A party is made up of individuals who have come together of their own free will. In view of the persecutions our people have suffered, our parties cannot be formed by the residents of Armenia alone. The parliament of the fatherland cannot think that way.

Furthermore, it is not clear what the parliament means by the term "new parties." If all parties will be given "new" permits, they will all become "new" parties. Then all of them must be barred from owning presses.

If "old" and "new" will be determined by dates of birth, let us open history books and read. Perhaps the parliament does not wish to engage in such "reading" and wishes to consider all parties reblossoming in the fatherland as "new parties." The motives for incorporating such enigmas in the law should be explained to avoid any speculations, because that would lead to unnecessary debates and confrontations.

When the fatherland "deprived of its will" disallowed "old" parties from staying and operating in the motherland, they continued to serve the nation in accordance with their views and principles and created their own structures compatible with their circumstances.

The parties returning to the fatherland will naturally have their main organization in Armenia but continue to operate their expatriate organs. These parties are neither old nor new; they are simply Armenian.

In free and democratic conditions, it is the parties, not the parliament, who decide whether they want to have their own presses.

We have to say with sadness that absurd laws cannot be implemented. In democratic countries, individuals or organizations would turn to a constitutional council or a supreme court to overturn such laws.

The Armenian parliament appears to have solved all of our problems and is now preoccupied with dealing in presses for parties.

Have the teachings of the KGB taken such deep roots?

ArSSR Urged To Disband Dashnak 'Impostors'
91AS0838C Paris GAMK in Armenian 8 Mar 91 p 1

[Editorial: "Fishing in Muddy Waters?"]

[Excerpts] [passage omitted] The central committee of the ARF [Armenian Revolutionary Federation] main organization in Armenia released a statement in Yerevan on 27 February 1991. The statement was read from the podium of the Armenian parliament. A periodical called DASHNAKTSUTYUN [Federation] was published in Yerevan on 25 February as the weekly of the "Soviet Armenian central committee of the HHT [Armenian initials of the ARF]" by "a self-proclaimed organization which has no relation with the organization of the ARF."

It is strange, to say the least, that this confusion, which has been going on for two years, persists. The ARF central committee in Armenia protested and said that "people operating from 48 Mashtots Avenue are not in any way related to our party." The president of the parliament, Levon Ter Petrosyan, declared that "the government will examine the declaration of the ARF central committee in Armenia and will determine whether the said publication has been registered."

We await the outcome of that investigation. We also expect measures to be taken after the investigation to end this exploitation of reputation and authority. We do not believe that such a blatant subversion can be "innocent." It would be desirable if after the investigation (of not just the registration of the publication) Armenia's authorities would disclose the identities of the people who stand behind this self-proclaimed fraudulent organization which has embarked on "misleading" the people of the fatherland and the diaspora.

This is neither the first time nor the last that opportunists have used and will use the ideas, slogans, name, and history of the Dashnak party to build personal authority or simply for mischief. [passage omitted]

Sometimes we should call a spade a spade without desiring to open up unnecessary debate so that the people are not misled.

So that the subverters and the greedy are seen in their true colors.

ArSSR Groups Dissolve, Join Dashnak Party

9IAS0838D Paris GAMK in Armenian 22 Mar 91 p 1

[Text]

Declaration

The National Independence Party of Armenia [NIPA] was formed and worked on the basis of the program of the Armenian Revolutionary Federation [ARF]. One of our primary goals has been to contribute to the rebirth of the national party in Armenia. On 8 August 1990, the ARF announced its organizational presence in the Armenian Republic. Since then, the party has held its first regional congress and elected a central committee. The "representatives" of the party's political bureau are Ruben Hovsepian and Hrayr Karapetyan. Today, with its clear organizational structure, the Dashnak Party participates in the overcoming of the difficult problems looming before the fatherland. In these conditions, in order to avoid parallel activities and to join forces, and considering that one of our goals was the reinstatement of the ARF in Armenia, NIPA declares the dissolution of its organization and calls upon its members to become members of the ARF organization in Armenia.

[Signed] Central Committee of NIPA, 16 March 1991.

Declaration

Considering that the ARF has reestablished its organizational presence in Armenia after many years of exile and that one of the political goals of the ARF is the reunification of Artsakh with the motherland and based on our declared principles of serving the Armenian cause without reservation and national unity, the "Unification" Association, whose activities were for many years aimed at the just resolution of the Artsakh cause, declares the dissolution of its organization and calls on

its members to join the ARF organization in Armenia by applying to Yerevan, Miyasnikyan 2.

[Signed] Council of the "Unification" Association, 16 March 1991.

TESUTYUN, Yerevan Monthly on World Press

*9IAS0723A Paris HARATCH in Armenian
13 Feb 91 p 2*

[Article by Arpi Totoyan: "TESUTYUN: A New Name"]

[Excerpts] Having overcome the intoxication of the glasnost era, the Soviet Armenian press has evidently been on a course of normalization in the last few months. Despite shortages of paper, the press scene was flooded from the outset by a considerably colorful and diverse array of publications dominated largely by political titles. Today, that trend has noticeably subsided. Some papers appear very rarely or have stopped publishing. Others have changed their original course, trying to adapt to the demands of the times and trends in order to remain self-sufficient.

A new title entered this general picture in November when the first issue of the monthly TESUTYUN [Survey] appeared. At first glance, the new monthly marks an important milestone in Soviet Armenia's crowded press field of the last two years. Until now, the titles that at least we were aware of were confined to Armenian affairs in terms of their background and focus. TESUTYUN has chosen to expand the limits of that focus. [passage omitted]

TESUTYUN was founded by individuals who share the disposition to stray away from the conventional. Probably not all these individuals are named in the editorial board which is made up of A. Abrahamyan (publishing manager), N. Habughyants, N. Mkrtchyan, Ts. Ghandilyan, G. Arutyunyan and Kh. Ghahramanyan. There is no mention anywhere that the magazine is published by an organization or association, suggesting that this is a private venture.

TESUTYUN takes to Armenia's readers pages from the international press. Indeed the paper is subtitled "World Press." In a letter on the first page, the editorial board explains the motivations for their venture as follows: "We believe that knowing the world's reaction to the developments in Armenia (in which we include the territory of Artsakh) helps us not only to unite but also to formulate a realistic platform of action."

Having thus stated its objective, TESUTYUN offers a diverse anthology from the world press in 16 pages. The articles selected come from Diaspora Armenian, Turkish, British, American, Russian, French, and Norwegian publications suggesting that the magazine has an extensive network of monitors and translators. [passage omitted]

REGIONAL AFFAIRS

Gulf Bank Losses, Impact of War Described

91AE0294A London AL-SHARQ AL-AWSAT in Arabic
6 Mar 91 p 10

[Article by Rashid Hasan]

[Text] London—The International Gulf Bank [IGB] yesterday announced the second largest loss in its history, which totaled, according to a statement distributed yesterday by its administration, \$422.4 million for 1990. At the same time, the bank announced the entry of the Gulf Investment Organization [GIO] into the bank by means of the Organization's coverage of the entire capital increase, which totaled \$450 million. The statement distributed by the bank also disclosed a decrease of about one third in IGB's total assets and a 30-percent decrease in its loans portfolio compared to 1989. The IGB is owned equally by the six Gulf Cooperation Council [GCC] countries in addition to Iraq. Last year, the IGB announced a huge loss of \$692 million, after allocating large provisions to cover the risks of Third World debts. That means that its overall loss in the past two years now totals \$1.115 billion.

It seems clear from the bank's statement that the Gulf crisis and the need for full coverage of the losses expected in the debts portfolio of a number of countries, especially Iraq's debt portfolio, required the formation of new provisions. Although bank sources have not clarified the details of these debts, it is believed that Iraqi debts owed to the IGB are considered relatively large.

According to the IGB's statement, total assets dropped from \$9.8 billion in 1989 to about \$6.5 billion in 1990, because of the bank's need to liquidate a large share of its assets during the first weeks of the Gulf crisis to fulfill its obligations to banks that had withdrawn their facilities or called them in before their maturity. These same measures were reflected in a decline of the loans portfolio from \$5.1 billion to \$3.5 billion during the same period. Deposits also dropped from \$8.7 billion in 1989 to \$5.3 billion at the end of 1990.

The statement issued yesterday by the bank also states that the bank's net operating profits increased, despite the crisis, by 31 percent to \$42.6 million, and that operating expenditures also increased to \$57.9 million (compared to \$53.1 million in 1989) due to the settlement of the positions of employees whose services were dispensed with in the middle of last January.

The statement quoted the bank's general manager, Ghazi 'Abd-al-Jawwad, as saying "I am completely satisfied with the type of assets retained by the bank after the formation of large provisions this year and in previous years."

The IGB was in urgent need of a new increase in its capital in view of the losses that it announced after the allocation of \$465 million for potentially nonperforming

loans in excess of total shareholders' rights, which totaled about \$392.5 million at the end of 1989. The second, new increase in the bank's capital, which totaled \$450 million, led to the coverage of the gap and the reformation of capital within the framework of \$420.5 million at the end of 1990. It is believed that one of the indirect results of the increase in the bank's capital through this method is the divestiture of Iraq of its ownership in view of the fact that the net increase in capital, after subtracting the loss, came entirely from the GIO, which is owned by the GCC countries, Iraq not being a party in it.

The GIO's subscription to the entire increase attracted attention, because it meant that the organization had acquired, practically speaking, the IGB. This is corroborated by information published by AL-SHARQ AL-AWSAT two months ago, which confirms the existence of negotiations aimed at a merger of the two organizations as a means to solve the IGB's chronic problem and to redirect its activities from international markets to Gulf markets.

Information was frequently heard to the effect that the GIO was not enthusiastic about the merger, because the merger would compel it—a profitable organization free of any potentially nonperforming loans—to assume the burdens of floating the IGB. However, deliberations held since then among the GCC countries apparently led to the conclusion that a merger is the most appropriate solution.

It seems that the GIO and its chairman, Dr. Khalid al-Fayiz, were hesitant to accept the merger formulation based on al-Fayiz's apprehension regarding the size of the share required of GIO, which actually equals its total paid capital. Although the rights of GIO shareholders had increased over the years to nearly \$700 million due to the recycling of profits, the capital that the organization will retain after the completion of the floatation of IGB will not be sufficient for it to undertake the role with which it was commissioned when it was founded in 1983, which is to be the GCC countries' investment arm. The GIO's goal was determined at that time as investment in non-oil projects and different financial instruments.

It had been hoped that the GIO would play an effective role in stimulating Gulf investment in profitable production programs. However, Dr. al-Fayiz indicated, on subsequent occasions, that the organization faced some difficulty in finding suitable investment projects, which compelled it, in time, to invest a relatively minor portion of its assets in Gulf projects and to keep most of its return-yielding investments in the form of liquid assets in bonds, bank deposits, and securities. The organization's assets at the end of 1989 totalled about \$1.94 billion.

In light of the preceding, in the coming period, the IGB and the GIO will have to redefine their respective roles following the salvage merger deal.

The GIO, which will apparently continue to operate according to its articles of association, must reexamine areas that remain open to it as an investment organization following the reduction of its sources. It will also have to seek means to mobilize maximum sources, especially inasmuch as it now stands on the threshold of a probable period of economic recovery and reconstruction in the Gulf.

In addition, the IGB, which is facing a region saturated with strong, local banks supported by a firm, extensive clientele, will inevitably require more than the recent floatation operation to clearly see the way to the future. After this bank reduced its international presence in order to retreat to the Gulf region, it should primarily be on guard against increasing its reliance on foreign banks operating abroad to facilitate its operations and banking services.

PALESTINIAN AFFAIRS

Democratic Reform Within PLO Discussed

91AE0313A Jerusalem AL-NAHAR in Arabic
8 Mar 91 p 6

[Article by Tawfiq Abu-Bakr: "On the Occasion of 40-day Anniversary of Salah Khalaf's Departure: Abu-Iyad and Issues of Democratic Reform Within PLO;" Article Published Originally in Jordan's AL-DUSTUR]

[Text] On occasion of the 40-day anniversary of Salah Khalaf's departure—an anniversary whose celebration has been obstructed by the war—we have to discuss an issue for which the man worked for a long time, namely the issue of democratic reform within the PLO.

This is justifiable and understandable. Every now and then every nationalist movement has to take a soul-searching pause in order to evaluate progress, determine and develop the positive, weed out the negative so as to eliminate or reduce its influence, and move forward to a broader phase with better momentum. If such a pause is required by any nationalist movement, then it is more urgently required in the Palestinian arena on which others use the differences and tribal political conflicts among the Arabs, exploiting to the maximum the conditions of the Palestinians in the diaspora and the presence of Palestinian communities in their countries. These communities are subject to their laws, and, using both inducement and intimidation, they control the livelihood of these communities' members.

However, despite these objective circumstances which dictate that pressure be exerted for reform and reexamination within the PLO's legitimate frameworks, this issue has surfaced publicly, been gaining great momentum, and become an ever-growing popular demand ever since the exodus from Beirut in 1982. This demand, however, has been growing by varying degrees in the past nine years. The exodus from Beirut was the beginning of a new phase of Palestinian action under

new circumstances and under conditions that are fundamentally different from those prevailing under the state of al-Fakihani.

Salah Khalaf took the baton from the every start because he had the unique ability to know the masses' priorities and to feel the pulse of the ordinary Palestinian with rarely matched intelligence and acumen. Throughout the past period, he was the knight demanding reform and change and the one who believed in putting the right man in the right place and removing the corrupt figures who should have been removed long ago. He did this within the legitimate framework of the PLO and Fatah. He did it in the national and central councils and in press interviews and large-scale mass meetings. But he made a distinction between what should be said internally and what should be said in open meetings because there is something proper to be said for each situation.

I have consulted the archives and found that these issues are prominent in all the interviews that Abu-Iyad gave in recent years. I have also found that they are prominent in his debates at the various PNC [Palestine National Council] sessions.

In the first PNC session after the exodus from Beirut, held in early 1983, the man talked with a great sense of responsibility about the need to take a pause to reexamine the preceding phase with all its political and organizational pros and cons and all its symbols, including a review of the Beirut battle itself to find out whether it had been managed successfully and whether better results could have been accomplished if it had been better managed. But the man's cry and the cries of other brave men in that council—cries which should have created a responsible historic soul-searching pause in every sense of the word—passed unnoticed. What is more, a number of symbols of corruption were rewarded by that council when they were given membership in that PNC session!

The outcome was, as Abu-Iyad said in a conversation I had with him afterward, that the split which developed in Fatah a few months later found the right climate because there had been no review and because nobody had been brought to account. That split exploited the internal conditions and the popular Palestinian conditions which were amenable to its slogans.

Now that a quarter century has passed, doesn't one think that the Palestinian condition requires a form of Palestinian perestroika derived from our special circumstances and befitting our conditions and needs, without our emulating or repeating anybody's experiment, especially since this kind of historic opportunity does not recur easily? Doesn't the issue require purging the Palestinian institutions of the corrupt few who offend the struggle of the majority of honest and loyal men in all institutions, factions, and offices?

These are sound slogans that demand change and accountability after all the battles the Palestinian revolution has waged. Had there been a review within the

PNC, no split would have developed within Fatah, the dissidents would not have found a background on which to rely, and they would not have been able to attract this number of good elements (the words are Abu-Iyad's).

Even though the issue of national unity was the main concern on everybody's mind in the PNC that convened in Amman (November 1984), because that council met in the absence of a number of major Palestinian organizations, Abu-Iyad, who spoke in Fatah's name, found for the first time that he could not ignore the issue of democratic reform. In his address, he stressed the need to apply the principle of "where did you get it" to all leaders and officials of the PLO and its institutions. I attended that council. Abu-Iyad's cry for accountability reverberated in every home and every place I visited in Amman. Of course, the man's cry went unheeded for many reasons.

Within the context of the dialogue and in the testimonials on a quarter century of the PLO's modern march—dialogue and testimonials published in a number of Arab papers—I packed up my suitcases and headed for Tunisia's capital last June to get the testimony of the man who (had accompanied?) the march since its early beginnings.

Abu-Iyad said: I will answer your questions on this important issue after we have had our dinner. We were alone at his residence in Tunis. Abu-Muhammad al-'Umari attended parts of the interview because he was preparing a light dinner for us. Unlike other residences, there were no servants and no retinue in this residence. After dinner, Abu-Iyad began his answers, saying:

Far from the voices that constantly try to distort the PLO image by exploiting some mistakes, I beg you to cite me for the following observations:

1. It would be a shame for a leader like me, who has been at the top of national responsibility for years, to complain, because when a leader becomes a source of complaints, there is a major problem.
2. We have been afflicted with the same malady afflicting some of the parties that ruled in the socialist countries and whose collapse has been no surprise. That is, the malady of appointing officials to various positions of responsibility in political and party institutions based on loyalty rather than capability. They have paid a dear price for this practice, and we have seen the problem and the tragedy with our own eyes.

If we examine carefully the developments that have occurred in the socialist countries, we will notice that corruption reached the very top because there was no accountability and because the undeserving rose to the top or surrounded those who were at the top and gave them the impression that matters were moving as well as could be.

Capability has to be established as a means for reform and for putting the right man in the right place. One does

not need a magnifying glass to see some of the forms of corruption in the Palestinian arena. In the major arenas, there are some symbols of Palestinian action who display manifestations of abundance and wealth beyond any logic to the cause. These are problems about which everyone talks, and we should not deceive ourselves by claiming otherwise.

If we do not learn from life and from the experiences of others, we will pay the price. True, it is impossible to stage Palestinian demonstrations to demand the removal of the corrupt because we are scattered and because we do not live on our soil. But what if the Palestinians march one day and remove these corrupt individuals in more than one Arab arena, the Palestinian leadership will have to show self-respect and resign immediately.

I asked Abu-Iyad: Who is responsible for this condition? In his final interview on this strategic issue, he talked comprehensively, frankly, and sternly, saying:

We are all responsible. I exclude nobody. Such corrupt manifestations exist in all the factions, each according to its size. The very important point is that all these corrupt individuals constitute a small number and, if overthrown, would bring about a total change in the image of the Palestinian condition. The main body of the revolution is not immersed in corruption. This being the case, why wait, hesitate, and deliberate? I do not understand the justifications for what is happening, nor the justifications for waiting and deliberating. At the time, the campaign demanding change was at its peak in the PLO institutions. A limited response was given to those demands by moving and transferring some Palestinian ambassadors throughout the world.

I asked Abu-Iyad if that constituted a good start for the desired reform. He responded with unexpected vehemence:

"I want to understand why a failed ambassador has been moved from the country in which he has failed to another country to practice the same failure and to cause the same damage that has brought about his transfer in the first place? Why don't we terminate the services of some of these people who were not born to be ambassadors? Why don't we promote from among the ranks of our people, who abound with thousands of intellectuals and sincere patriots, those who are fit to be successful ambassadors? Why shouldn't justice take its course in connection with those against whom definite cases can be made?"

Abu-Iyad added: "The entire world around us is changing. The leadership's dictatorship is absolutely unacceptable. All the dictatorial leaders in the socialist countries have failed despite the means of suppression at their disposal. Ex-GDR President Honecker cannot find a house in which to live. The church has found him a house but it refuses to pay its rent. Isn't this a lesson to be learned?"

Salah Khalaf was the first to respond to the memorandum submitted to the Palestinian leadership by more than 100 Palestinian national figures in Kuwait which demanded that the PNC members be elected directly by the Palestinian populations where such elections are possible, as a first important and major step in reforming the conditions in the legitimate constitutional institutions. He defended the demand in internal circles and in open statements. When I asked Khalaf for his opinion on the issue, he responded:

The first step in reform is to blow up the PNC as it currently exists because it is no more than a carnival. There has to be a real PNC that represents the Palestinian people at home and abroad. I support without reservation your call for the direct election of the council members.

This is Salah Khalaf's vision of the issues of the democratic reform needed in PLO institutions and the perils that disregarding these urgent and immediate needs would pose to the Palestinian condition, its future, and its strategic horizons. This vision encompasses important ideas that merit review and that deserve to act as the guide for all the democrats in the Palestinian arena.

Hawatimah, 'Abd-Rabbu Split in DFLP Analyzed

*91AE0349B London AL-SHARQ AL-AWSAT in Arabic
5 Apr 91 pp 1, 4*

[Article by Zaki Shihab: "Public Split in the Democratic Front; Hawatimah, 'Abd-Rabbu Make Decisions Removing Each Other from Office"]

[Text] A split in the Democratic Front for the Liberation of Palestine, [DFLP], which is led by Nayif Hawatimah, its secretary general, occurred yesterday. It followed the release of a statement in Tunisia that was signed on behalf of the DFLP's Central Committee. The statement announced that Mr. Yasir 'Abd-Rabbu, the front's assistant secretary general, was being asked to carry out the functions of the secretary general and to perform those functions until the front's third conference is held in the middle of this year.

At a later date yesterday afternoon, the pro-Hawatimah faction distributed a statement, signed by the Political Office, accusing 'Abd-Rabbu of being the leader of a splinter group for 30 months. The statement charged that this splinter group had rebelled against the front's lawful organizations and had declared its official split with the front on 16 January 1991.

The statement added, "All efforts which have been made to bring this group back to the ranks of the front failed to dissuade it from its illegal, rift-provoking conduct which is damaging to Palestinian national unity."

A spokesman for the Political Office said that the DFLP's Central Committee had therefore decided to remove 'Abd-Rabbu from his position as assistant secretary general of the front and to relieve him of all his

duties. The spokesman said that Mr. 'Abd-Rabbu would no longer represent the front on the Executive Committee.

Mr. 'Abd-Rabbu had chaired the Palestinian delegation which was engaged in talks with the United States for the past two years. Mr. Yasir 'Abd-Rabbu, who also serves as a member of the PLO's Executive Committee, described the developments which the front is experiencing as grave. In a statement to AL-SHARQ AL-AWSAT he said that the entire matter will be brought up when the Central Palestinian Council holds its meetings in Tunisia on the 21st of this month.

Mr. 'Abd-Rabbu affirmed that the faction which is supporting him agreed to mediation plans to repair the rift with the pro-Hawatimah faction. They agreed that the problem would be presented to the front's lawful bodies where it would be discussed so that a solution could be found.

Informed Palestinian circles revealed that different Palestinians were engaged in intense communications last week. They revealed that Dr. George Habash, the secretary general of the PFLP; Yasir 'Arafat; and Sulayman al-Najab, leader of the communist party, were also involved in these communications which promise that a solution to the growing crisis inside the DFLP will be reached soon.

These Palestinian circles say that the statement which was distributed in Tunisia the day before yesterday, after Nayif Hawatimah's departure, called for the replacement of DFLP representatives in Palestinian organizations and committees. The statement called for the replacement of Yasir 'Abd-Rabbu on the Executive Committee and on the Central Council by Taysir Khalid and Salih Ra'fat, respectively, and it called for the replacement of Mamduh Nufal on the Supreme Military Council and on the Supreme Committee for the Occupied Homeland by Abu-Adham and by Ahmad al-Jamal, respectively. The statement was a shattering blow to all the efforts which were made to mend the rift.

Neutral parties believe that the dispute between the two factions has reached the point of no return. In practice the disputes have been exacerbated, and each faction is engaged in its own functions apart from the other.

Attempts to solve these problems were made in the past in that same organization, but none of them succeeded. Meetings were held in Damascus, Tunisia, and Algeria for that purpose but all these meetings failed.

'Abd-Rabbu's followers accuse Hawatimah of taking the position he did take in advance and proceeding with his policy which led to the present situation after one week of contacts which were made by mediators on both sides. They cite as evidence the statements which were distributed in Tunisia the day before yesterday. These statements were dated the 10th of last month.

The position which 'Abd-Rabbu's followers took regarding the PLO's position and its views on the peace process when the 19th Palestine National Council was in session in Algeria late in 1988 was considered different from that which is supported by Hawatimah.

A dispute had also emerged over the organization's identity and policy. It had to do with whether the organization was Palestinian-Jordanian with matters of interest to it on the Jordanian and Palestinian scenes, or whether it was strictly a Palestinian organization.

'Abd-Rabbu's followers say that Jordanians have enough organizations. They say, "We must concentrate our activity on Palestinian action."

Judicial Palestinian agencies find it unlikely that the composition of the present Executive Committee will be reconsidered before the Palestine National Council meets in a new session. This is because appointments to the Executive Committee are made when the PNC is in session.

EGYPT

Minister Calls for Closer Arab-West Relations

91AA0529A London AL-HAYAH in Arabic
19 Mar 91 p 3

[Interview with Dr. Butrus Ghali, minister of state for foreign affairs, by Fatimah Diyab in Cairo; date not given: "Butrus Ghali Calls for Broad Arab Coalition To Manage Relations of Close Cooperation With West"]

[Text] Egypt's minister of state for foreign affairs, Dr. Butrus Ghali, has called for the creation of a broad, independent Arab coalition operating in a flexible framework and responsive to the forces of innovation and development, so as to be constantly in step with international changes. It would establish a relation of close cooperation with the West that would realize the interest of both the Arabs and the West.

In an interview with AL-HAYAH, Ghali expressed his hope that Israel would not follow its customary methods of procrastinating and delaying an end to the Arab-Israeli conflict, which has its foundation in the Palestinian issue.

He expressed his belief that the legal connection between the Gulf crisis and the Palestinian issue has become clear, because there is nearly complete similarity between the legal principles on which the two issues rest. During the Gulf crisis, Egypt rejected political linkage between the two, so that the Iraqi regime could not exploit the Palestinian issue to gain the sympathy of some sectors of the Egyptian street.

Here is the text of the conversation that AL-HAYAH had with the Egyptian minister of state for foreign affairs.

[Diyab] In his recent speech, President Husni Mubarak proclaimed the need for Arab solidarity and reconciliation. What would be the form of this mutual linkage under a new Arab security system?

[Ghali] President Mubarak's speech on 3 March was a fervent national appeal to all Arab peoples to spur them to confront bravely the enormous responsibilities that the Gulf crisis has precipitated. The speech concentrated on the need for us to avoid following the methods of retribution, vengeance, or settling scores. We have wasted enough time and fruitlessly scattered our energy in disagreements among ourselves. The speech called for greater efforts to mend the split, so as to overcome the profound crisis of confidence that Iraq's invasion of a brother country instilled in our minds. President Mubarak implored each Arab state to announce its vision of pan-Arab and national goals without delay and to define the means it thinks best to realize these goals. He said that more intensive efforts were necessary to settle smoldering disputes between all the Arab states, especially border disputes, even if this demands the creation of new mechanisms that we can rely on to confront the crises that emerge from time to time and disturb Arab relations. In his speech, the president concentrated on two issues that are difficult to disentangle from each other: security and development. They are two sides of a single coin; one cannot deal with one without the other. He made it clear that this will not be achieved without proposing collective ideas and without continual consultations, for the future of the region as a whole depends on our success in formulating a vision that is complete, harmonious, and balanced in its dimensions.

The speech implored the Arab states to make the greatest possible effort to settle the Arab-Israeli conflict. As long as this conflict remains pending, peace and security will not be established in the region.

These are the features of the path that President Mubarak laid out in his recent speech—features that represent the pillars of the new Arab security order that we all are striving to build in order to see a better tomorrow. The destiny of the entire region may depend on the extent of our response to the ideas contained in this speech.

[Diyab] Have Arab conditions now given Egypt a greater role than the one it previously played in the Arab world?

[Ghali] Egypt's leading role has not been acquired as a result of current Arab conditions, but has existed throughout the years. Current conditions have only revealed the extent of the Arab region's pressing need for this role. From the beginning, Egypt chose to side completely with Arab and international legitimacy. Egypt did not stint in sending her sons to participate in the Gulf war. Egypt's diplomatic efforts before, during, and after the outbreak of the Gulf crisis need no mention. This is Egypt's fate and destiny: whenever the

region's tribulation grows heavy, the responsibility that Egypt takes upon her shoulders becomes great.

I would like to add that the role of a "foundation" or "leading" state is not a written bond with history or an eternal covenant that Egypt has concluded with time. Rather, it depends on the extent to which Egypt can respond to the challenges that the region faces.

[Diyab] What is your comment on the proposition that the goals of the West, especially America, were not to liberate Kuwait, but extended beyond that to many interests, especially regarding oil wells?

[Ghali] I always prefer to follow the realistic method in analyzing international policy positions. Let us free ourselves from an overly idealistic, unworldly view, and concentrate on the realistic, tangible facts. If we grant that policy is the art of arriving at the possible, that the possible is the maximum amount of self-interest, and that military confrontation is only a tool of policy, it will be clear to us that if the liberation of Kuwait had not involved the realization of a self-interest of the West, the awesome war machine would not have moved with such a tremendous amount of mobilization and concentration. As everyone knows, the West depends fundamentally on the region's oil. Furthermore, it is no secret that the West wants to preserve the delicate balances existing within the region and outside of it—i.e., with the geographically contiguous countries. Iraq's invasion and forcible annexation of Kuwait therefore came as an open challenge not only to the West's interests in the region, but to the new international order that is beginning to form. The West therefore moved to defend its interests, as embodied in the necessity of a withdrawal of Iraqi forces, the liberation of Kuwait, and the return of conditions to what they were before 2 August 1990.

I would like to make a very important comment. The main pillar that supported the West's position regarding the Gulf crisis was not the West's reliance on its military arsenal, but its concern for reliance on genuine legal principles and established international laws. As a result, its move enjoyed complete international legitimacy, as represented by an unprecedented international consensus. The new international climate for the first time permitted the force of the law to lead the law of force. Perhaps this precedent announces the dawn of a new age that will witness an elevation of the values of law and justice. How we Arabs need to shape this new international reality and use it to arrive at a just settlement of many of our problems! Certainly, the Palestinian problem comes at the forefront of these.

[Diyab] Some say that the relation between the Arabs and the West will change completely after the Gulf crisis: our subservience to the West will increase, the strength of Arab pressure will weaken, and the West will impose its will on us. What is your comment? What are the features of the new picture [of relations] between the West and the Arabs?

[Ghali] First allow me to object to the term "subservience" in your question. The expression takes us back to the decades of the fifties and sixties that witnessed the most violent battles of militancy and struggle and the liberation from relations of colonialism and "subservience." Alert peoples whose history overflows with battles in the struggle for freedom and independence reject any backward movement of the wheel of history. I can declare that the lexicon of current international relations has long since closed the page of colonialism and subservience. This fact will doubtlessly become even more firmly established now that the cold war has ended. The view of future Arab-Western relations must therefore be founded primarily on the historical background of this region.

I would add that the pattern of relations between the Arabs and the West will be defined by the meeting point of interests common to the two sides. The region's sensitivity for the West cannot be disregarded in any future security arrangements, either in terms of the West's great reliance on the region's oil wells, the region's strategic interest, or its containing a latent source of conflict which, if it exploded, could directly damage the West's interests. Therefore, if we want our words to be heard and our opinion heeded as regards our position on the new international political map, we must prove—first to ourselves and then to others—that we are capable of defending ourselves by ourselves. We must begin to build a new Arab security system that allows us to work with the West through a broad, independent Arab coalition operating in a flexible framework and moved by the mechanism of innovation and development, so as to be constantly in step with the latest international changes. Only then will we be able to describe Arab-Western relations as relations of close cooperation based on foundations of mutual responsibility or mutual reliance in a manner that realizes the interest of both sides.

[Diyab] How will our relation with Israel look after the end of the Gulf crisis, especially since there has still not been a solution to the Palestinian crisis?

[Ghali] There is no doubt that the success of the war to liberate Kuwait in achieving its goals will make the coming period witness intensive diplomatic moves to settle the Palestinian issue—the region's hottest source of danger. Surely the region will never witness stable conditions or the real establishment of peace as long as the Arab-Israeli conflict continues to burn and the Palestinian issue is pending. It is self-evident that our relation with Israel will be shaped by Israel's response to efforts at settling the situation. If Israel during the Gulf war received a certain amount of international sympathy represented by the flow of military aid and material help to her, we hope that this serious difficulty will not prevent the achievement of positive results relative to the Palestinian problem. Egypt's rejection during the crisis of political linkage between the Gulf crisis and the Palestinian issue was logical, given Iraq's exploitation of the issue to gain the sympathy and support of some

sectors of the Arab street. But now that the Gulf war has ended, the legal connection between the two issues can be clearly seen, especially if we look at the nearly complete similarity of the legal bases on which the two issues rest.

I would like to make another comment in the hope that Israel will not continue to follow its customary methods of procrastination and delay. One can see that the Gulf crisis was the first crisis to be confronted by the new international order that is beginning to form after the end of the cold war. I can say that this order will not allow the precipitation of a new crisis like the Gulf crisis because of the direct threat that this represents. This may put pressure on Israel to defuse this time bomb, especially since the Gulf crisis revived the effectiveness of the internal organization, the principles of international law, and the new international legitimacy.

[Diyab] What is the state of Egyptian-Sudanese relations, particularly since we occasionally find a wide gap between the two governments?

[Ghali] The relation between Egypt and the Sudan is an eternal and strong bond. Both the permanent facts of geography and the changing events of history bear witness to it. One cannot forget that the Sudan's national security is an inseparable part of Egypt's national security. The development of relations between the two countries has proved that no matter how different the viewpoints or conflicting the positions that each of the governments adopts, the flow of events always proves that the disagreements are always unessential. Before long, the Sudan returns to Egypt, its older sister, to begin a new page of sisterhood and friendship.

[Diyab] You recently attended meetings of the non-aligned countries. Might we learn the extent of the importance of this movement now and its influence on current problems? Why have we not heard about pressure by this movement regarding the common problems of its countries?

[Ghali] The meeting of the nonaligned group that I attended on 11 and 12 February in Belgrade was a meeting at the foreign minister level and included 16 of the countries of the group. The work of the meeting was directed toward discussing a single subject, the war to liberate Kuwait, which was going on at the time. I must point out that the nonaligned movement, since it emerged in the early sixties, has never flagged in its efforts to embark on discussion of any international conflict or world problem that might have adverse repercussions on international peace and security. Many questions may perhaps have been raised about the nature of the movement today, especially now that the cold war has ended and the curtain has fallen on the problems of eliminating colonialism—the two main issues for the movement. However, I can say that the movement originated primarily to speak in the name of the countries of the entire Third World, whatever changes befall the pattern of international relations. Yes, the problems

of the Third World in the sixties were different from its problems on the threshold of the 21st century; but the Third World still exists, and its problems are still smoldering. Thus the movement still has justification for continued existence.

Minister of Supply Interviewed on Consumer Commodities

91AA0273B Cairo AL-AHRAM in Arabic 16 Mar 91 p 3

[Interview with Galal Abu-al-Dahab, the minister of supply and internal trade, by 'Izzat al-Sa'dani, place and date not given]

[Text] God created the Egyptian, and with him, his "concern for his belly."

The expression is not mine. It is that of Asnat, the wife of Joseph, God's prophet, may peace be upon him. Joseph married Asnat, whose name appears in the Torah, when he was in charge of Egypt's granaries. During that period, the Egyptians tasted the bitterness of seven years of famine, after the Nile's waters had dried up, until they were saved by the wisdom of Joseph, who had filled the granaries with wheat and barley to cover the famine years. Whoever contemplates the words of the wife of God's prophet, which were discovered on her house in 'Ayn Shams by Egyptologist Dr. 'Abd-al-'Aziz Salih, would find them to be a prophecy that has been realized ever since God created Egypt and settled Egyptians in it. Throughout Egyptian civilization—which is as old as all of human civilization, inasmuch as the Egyptians were the first to farm, write, build houses, and recognize God—the Egyptian has pursued, above the tales of his concerns for culture and enlightenment, his "concern for his belly." He has done so to escape the lean years through which he has passed, when nothing grew, there was no water, and nothing was planted to provide for the barest subsistence and to quiet the growling in his and his children's stomachs!

The Egyptian has pursued his concern for his stomach to this very day, more and more voraciously. Before the common era, Egypt was Rome's wheat farm. The kings of Europe sent messages of propitiation to the kings of Egypt, as did King Philip of Macedonia, the father of Alexander the Great, in his letter, in which he hopes for the speedy dispatch of Egyptian ships bearing wheat, lest his people die of hunger. However, it is now Egypt that must wait for foreign wheat boats, which bring us about 6 million tons of wheat and flour per year, for which we pay \$10 million in cash daily!

The supply minister traveled to Australia, bringing boats of wheat, after we became incapable of feeding Egyptian mouths, which increase, praised be the Lord, by one million each year, whereas our own wheat production does not exceed 20 percent of what we need!

With the start of the great fasting month, which will begin tomorrow God willing, appetites are increasing and mouths are watering, even though Ramadan is a

month for fasting, worship, abstinence, and the glorification of God. This is increasing the government's concerns considerably regarding the provision of the needs for the Ramadan table, which is filled with the best meat, the freshest fish, the most appetizing chicken, the best rice, the sweetest sugar, the highest grade flour for the choicest kanafa [vermicelli baked in sugar, melted butter, and honey] and qatayif [small pancakes stuffed with nuts or other sweet filling fried and moistened with syrup and honey], and the most delicious nuts and dried fruit, which cost us, with compassion, about 250 million Egyptian pounds each Ramadan—entertainment needs, as we delight in puzzles!

Actually, the supply minister had just caught his breath from the distress of the Gulf war, during which people throughout Egypt raced to stockpile food and other supplies like young, powerful horses. One housewife asked me on the telephone after the withdrawal of the Gulf war machine: "What am I to do with 40 pounds worth of bread, 100 kg of macaroni, 50 kg of rice, 50 kg of sugar, 100 bottles of oil, 50 cans of clarified butter, and 30 jars of jelly which I have stored in my kitchen as a hedge against, and in fear of, the unknown and lean months brought on by the war?"

Out of exasperation, I could only tell her: "Distribute it to the poor or take it to the cemetery [qarafah—large cemetery bordering Cairo and a squatters' area]!"

As soon as he deplaned upon returning from Australia to Egypt, he was faced with having to provide for all of the Ramadan needs of Egyptian households. I asked Supply Minister Galal Abu-al-Dahab:

[Al-Sa'dani] What is the news regarding wheat? Is it Australian this time?

[Abu-Dahab] Australian, American, French, from any nation. The important thing is that it reaches our ports at a reasonable price!

[Al-Sa'dani] How much is a ton now?

[Abu-Dahab] By God, it is \$85, and will increase until after the Gulf war!

[Al-Sa'dani] I want to feel reassured about our stock in the wheat depots.

[Abu-Dahab] Filled, thank God. Our stocks will suffice us until next August, six hot months.

[Al-Sa'dani] What about sugar, tea, rice, and oil?

[Abu-Dahab] The same rate.

[Al-Sa'dani] How much wheat do we need every year?

[Abu-Dahab] Six million tons of wheat from abroad plus 1.5 million from domestic production. We mill about .5 million tons, 460,000 tons to be exact, every year. This year, we will obtain 1 ton from each farmer's wheat yield. The farmer may then sell or dispose of the rest of his yield as he sees fit. Next year we will obtain only .5 tons

from each farmer, and the year after that, we will not require the farmer to supply any wheat! The farmer will thus become free to sell to us or on the market!

[Al-Sa'dani] Why would he sell his wheat to others as long as you are paying him a suitable price!

[Abu-Dahab] We pay him even more than a suitable price. We pay him based on an agreement with Dr. Yusuf Wali, the deputy prime minister and agriculture minister: 70 Egyptian pounds for each ardabb [198 liters] of wheat which he supplies to us or the Agriculture Ministry. For your information, we go to the farmer up to the boundaries of his field. This year, we collected 500,000 tons of wheat, which means that a ton here commands 440 Egyptian pounds, which exceeds the international price for wheat!

[Al-Sa'dani] Let us calculate together!

[Abu-Dahab] The price of a ton is currently \$80. With freight charges, which is to say the receipt by our ports, it is \$105 per ton, which is 315 Egyptian pounds. We are paying the Egyptian farmer 440 Egyptian pounds. The farmer is the winner, is he not!

For your information, the Egyptian farmer is no longer required to plant his land with any crops except cotton, sugar cane, and rice. Regarding rice, the quota for this year is one half [of last year's quota], and nothing in the following year! The agricultural sector in Egypt has become a private sector, as it had been for 40 centuries!

[Al-Sa'dani] What about meat?

[Abu-Dahab] Go and see for yourself. A kilogram of meat now costs 7.5 Egyptian pounds instead of 12 Egyptian pounds!

[Al-Sa'dani] Where?

[Abu-Dahab] In the wholesale markets and the cooperatives, it costs 7 Egyptian pounds. Incidentally, there is no longer any imported or frozen meats in the cooperatives. It is all domestic!

[Al-Sa'dani] How?

[Abu-Dahab] The veal project with the Agriculture Ministry, which costs about 130 million Egyptian pounds, and which is producing 160,000 heads of fresh meat!

[Al-Sa'dani] Why has meat become cheaper?

[Abu-Dahab] It is part of the national economic liberation policy and the liberation of domestic commerce from governmental intervention!

[Al-Sa'dani] Does that mean that you were responsible for the increase in the price of meat?

[Abu-Dahab] The important thing is that meat now costs less. This can be explained by the following reasons:

1. There is no meat pricing.

2. The restriction that limited meat sales to three days per week has been eliminated and sales are now permitted throughout the week. This decision led to:

- An abundance of slaughtered calves, which reduced their price.
- A reduction of the price of fish and poultry after permission was given for the sale of meat throughout the week.
- The cancellation of resolutions prohibiting the transport of meat and fish between governorates.

[Al-Sa'dani] How have you liberated domestic trade from governmental intervention?

[Abu-Dahab] Let me tell you candidly!

[Al-Sa'dani] Were you not speaking candidly before you sat down with us!

[Abu-Dahab] (He laughs at my jest) You know that the supply minister is the only one in Egypt who has the power to seize any place "with a seizure order." We discovered that a great iniquity had befallen many in Egypt. We found that we had issued 385 seizure decrees since the establishment of the ministry in 1944 and have cancelled, since 1986, 72 seizure decrees, returning what we seized to its owners!

[Al-Sa'dani] And the rest?

[Abu-Dahab] On the way.

[Al-Sa'dani] Are these all of the economic liberation measures?

[Abu-Dahab] We have liberated all domestic commerce and the transport of goods, food, and other supplies from one governorate to another in agreement with the governors. Imagine, for example, that there is a prohibition against the circulation of sugar. We have cancelled nine decrees [regarding this prohibition]. Before that, we cancelled 25 decrees. Regarding the circulation of wheat, we cancelled 72 decrees. Regarding the transport of cattle and meat, we cancelled 50 decrees. Regarding oil products, we cancelled 19 decrees. Regarding supply ration cards, we cancelled 44 decrees to make it easy for everyone to procure cards. Regarding the circulation and production of rice, we cancelled nine decrees. We cancelled 11 decrees to make it easy for producers, importers, and wholesalers.

Egypt has now become a single market without constraints!

[Al-Sa'dani] (The supply minister turns the pages of a green folder in front of him and smiles meaningfully, saying:)

[Abu-Dahab] Imagine, Egypt was governed by strange and obsolete decrees. For example, 40 years ago, there was a decree prohibiting the transport of livestock and grain from the oases of Dakhlah and Khargah to the Nile Valley. There were also decrees prohibiting the transport

of peanuts from one governorate to another, the transport of wheat out of the governorate of al-Minya, the transport of dates out of the boundaries of Aswan, and the transport of garlic out of the governorates of Bani Suwayf and al-Minya, or even between them. I hereby sign before you a ministerial decree cancelling them all, and with it a decree cancelling the obligation of each merchant to place the purchase and sale price on each good, lest the store becomes filled with labels and the seller and purchaser become confused!

[Al-Sa'dani] (Dr. Galal Abu-al-Dahab rang a bell to his right and told me) Leave coffee for a while, try our lemon [drink].

[Al-Sa'dani] While waiting for the supply ministry lemon [drink], I said to him: I will relate to you what was said by the wife of a poor Egyptian civil servant, who is also a poor civil servant. She whispered in my ear: Look at the cooperatives. Everything has gone up in price 'illegally.' When I asked what she meant by 'illegally,' she said: Quietly, without anyone announcing the increases. Sugar and oil increased stealthily. She added in a whisper, as if she were granting me the honor of knowing a military secret unknown to anyone: They have also removed everything from the ration card. If you want to buy something, buy it with your own money, in other words without any subsidy!

[Abu-Dahab] Prices have not risen to the point of making people complain. Dr. 'Atif Sidqi, the prime minister, announced, in the People's Assembly, that some goods have increased in price because of the difference between the price of the Egyptian pound and the price of the dollar, which we use to import all commodities from abroad and the international market, supply and demand. This makes people think, incorrectly, that we have increased prices. The prices of some goods are close to their production costs, although we have gradually lifted a portion of the subsidy for some goods.

[Al-Sa'dani] In other words, any increase in prices in Egypt is governed by the price of commodities in world markets and the value of the Egyptian pound against the dollar, which we use to import everything from abroad!

[Abu-Dahab] That is completely correct.

[Al-Sa'dani] What about the goods that have disappeared from the ration cards?

[Abu-Dahab] First, the ration card previously included any food commodity or nonfood commodity subject to production or distribution disruptions. The ration card used to include seven categories: soap, "safu," sugar, oil, tea, rice, and gas. Currently the card includes laundry soap. An individual receives five pieces of soap for only 30 piasters. As for safu [meaning unknown], it has been removed from the card!

[Al-Sa'dani] And sugar?

[Abu-Dahab] It has remained on the card. An individual is entitled to 18 kg of sugar per year at an average price of 45 piasters per kg, which is a subsidized price, given that the current price is 160 piasters per kg. For your information, we are producing 900,000 tons of sugar and importing 500,000 tons annually.

[Al-Sa'dani] And tea?

[Abu-Dahab] It has been removed from the card. We used to subsidize tea to the amount of 150 million Egyptian pounds per year, so that a card holder could obtain one packet of tea for 4 piasters, whereas it cost the state 40 piasters!

[Al-Sa'dani] And rice?

[Abu-Dahab] It is on the card and costs 75 piasters.

[Al-Sa'dani] And oil?

[Abu-Dahab] It is also on the card: 600 grams per person per month at a price of 10.5 piasters. Oil can be obtained on the open market for 160 piasters and sugar for 160 piasters, if anyone wants more. It is all available at all times without need for standing in line or using intermediaries!

[Al-Sa'dani] In other words, sugar, oil, rice, and laundry soap remain on the card.

[Abu-Dahab] That is correct.

[Al-Sa'dani] Some wily people say that the secret behind the low price of meat is the fact that breeders and the Agriculture Ministry were compelled to slaughter their cattle due to the lack of fodder, and that the price of meat will subsequently increase.

[Abu-Dahab] That is incorrect. In cooperation with the Agriculture Ministry, we began a veal project with 60,000 heads. We now have 160,000 heads, and the number will increase in the next cycle to 250,000 heads, which will be slaughtered and distributed to the wholesale markets, the cooperatives, and 90 cooperative butchers, who will sell it at 7.8 Egyptian pounds per kg in Cairo and Alexandria, and 30 others are on the way.

However, the question that you must ask is: Is Egypt a meat-producing country or not? The answer is no, of course not!

[Al-Sa'dani] Why?

[Abu-Dahab] First, we are not a country with pasture land, and we still import two million tons of corn annually to produce fodder. Of course, the cost of a ton, \$150, puts pressure on the Supply Ministry to increase its production of wheat bran for fodder factories. In other words, when I mill flour allocated for the extraction of bran, I mill 460,000 tons of wheat per month, from which 30,000 tons of bran is extracted. I cannot do more than that.

Cattle now compete with humans, and Egyptian clover cultivation now competes with wheat cultivation. Do I want a kilogram of meat or a loaf of bread? That is the question!

[Al-Sa'dani] What is your response?

[Abu-Dahab] A loaf of bread of course. All of our lives, we eat meatless cuisine. First we plant wheat, then we search for meat!

[Al-Sa'dani] (I asked the supply minister, who prefers a loaf of bread to a kilogram of meat, because, as he put it, we in Egypt "like to dip—bread and food to sop with bread":) If the daughter of the cantor of Shahturah were to go to the bakery and return without warm bread for dinner, would the supply minister be blamed?

[Abu-Dahab] By God, I have been supply minister for 52 months and no one has eaten dinner without bread. However, I can tell you that several bakeries sell their flour allotments on the black market and do not supply sufficient bread to the people. You may ask me why? Because, in 1986, there were nine [different] prices for flour. We now have only three prices. Flour for pastries for tourism and hotels is 1,100 Egyptian pounds per ton, top-grade flour for bakeries and pastry and macaroni factories is 350 Egyptian pounds per ton, and flour for baladi [native Egyptian] and shami [Arab-style bread made with white flour] bread is 330 Egyptian pounds [per ton]. Thus, no fraud can occur, because the bakery owner will find no one to buy a ton of flour for making baladi and western-style bread, and pastry factories will not acquire it from him, because it is 26-percent bran!

[Al-Sa'dani] However, it is being smuggled to Alexandria, where the price of a ton of top-grade flour has reached 1,400 Egyptian pounds!

[Abu-Dahab] We are on the lookout for them!

[Al-Sa'dani] However, they are selling it to fodder seekers, especially given that a ton now commands 250 Egyptian pounds!

[Abu-Dahab] That is correct. However, it is baladi and shami bread that they sometimes sell to them as fodder for livestock and poultry farms.

[Al-Sa'dani] As President Husni Mubarak once said: "Our goats eat bread"!

The important thing now—why do you not permit the private sector to import flour and sugar for example?

[Abu-Dahab] On the contrary, we have permitted the private sector to import sugar for factories and companies that produce biscuits and confections. We will also be allowing it to import top-grade flour—120,000 tons to start with—of the type used in pastries, and the private sector is also importing corn now. What more do you want?

At the same time, we have completely refrained from importing frozen meat and frozen poultry. For your information, factories that produce luncheon meat and pastrami use only imported meat!

In addition, we have found private-sector bakeries to be in bad condition and have required their owners to correct the situation. For this purpose, we have granted each owner a loan of 40,000 Egyptian pounds from the Industrial Development Bank. Each owner repays the loan from the sacks of flour that he obtains. Each day, we subtract 20 Egyptian pounds from the loan!

[Al-Sa'dani] What does Egypt import from abroad?

[Abu-Dahab] Eighty percent of its wheat, 50 percent of its sugar, 80 percent of its oil, 100 percent of its tea, 100 percent of its production inputs, and 100 percent of its spare parts for factories.

[Al-Sa'dani] That explains the increase in the prices of commodities one by one!

[Abu-Dahab] We import all of these commodities, which are affected by five factors:

1. International prices are increasing continuously.
2. The dollar rate is increasing daily.
3. Freight and cargo costs.
4. Insurance for ships and trucks.
5. Wages and incentives for workers and salary increases.

All of these factors are constantly increasing the price of these commodities in the markets.

[Al-Sa'dani] And the solution?

[Abu-Dahab] We must increase our production or bear these price increases that are forced on us. We must also continuously supervise the prices of both imported and domestic goods, which we are doing through the food supply inspectors.

Imagine (he looks at me closely), we have discovered factories that produce fake spare parts for cars, rancid salt taken from putrid pools, and spoiled medicines sold to people in top-grade containers. We must remain alert, for people are human, and human weakness exists everywhere always!

[Al-Sa'dani] Do you agree with me that there is economic stagnation in the markets—no sales and no purchases? How can we solve this riddle?

[Abu-Dahab] The solution is what we did some weeks ago—to sell certain products in the government and the private sector, which has been a successful experiment.

[Al-Sa'dani] For example?

[Abu-Dahab] One week was for rugs. During that week, we sold 25 million Egyptian pounds [worth of rugs],

whereas rug week last year resulted in only 6 million [Egyptian pounds] in rug sales. We also had a ready-made clothes week, which resulted in 29 million Egyptian pounds in sales, and a household and electrical appliances week resulting in 21 million Egyptian pounds in sales, apart from the sales of the private sector of course.

[Al-Sa'dani] May this Ramadan find you well as it comes upon us with its goodness and blessings. Is your ministry and are your personnel prepared to receive it?

[Abu-Dahab] May each Ramadan find you and the Egyptians well. We are prepared for everything—meat, fish, rice, oil, sugar, flour, bread—everything pertaining to the Ramadan table. There will be no shortages of any food product or Ramadan product. Rest assured that everything is available at reasonable prices!

[Al-Sa'dani] And dried fruit?

[Abu-Dahab] Since about a week ago, there have been, in the markets, 50 tons of figs at 15 Egyptian pounds per kg, 20 tons of prunes at 950 piasters per kg, raisins at 750 piasters per kg, dried rolled apricot sheets for 5 to 10 Egyptian pounds, dates at 150 to 200 piasters per kg, 1,000 tons of sugar at 160 piasters per kg, and 700 tons of an additional flour allotment.

[Al-Sa'dani] I recall that the prices of fruits and vegetables and meat jumped astronomically in the first days of last Ramadan!

[Abu-Dahab] We are prepared to confront any price tampering, Lord preserve us!

[Al-Sa'dani] I asked the following, leaving the minister in charge of concern for bellies to his long mawwal [popular, traditional song characterized by an improvised, ornamented, protracted prelude]: When will Egyptians cease being lifelong prisoners of their worry over bread and the food they sop with it, for which we pay more than \$10 million daily to the captains of ships and galleons bearing wheat, flour, and food from foreign countries?

His response was quick in coming:

[Abu-Dahab] We are still unable to feed ourselves. As Thutmose III, the greatest military leader in ancient history said: "A nation that does not satisfy its people through its own effort has no influence." Forty centuries later, President Husni Mubarak said the same thing in a speech: "A nation that does not control its daily food does not control its decision."

The solution lies before us. However, we apparently have been struck by the blindness of the midday sun which strikes anyone who stares at its burning light, as it declares to us one truth that will never change. If we are to eat by the sweat of our brows and not by the sweat of foreigners, our sole deliverance, whether we like it or not, is to produce to repay our outstanding debts, half of which have been cancelled thanks to Egypt's courageous

position, and to relieve ourselves of the humiliation of debts, loans, and interest. Through production alone, we will not be subject to any fund [IMF] pressures or at the mercy of the constantly rising dollar, which will cause our food and drink prices to increase as long as we import 80 percent of our needs.

We are about to sign a letter of good intentions with the IMF, which manages the world economy in which we live by remote control. We must recover from the Gulf crisis, which has discouraged us all. We all must fortify our stomachs and rise to the level of responsibility, work, sweat, and resolve. Otherwise, we will not have a place under the sun!

Government Takes Steps Toward Economic Reforms

*91AA0268A Cairo AL-AHRAM AL-DUWALI in Arabic
22 Mar 91 p 6*

[Article by Asamah Saraya]

[Text] Egypt has finally signed a memorandum of understanding with the IMF. This means that the IMF approves of and recognizes Egypt's economic reform program, which is the final step before reaching an agreement with the IMF.

In other words, Egypt is approaching the final steps that will permit it to go to the Paris Club to reschedule its debts, after having obtained the cancellation of 50 percent of its foreign debts.

These developments indicate that the economic reform program is moving firmly and confidently toward the correct goal. The government has made decisions without hesitation and with confidence and ability.

The success of the economic policy requires persistent earnest, continuous efforts. We must neither stop nor hesitate regarding the policies that we have adopted. We must stay the course despite all the difficulties that we face. The ability to ascertain the economy's capabilities and the possession of accurate information on our economic conditions constitute an important dimension of Egypt's ability to move ahead with its economic reform program. The absence of this dimension in the past always resulted in hesitant economic decision making, failure to implement, and lagging progress. The availability of precise information accounts for the soundness of our current course. Egypt has realized the importance of information for decision making and the sound administration of our economic resources, according to Dr. 'Atif 'Abid, the minister of cabinet affairs. Dr. 'Atif 'Abid adopted the idea of upgrading and transforming information into a true industry, so that information becomes an important Egyptian export commodity and a means to diagnose our conditions clearly and support decision making. Consequently, Egypt now has an especially modern information center to support cabinet-level decision making. This center is behind the soundness of recent decisions pertaining to economic reform.

It was thus only natural that this center won first prize for information worldwide from the American Information Management Association. It was also selected for the highest international prize in management and has been classified among the seven best agencies in the world regarding the application of modern management sciences, just as the Egyptian economy is currently winning international recognition for the soundness of its courses and orientations. These achievements are due to the precise information yielded by the efforts of Egyptian experts, who initiated a major transformation in the field of information. To become familiar with the dimensions of this major effort, I met with Dr. Hisham al-Sharif, the supervisor of the Information and Decision-making Support Center in the cabinet, who set forth a complete picture, indicating that 75 projects have been completed in all strategic sectors, including the economic and social sectors, with the goal of establishing an infrastructure for ascertaining fields of production and available capabilities.

Among the most salient developments in this regard is that Egypt now has an integrated system for the management of Egyptian debts, the precise tracking of each loan, the [ascertainment of the] best use for each loan, and the method of repayment. It also has an integrated program to manage the Egyptian budget and a complete database on the public sector. Furthermore, the information agencies have identified 85,000 pieces of legislation and laws that constrain and impede Egypt's economy and society.

Dr. Hisham al-Sharif states that this scientific diagnosis for the future produced ten pressing points in need of economic reform.

In a long conversation, the Egyptian information expert states that the requirements of economic and social development must be based on an information infrastructure in the framework of scientific, administrative systems, which are translated into objective, executive activity programs that are compatible with Egypt's reality and spring from its limitations, constraints, and capabilities. During the mid-eighties, Egypt moved toward establishing and completing its economic infrastructure. It has now applied itself to evaluating the dimensions of its aggregate [debt] accumulations of the past. Studies have shown that we urgently need to create: a means to remedy accumulated debt positions; a method to cope with the alarming deficits in the balance of payments, the trade balance, and the Egyptian balance; and a method to reform public-sector production and service agencies.

We must also:

- Develop the private sector's role together with economic and social development.
- Eliminate legislative and procedural constraints that impede development and economic performance.
- Utilize national expertise and studies.
- Determine productive capacities in Egypt, reduce loss in all fields, determine a method to utilize manpower and balance wages, and draft a manpower and wages program for the public sector and the government. • 1

According to Dr. Hisham al-Sharif, of these tasks, a national debt management project was actually implemented during a 2.5-year period with Egyptian skills. Egypt now has an integrated database in the central bank that contains information on the dimensions of Egyptian debts. This database includes an inventory of all debts, and it tracks each loan's utilization by the different sectors as well as repayment to foreign parties, which was difficult to control in the past due to the lack of information technology. Experts in the Egyptian Central Bank, in coordination with the Decision-making Support Center in the cabinet, provide ongoing services regarding negotiations to reschedule or obtain new loans or transactions with international society in this context.

We have also succeeded in organizing foreign trade in Egypt through the preparation and implementation of an Egyptian trade information network (imports and exports). This network is considered one of the most modern in the world and a model for cooperation between state agencies in Egypt for the nineties and for the servicing and development of the Egyptian business sector. It thus transcends the former image of not being able to prepare a trailblazing, world-class model that provides Egyptian trade (import/export) information in a monthly, detailed manner, and it also points to the competency of Egyptian customs.

Several months ago, information on exporters and importers in Egypt and other countries was prepared and provided based on the information and inquiry network, which provides information at any time. Recently, the network was extended, in cooperation with the trade representation, to Egyptian trade representation offices in 20 states, which represent 70 percent of Egypt's foreign trade.

This network will provide daily information from markets worldwide on export and import opportunities. The information will reach the producer, exporter, and importer on the same day [on which a request is made] through means of communication.

The Management of the Egyptian Budget

Dr. Hisham al-Sharif adds that an Egyptian budget project was implemented in cooperation with the Finance Ministry. The project involved the creation of an automated database and periodic tracking systems. It was used for the first time by top Egyptian cadres and financial experts.

He indicated that the budget deficit is one of the most important challenges facing economic development. The Center, in cooperation with the Finance Ministry, provided the infrastructure for treating budget matters using the most up-to-date methods and modern tools.

Given that taxes represent the most important state budget source, the center participated in a study on a tax reform program.

The Future of the Public Sector

Dr. Hisham al-Sharif states that, inasmuch as the availability of sound information was needed to develop the public sector, Dr. 'Atif 'Abid called for the creation of a database on the public sector in Egypt. A modern center for public-sector information [the Public-Sector Information Center] was developed and built. It includes detailed, precise information on the economic and financial performance of public-sector companies and economic authorities. It embraces all state production agencies in which public funds have a share, and it is considered a basis for the future development of the public sector.

This project evaluated the relative performance of companies operating under the same conditions in the same sector (the same industry). An analysis of the reasons for success and failure is carried out annually. More importantly, control is exercised over losing companies, the volume of losses is reduced, advanced companies experiencing losses are supported, and the causes of losses are eliminated. The Public-Sector Information Center will begin to spread information within companies as part of an ambitious program to introduce automated information to each company operating in this sector to help them develop their production.

The Jungle of Egyptian Legislation and Laws

Dr. Hisham al-Sharif states that legislation and laws were the focus in the creation of an integrated database on Egyptian legislation that is at the highest world level. The database has facilitated the identification of 85,000 pieces of legislation, laws, and resolutions in Egypt which represent a jungle of constraints and impediments, not only regarding economic development and reform, but also society in general. If we want true, objective reform, it must be paralleled by legislative reform efforts to create a climate that attracts development rather than repelling it. Experts emphasize that this number can be reduced to only 3,000 or 4,000 pieces of legislation.

Development in the Governorates

Regarding the governorates, Dr. Hisham al-Sharif states that it was necessary to begin simultaneous efforts to mobilize energies in the provinces and the governorates to achieve development at the grassroots level of Egyptian society, which represents a true basis and great foundation for development. More than two years ago, an ambitious program was begun to establish information and decision-making support centers in the governorates of Egypt. On 28 November 1990, centers were established in 26 governorates in addition to the city of Luxor. Each center includes a decision-making support unit, an information unit, a calculations and statistics

unit, a library that includes development studies concerning the governorate, and a unit to disseminate information in the governorate. Also, 640 specialists were trained to manage these centers. We believe that these centers will be nuclei of change, true development, the implementation [of improvements to] the reality which citizens in the governorate frequently complain about and suffer from, and the generation of comprehensive, structural change and reorganization in Egyptian society from the roots. These centers will radiate outward to transform local administrative agencies into modern administrations that lead society toward the goals which it dreams about, and they will transcend the long-standing anxieties bequeathed to the administrations and citizens.

The most recent study of these centers reveals concerns are being focussed in the governorates:

- Housing and the housing problem.
- The effect of the Gulf problem on tourism.
- The manpower returning from the Gulf (the majority of the governorates).
- Illiteracy eradication and adult education.
- The employment of young graduates.
- The lack of livestock fodder and its effects on livestock and poultry.
- The lack of basic services/drinking water and sewerage.
- The bread distribution and flour allotment redistribution crisis.
- Unplanned urban expansion.
- Electricity problems.
- Waste disposal.
- Stone works (al-Fayyum/al-Buayrah).
- Sewage and irrigation water.
- An inventory of industrial facilities located in urban areas with a view toward relocating them (al-Jizah/Sawhaj).

Regarding an inventory of production [capacities], which is necessary for development and industrial utilization, Dr. Hisham al-Sharif stated that an initial inventory of production capacities in Egypt was carried out in cooperation with the Industry Ministry and the Manufacturing Authority. Close to 20,000 industrial facilities were inventoried. An inventory of capacities for the manufacture of equipment needed by investment projects showed that Egypt will need close to 19 billion Egyptian pounds worth of equipment for investment projects in the coming five years. Close to 70 percent of this equipment can be manufactured in Egypt. In this connection, efforts were mobilized to manufacture investment equipment domestically and to establish companies that perform the role of general contractor to implement large projects. An agreement is currently being concluded through the Manufacturing Authority on the undertaking of domestic manufacturing projects to supply the inputs that are in demand. Similar efforts are being made regarding electricity and the Arab Manufacturing Organization.

The National Studies Network

Regarding the mobilization of production capacities, Dr. Hisham al-Sharif states that, in early 1986, Dr. 'Atif 'Abid requested an inventory of the different national studies related to economic and social development that have been undertaken in Egypt during the last 15 years. This was done to benefit from existing studies, avoid repetition, and to update these studies to support decision making in the cabinet and the different ministries. In this regard, 20 centers for studies were established in state ministries and agencies and in specialized national councils. In addition, all studies undertaken by international aid agencies were inventoried. An integrated base of national studies was then created, which is updated daily by the 20 centers. They have identified more than 17,000 studies that concern all state sectors and development-related subjects. These studies are worth almost 900 million Egyptian pounds and represent not only material assets, but also one of Egypt's applied, intellectual resources, whose absence would make it difficult to generate any development.

Manpower and Wages

According to Dr. Hisham al-Sharif, who is also a professor of administration at American University, in order to complement strategic studies, it was necessary to inventory manpower and wages in the public sector and government and to create a database. This was done in cooperation with the Central Agency for Organization and Administration and the Public-Sector Information Center, whose community represents more than four million. The basic information that served as the basis for creating the database is considered basic to manpower planning and development in the governmental and public sectors, inasmuch as human resources contribute more than any other resource in Egypt to increased productivity and economic and social development.

The development of Egypt's enormous concern with information was accompanied by a program to upgrade and develop manpower in the fields of technology and information utilization to exploit the extensive base of Egyptian university graduates, who represent a golden opportunity for the channelling of energies toward new fields that have proven their economic and developmental benefit in advanced societies or societies similar to ours, such as India and Brazil. This program was integrated with another program designed to develop technological industries and services in the business sectors that aim to produce and export information technology. The number of companies active in information technology fields has increased. Some of them are engaged in exporting to Europe and the United States. The program adopted by the Administrative Development Ministry aims to expedite the creation of a climate that is attractive for these companies and young Egyptian graduates and scholars based on a clear policy that orients Egypt toward high added-value versus traditional areas. In this respect, Egypt is following the

example of a number of similar states, the most recent being India, which began its program in 1985. The exports of India's program totalled more than \$4 billion. After five years, Egypt's program should be able to achieve information exports worth \$10 billion.

Black Market for Dollars Persists

91AA0270A London AL-SHARQ AL-AWSAT in Arabic
18 Mar 91 p 11

[Article: "Unofficial Currency Market Still Present in Egypt; Dealers Sell Dollar at Prices Below Bank Prices; Banks Refrain From Meeting All Purchase Requests; Transactions in New Free Currency Market Amount to \$220 Million in Past Two Weeks"]

[Text] Cairo—AL-SHARQ AL-AWSAT Bureau—Even though the purpose of implementing the new Egyptian free currency market is to eliminate the black market once and for all and even though Egypt's bankers assert that the free market has successfully attracted the majority of the supply and demand cases into the banks and away from the street, the signs indicate that the black market continues to exist and that it has begun to operate anew because of drug traffickers and those who possess dollars.

To begin with, a currency dealer who declined to reveal his name has said that he purchases the dollar at a price that is one piaster higher than the posted bank price and sells it at a price that is lower than the posted bank price, thus exploiting the big difference between the posted bank purchase and sale prices. Consequently, this dealer attracts both sellers and buyers.

On the other hand, those who have repeated transactions with currency dealers assert that they are compelled to do business with these dealers for two reasons. The first is that a currency dealer purchases the dollar at a price higher than that paid by the banks. The second is embodied in the fact that most banks do not agree to sell dollars to any client. Moreover, their selling prices are very high.

AL-SHARQ AL-AWSAT has explored the opinions of bank experts on the reasons for the emergence of the black market and on whether this emergence is an indication of the failure of the free market.

Shukri Tawfiq, the director general of currency control at the Central Bank of Egypt, has stressed that it is difficult to evaluate the free market early in the experiment and that the phenomenon of trading outside the banks has attracted the attention of the Central Bank of Egypt.

Tawfiq added that it has become recently obvious that it is difficult to assess the free market experiment in its initial phase, especially since a big difference in purchase prices is an ordinary aspect at the outset of the implementation of any free market [system] and that this

difference will persist until the market stabilizes, i.e., until a balance is established between the purchase and sale prices.

Tawfiq also said: It cannot be said that a free market has been realized in Egypt unless the difference between the sale and purchase price is eliminated. This is what is happening in the world markets that adopt the free banking policy, considering that the difference between purchase and sale prices is so small that it does not permit those who benefit from price differences to engage in any manipulation.

He emphasized that the Central Bank policy is not inclined toward direct intervention at present, especially since the difference in prices is still limited.

Tawfiq noted that the Central Bank's role is currently focused on the control process with the purpose of observing market movements and of persuading banks to streamline their actions in order to maintain the difference between purchase and sale prices.

Regarding the role of the banks that refuse to respond to all dollar purchase requests in the presence of the black market, he said that it is unimaginable that banks would sell dollars to anybody. Despite this, the banks have, according to Central Bank statistics, sold reasonable quantities of foreign currency to cover more than \$70 million in private sector credits. The sum rose to \$90 million to cover public sector import credits.

'Ali 'Izz-al-Din, director general of external affairs at the Egyptian-Arab-African Bank, has said that there is no doubt that the black market is present but that its size is smaller than it was prior to the free market. He stressed that banks have no hand in the emergence of the black market because a bank is not supposed to respond to the request of anybody who wishes to purchase dollars. He said: The banks do not refuse [as published] to sell dollars—in banknotes—to any applicant before he can prove that he will use them to travel or to get treatment abroad. He added that the prominent characteristic of those who speculate in dollar prices is their utter refusal to answer a bank official's query as to the reason for their purchase of dollars. He pointed out that, though the queries regarding the motive for dollar purchases did not exist in the old system, there were control systems that took charge of controlling the market. These queries are mandatory in new system because the Central Bank requires banks to provide statistical data classified according to the nature of the purpose of dollar sales. Therefore, the bank official is required to make the query in order to provide complete statistical data.

An official of the Credit and Commerce Bank has stated that the reasons for the presence of the black market are confined to the state of anticipation prevailing among buyers and sellers who are afraid to part with the dollars in their possession and who are waiting to see what happens to the prices. Another factor that reduces the

volume of dollar supply is the existence of some individuals who prefer to take a risk for the sake of a difference of one or two piasters between bank and black market prices.

A third factor involves the fact that the demand for dollars is high in this particular period during which Egypt is experiencing a drop in foreign currency resources because of the Gulf crisis, along with the fact that there is a long list of waiting importers who were not able to cover their credits from the yield of the previous currency exchange market.

The prices of most foreign and Arab currencies have risen in the past two weeks since the implementation of the new banking system in Egypt. The banks operating within the framework of this system have set the foreign currency exchange rates in utter freedom on a daily basis. Prices have thus risen by more than 10 piasters during this period.

Mahmud 'Abd-al-'Aziz, chairman of the Union of Egyptian Banks, has pointed out that this experiment is still in its early phase and that it is therefore difficult to evaluate. However, there are positive signs embodied in the absolute freedom the banks now have to buy and sell currency and in their right to provide credit to businessmen and to import firms without being tied by minimum or maximum levels. The only restriction is adherence to the price posted by the bank for the purchase of these currencies.

Mahmud 'Abd-al-'Aziz added that the volume of the transactions concluded by banks since initiation of the new system have amounted to nearly \$220 million even though money-changing companies have not begun operating yet. The entry of these companies to operate side by side with the banks according to the new system is likely to greatly reduce price differences.

He noted that the exaggerated purchase prices posted by the banks may lead to two things. First, there is the flow of a foreign currency supply of which a bank has to rid itself at a higher price in order that this supply does not represent a loss to the bank. This is in addition to adherence by a bank to the limits of the operational credit set for it by the Central Bank. The other point is that a high sale price will not attract buyers to open import credits. Therefore, a normal balance in market activity will lead to the disappearance of big price differences.

In a related development, a banking expert has noted that even though the new system which frees the currency exchange rates has been considered an essential demand for realistically calculating the Egyptian pound exchange rate, banks have exaggerated in the past two weeks the purchase and sale prices they have set for foreign currencies. Thus, the prices of these currencies have been rising considerably. At the start of the enactment of this system, the dollar purchase price amounted to 318 piasters per dollar and sale price to 320 piasters

per dollar whereas the average purchase price has now risen to 328 piasters and sale price to 331 piasters.

The expert added: The signs indicate that the average prices of these currencies will continue to rise sharply as long as the foreign currency supply is below the demand. A large number of import firms have applied to banks to open import credits for fear of the increase in currency prices which are rising daily.

With this activity in the free currency exchange market, which has been implemented for the first time in Egypt since 1948, it has been noted that there have been big differences in the prices posted by banks. We find that one bank offers a purchase price of 325 piasters and a sale price of 329 piasters whereas another bank, such as the Hong Kong Bank, which is a joint bank, offers a purchase price of 331 piasters and a sale price of 334 piasters. This big variance in prices posted by the banks themselves has encouraged some black market currency dealers to purchase currencies from banks which offer a lower price and to sell them to banks that offer a higher price.

In another related development, 45 applications have been submitted to the Ministry of Economy to establish money-changing firms operating within the framework of the new system. A decision on these applications will be made this week, and approval will be given to applications meeting conditions, which stipulate that the capital of one of these firms shall not be less than one million pounds, that the owners shall be Egyptian citizens exclusively, and that these firms shall operate in accordance with the joint-stock companies law. However, their activity will be confined to the exchange of foreign currencies, both selling and buying.

Writer Discusses Rational Thinking, Relations With West

*91AA0268B Cairo AL-AHRAM AL-DUWALI in Arabic
22 Mar 91 p 6*

[Article by Halah Mustafa]

[Text] Many are the concerns and worries of the Arab citizen. There is no doubt that the Gulf war multiplied these concerns and worries. No one can deny the conflicting feelings that the war produced in the psyche of every Arab. These feelings are a mixture of the voice of reason and an emotional call, not just because it was a war between Arabs, but also because much of the war revealed their impotency in the face of a superior, political, economic, and military power, which ultimately represents a cohesive, hegemonic civilization, namely Western civilization, which has been able, through its power and human and material achievements, to have world control that transcends the period of its genesis.

In the face of this superiority, every Arab feels defeat in the depths of his soul, not only defeat in the military sense, but also a deeper, more significant defeat, which is

cultural defeat. Perhaps this is the secret of the bitterness that we have felt regarding the Gulf war. Because it is difficult to acknowledge this kind of defeat, some have gone in search of a safe harbor to adopt as a stronghold, which they defend against themselves as a way to exempt themselves from responsibility for the defeat or, in another sense, from responsibility for lagging behind progress. Hence, we no see the start of competition to promote the slogan of "Islam" in opposition to the West. A battle of sermons has developed. These sermons are attempting to depict the war as a war of the "Muslims" against the "Crusaders," or "the believers" against the "disbelievers," as if we were living in a moment of history from which we do not wish to emerge, even though it transpired centuries ago.

Thus, the Iraqi regime has found in the Islamic message a way out of its dilemma, a way to rally supporters around it, especially in circles of the Islamic movements throughout the Arab region, and a means to attract several Islamic regimes, the foremost being Iran, in an attempt to neutralize it vis-a-vis the war. The Palestinians have played the same tune, after having lost many of their political cards, by attempting, in turn, to depict their struggle with Israel as an "Islamic jihad" against the Jews, and to justify the Palestinians' presence in one trench with Iraq by claiming that they are fighting in defense of Muslim peoples against the "Western crusaders." For their part, the Gulf countries have been no less desirous of affirming that they are the "legitimate" defender and protector of Islam. All have chosen religious texts on which they can rely to support and justify their positions and adjust them according to the desired trajectory. All wish to speak in the name of, and be strengthened by, Islam in confronting the other. Are we facing a religious phenomenon? Most probably not, because each side has its covert and overt political objectives, for which it wants Islam to serve as a cover. These objectives are sometimes mutually compatible and sometimes contradictory. However, there is a common factor that unites all of the parties that express these goals, which is the desire to defend their identity against the advanced Western world. Such a defense is a kind of passive defense of one's presence in a world that recognizes only material and moral strength, a world that values nations and people according to their human achievements. We are still living in an era in which our achievements are insufficient to allow us passage into the civilized world. We are thus made to stand as adversaries of countries and peoples on whom we still depend, for most of our lives, for the cultural achievements that we consume, whether in a time of war or peace. Because achievement is the only thing that cannot be borrowed, inasmuch as it is an original product of peoples and is connected to work and innovation, achievement is frequently exchanged for slogans, which may or not may not be connected to religion, but nonetheless represent a "cheap" alternative for an individual or state that does not wish to achieve or work. The need for such an alternative no doubt increases during a time of "crisis."

We see non-religious regimes promoting religious slogans, and we see national forces adhering to the slogan of Islam and groups fighting each other to prove their better claim to speak in the name of religion and to impose their orientations and dreams on everyone. These phenomena embody the essence of the crisis that we have been experiencing since the last century, which revolves around the question of how do we confront the West. This confrontation might assume rational or irrational forms. It has a reformist or revolutionary bent depending on the historical moment which it reflects and its political context. This confrontation has occupied an important, primary position in the formation of Arab thought and Arab political and social life throughout modern history and continues to do so. Modern history has witnessed various Arab, Islamic attempts to respond to the Western challenge. These attempts began to emerge during the twilight of Islamic civilization and the collapse of the Ottoman Caliphate (which maintained the insularity of the Arab countries that it conquered for close to three centuries, from the 13th to the 16th century), when Europe was experiencing a renaissance and expanding externally in a way that ensured its control over large parts of the world. It was natural that an enormous chasm and time gap would emerge between the two worlds. Since then, we have experienced a continuous conflict that has not ended, although the ways by which it has been expressed have differed from one period to the next. Such expressions have taken the form of calls for religious reform at times and attempts at intellectual renewal at other times, or direct political action, which was specifically embodied in religious, political movements. As is well known, the signs of the conflict with the West began to emerge through religious, political, social, and scholarly tendencies that began to take shape among Egyptians and Arabs as a result of their contact with Western thought through Napoleon's campaign against Egypt in 1798. This period records the beginning of direct friction with Europe. Rifa'ah al-Tahtawi, who was born in the year of the evacuation of the French campaign, and who lived during the pioneering experiment of Muhammad 'Ali in Egypt, gave expression to the international brilliance of Western civilization, progress, and knowledge, which, he believed, represented the key to progress for any society. Hence, his contributions to the intellectual renaissance reflected his view of the nature of the conflict with the West, which he saw occurring primarily on cultural terrain. This is in distinction to the attempt made by Jamal-al-Din al-Afghani, which reflected a different outlook regarding the nature of the conflict. Al-Afghani lived during the European expansionist and colonial period, which largely formed his political consciousness. His attempts to respond to this challenge reflected the contradiction which he saw between the ugly and handsome faces of the West. His view combined the need for intellectual activity and the exigencies of political confrontation, although he was dominated by his political tendency many times. Al-Afghani's need to use "Islam" as a type of defensive response to the Western, colonialist invasion began to escalate, until it became for him

an important, basic element to be used in opposing this invasion, thus giving a revolutionary character to the attempt by al-Afghani, who was a political person, and not solely a thinker or reformer.

Muhammad 'Abduh, who lived during the British occupation of Egypt, made yet a different attempt to respond to the Western challenge, whose direct danger to Arab society had become graver. The movement that he founded, the Salafi tendency, combined a desire to return to the primary springs of Islam with an attempt to evoke a pure image of Islam that erases from Western and Arab memory alike negative ideas about Islamic societies that had taken root. At the same time, this tendency was connected with an important attempt at religious reform and reconciliation between traditional culture and modern, Western culture.

The period of Rashid Rida, who was contemporaneous with the elimination of the Ottoman Caliphate by Ataturk in Turkey in 1924, represented the beginning of the retreat of modernizing and reforming efforts in favor of the Salafi idea, inasmuch as the challenge was no longer considered to be limited to the West, but was, in his view, also represented by the elimination of the caliphate. These intellectual symbols, [Muhammad 'Abduh and Rashid Rida], despite belonging to the same ideological reform movement, nonetheless put forward differing attempts to respond to the Western challenge, which were defined by their respective historical and political contexts.

Arab, Islamic attempts at a response were not limited to these "intellectual" attempts alone. Indeed, this response shifted to the realm of direct political action, which was represented in political, Islamic movements that spread across the Arab world. The Muslim Brothers is their parent movement. What is interesting about these attempts is that, unlike initial attempts, they gave priority to the political confrontation over the cultural confrontation, and they cast the primary blame for the backwardness of Arab and Islamic societies on an external factor, represented by the West. Because these attempts began in the period after the Islamic Caliphate, they made this quest [of restoring the Caliphate] the dream that could restore their societies' lost glory. Adherence to this "dream" increased as a measure of the growing gap between Arab and Western societies and the growing Arab failure to close this gap or at least curb Western control of the world. Perhaps this is one of the reasons that made the confrontation with the West assume irrational forms among some of these movements, which intensified their hostility toward all of Western civilization.

The dilemma of the Arab, Islamic movements has not only been intellectual or political. It has also extended to the Arab regimes, which became accustomed to promoting the slogan of "Islam" whenever they were faced with any external crisis as a last line of defense of their existence. This phenomenon has also been linked to the problem of legitimacy which these regimes have faced

since independence, inasmuch as most Arab regimes are not based on a reliable element of legitimacy. Some have survived based on the traditional element of legitimacy, which is founded on religion or tribal factors. Others have attempted to construct a new element of legitimacy which rests on "rationalism" linked to the performance of the regime itself and its achievements. Still other regimes have attempted to combine both elements. In any case, there has been a crisis of legitimacy that can be attributed wholly to the problems which these regimes have faced in the process of building a national state in its modern sense. This has made these regimes resort frequently to exchanging all elements of rational legitimacy stemming from the performance and achievement for religious or Islamic legitimacy, because the latter is considered the least costly of any element of legitimacy, and, for the most part, does not go beyond the promotion of slogans, especially when a ruling regime seeks to effect a general rallying around one of its goals or justify one of its policies. The need for this legitimacy increases when a regime seeks to achieve an external goal. Perhaps the most salient example of this phenomenon in the Gulf war was the "Iraqi regime's" use of the Islamic sermon in an attempt to create quick legitimacy for its decisions and goals, especially inasmuch as it was certain that these sermons would find attentive ears among numerous parties still searching for a way to achieve any "victory" over the West, if only at the level of the sermon.

Thus, the use of the "Islamic" slogan has become a solution for numerous parties, be they official or unofficial. The battle has become the battle of the Islamic jihad against the Western world, despite all of the latter's strength and superiority. In addition, there has been an abridgement of the essence of the struggle with the West, and there has been a simplification of the essence of the challenge that the West has represented throughout modern history, which has been essentially a cultural challenge before being a military or political challenge. This is not strange, inasmuch as we have always been accustomed to neutralizing the "rational" trend among us, so that the criterion for evaluating matters is more inclined to what is compatible with emotion, even if it has plunged us into long, ramified cycles in the course of history and does not achieve any victory over the West for us.

Writer Comments on Arab Economy After Gulf War

*91AA0273C Cairo AL-AHRAM in Arabic
23 Mar 91 p 7*

[Commentary by Dr. Sa'id al-Najjar]

[Text] The Arab economic system is one of numerous issues raised by the Gulf crisis. Saddam's regime in Iraq attempted to exploit the problem of the rich and the poor to gain popular support in the Arab world. Hence, before the crisis, he promoted the slogan "Arab oil for the Arabs," and he called for the redistribution of wealth

from the Arab rich to the Arab poor, i.e., from the Gulf countries to the non-oil Arab countries, which no doubt found acceptance among broad circles in the Arab world.

Needless to say, this call was part of a propaganda war waged by Saddam's regime against its enemies. Like any propaganda campaign, it is ineffective unless it contains some grain of truth, which, in this case, is the wide gap between the excessive wealth in some Arab countries and the abasing poverty, which has reached the point of constant hunger, in other Arab countries. However, the propaganda of Saddam's regime has enveloped this grain of truth within a large dome of deception and exaggeration. Saddam's regime has not shown much concern for the problems of poverty and backwardness in the Arab world. True, he established, an Iraqi foreign aid fund in the late seventies. However, it was born emaciated and died when the war with Iran broke out in the early eighties. In contrast to concern with poverty and backwardness, Saddam's regime entered into destructive, foolish wars, which brought destruction upon his country, his neighbors, and the Arab world in general.

Notwithstanding that, the Arab economic system must be based on two basic principles. The first is the right of each Arab country to sovereignty over its natural resources and to the disposal of these resources according to the exigencies of its national interest. God has favored the Gulf countries with enormous oil wealth. The fact that this wealth is not in proportion to their small populations does not detract one bit from their rights as independent, sovereign countries. The second principle is the common interest of all parties, regardless of their degree of wealth or level of economic development. Thus the problem does not concern the rich giving charity to the poor, nor the poor fleecing the rich. Rather, it concerns entering into fruitful relations that produce benefits and economic and political health for all concerned parties, based on good will and common interests. These are the principles on which the Arab economic system is or should be based. They guarantee its florescence and survival. Without them, the Arab economic system will inevitably wilt and fade.

This broad conceptualization of the Arab economic system raises four basic issues. The first concerns the development aid provided by rich Arab countries to poor Arab countries for modernization and development in the form of financing for production projects that yield economic or political benefits for both donor and recipient. The second issue concerns investments that allow capital-poor countries to benefit from the surpluses of capital-rich countries; these investments provide an adequate return to capital-rich countries, while serving as an alternative to foreign borrowing to finance development in capital-poor countries.

The third issue is the migration of manpower from countries with a population surplus to countries with a population deficit. This helps the former provide productive employment opportunities to their surplus manpower in addition to increasing their foreign currency

proceeds. It helps the latter to build and develop, when that cannot be achieved without an expatriate labor force.

Finally, there is the issue of economic integration at the regional or national level. Such integration helps the countries that are party to it promote development and stand on their own feet in a world that is dominated by economic blocs.

The Arab economic system has existed for more than 40 years. It evolved from the genesis of the Arab League following WWII. However, it developed, came into its prime, and assumed a defined form during the oil boom decade from 1973 until 1983. During this period, a large percentage of the Arab development organizations were established. This period also saw a considerable increase in the flow of development aid from the oil countries, especially the Gulf countries, to Arab and non-Arab developing countries.

True, several development organizations were established before this time, including the Kuwait Fund for Economic and Social Development, which was the first Arab development organization and the first [development] organization to be established by a developing country. It was founded shortly after Kuwait declared its independence in the early sixties. Regional, Arab aggregates were also established after the oil boom period, including the Arab Cooperation Council and the Maghreb Economic Union Council [the Arab Maghreb Union], both of which were established in 1988. However these are exceptions that prove the rule.

If we look at the future of the Arab economic system, we cannot ignore several important factors that will affect it, positively or negatively. The Gulf war produced deep cracks in the edifice of Arab solidarity, putting in question the Arab economic system itself. However, although the crisis left many bitter, and despite the inhuman suffering to which hundreds of thousands have been subjected, I assume that God has granted our leaders the wisdom and farsightedness to pardon. However, even if you excuse forgetfulness, and even if we recognize that what unites the Arab nation is greater than what divides it, the destruction that has struck Kuwait and Iraq paralyzes joint Arab action. Kuwait's oil wells, the basis of its national economy, are burning and might take years to extinguish, and the country will be preoccupied for some time with dressing its wounds and rebuilding. Iraq is no more fortunate and is moreover in much worse condition due to the pervasive destruction that has struck it and the political collapse which it is suffering; only God knows when and how it will end. There is also the Palestinian problem and the Arab-Israeli conflict, and the extent to which the United States and the Arab countries allied with it will succeed in reaching a just settlement. The continuation of this conflict without a decisive solution will no doubt cast a pall over the entire region and will drain its resources.

More important is the future of oil, the life blood of the Arab economic system. There are indicators that call for optimism in this regard. Available studies and reports indicate the growing importance of the Gulf region as the most important source of oil in the world. It now accounts for more than 55 percent of the world's confirmed oil reserves. However, there are possibilities that several other oil-producing regions will be exhausted within 20-30 years, which means that the Gulf region alone could represent 70 percent of the world's confirmed reserves in the first decades of the 21st century. In addition, alternative, nonfossil fuel energy sources show no signs of great success. Renewable energy sources, such as solar, tidal, wind, and organic sources are either inefficient or not economic. The same is true of coal liquefaction, and nuclear energy has become unacceptable because of its considerable environmental risks. Hence, there are no reliable alternatives that can threaten the position of oil. Demand could also increase due to ongoing economic growth in the industrialized countries, and, more importantly, due to increased demand in developing countries, which represent a slumbering giant, inasmuch as a substantial proportion of their energy needs are currently supplied by noncommercial sources, such as wood, timber, and the like.

The process of modernization, renewal, and growth in these countries must be translated sooner or later into increased demand for oil. All of these factors lead us to believe that the price of oil will witness a noticeable increase with the end of the nineties. This means an increase in the Gulf countries' revenues and an increase in the surpluses that they will have available for investment in, and support of, the Arab economic system. This requires a close examination of our organizations with a view toward developing and strengthening them. We must begin to think in this direction now, even if implementation must wait until reconstruction is completed. We will deal with this in the next article.

Specialists Criticize Confidential Accounts Law

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[Remarks by specialists at a seminar held by the Alexandria University Law School Graduates Association, by Yusuf Hanna]

[Text] Professors at the Alexandria University Law School and several justices and the chairmen of the boards of directors of two important banks attacked Law No. 205 of 1990.

Justice Mustafa Salim, former president of the Court of Cassation, stated that the law had not been prepared by legal and economic specialists, and that it contained no new regulations pertaining to the confidentiality of banking operations, except a screen to fulfill the law's main purpose, namely numbered accounts. Therefore, it established stipulations that conflict with the protection of the confidentiality of banking transactions.

Dr. Mustafa al-Jamal, the dean of the Alexandria University Law School stated that the subject of confidential accounts was given a sudden push by the events of 1990, including the Gulf crisis and the opportunity it offered Egypt to repatriate strayed Egyptian capital, attract bewildered Arab capital, and announce the 1,000-day [economic liberation] program, which frees the energies of certain organizations and leaders.

Dr. al-Jamal stated that the Accounts Confidentiality Law combines two different matters under one heading: the principle of account confidentiality, which is taken for granted in the banking sector; and the system of numbered, unnamed accounts, which some banking systems have allowed.

The dean of the Law School stated that the distinctive features of the principle of account confidentiality have been established in banking custom, and that the boundaries of this confidentiality were set at the balancing point between the interests of the account holder and those who do business with him on the one hand, and the inviolability of private and legal life under the auspices of a just judiciary that permits and prohibits on the other hand. If Law No. 205 of 1990 has any virtue, it is to reiterate a principle that we have perhaps neglected to the point of forgetting.

Dr. al-Jamal added that the system of numbered accounts is new for us. The novelty of the system's goals is perhaps reflected in the [novelty of its] means. The substitution of a number for a name aims to take confidentiality to its utmost limit in order to attract funds by providing them with the necessary protection. In this connection, the dean of the Law School asks whether this substitution is sufficient to achieve this goal, or whether it is necessary to seek a new balancing point between the above-mentioned considerations, which permits the account holder's interest and the inviolability of his private life to wax at the expense of others' interests and perhaps at the expense of legality.

Considerations of Dr. al-Babilawi

The next speaker was Dr. Hazim al-Babilawi, the chairman of the board of directors of the Egyptian Exports Development Bank, who had been invited to discuss the accounts confidentiality or confidential accounts law at a seminar held by the Alexandria University Law School Graduates Association. Select judges and lawyers were invited to the seminar, which was attended by professors of the Law School and graduate students. Dr. Hazim al-Babilawi believes that this is one of a few matters that demonstrates an multitude of intermeshing considerations, which has made it difficult to arrive at a single, sound solution. The formulation of a law, in the belief that it takes into account some considerations, might frequently mask other considerations of no less importance, with which the law was compelled not to contend.

Dr. Hazim al-Babilawi indicated that the promulgation of this law highlights sensitivity to the emergence in

societies and modern economies of financial as opposed to real wealth. Our treatment of this important phenomenon cannot be restricted to confidential accounts, deposits, and accounts. We need to overhaul our concept of wealth and many of our outlooks regarding tax, investment, and other laws. The concept of wealth is changing, so that wealth is perceived as capital that can play an economic role. Until recently, real wealth, such as factories, land, real estate, and facilities were important forms of wealth. However, this real wealth is now being represented in paper and symbols in the form of stocks and bonds and credit cards. True wealth has become financial wealth, which gives its possessor the right to material wealth, if it exists. A factory might be in America, but its shares are exchanged, sold, and circulated on the stock exchanges of New York, Singapore, Tokyo, and others. Thus, no one knows who owns it.

Dr. Hazim al-Babilawi mentioned the important development that has occurred in means of communication. Money—which once assumed the material form a commodity, then a precious commodity, then a piece of paper—has now become a mere electrical impulse transferred from one bank to another. Currency conversions and transfers of funds are effected instantaneously via electrical impulses. The most important feature of currency at present is the divestiture of wealth of its material form and its conversion into symbols. Thus, a state cannot think that it controls its sources, as was the case 50 or more years ago, because wealth is now virtually symbols. However, we are still determined to treat wealth as if it were subject to state control, as it was in the past, even though it no longer has a material existence in real wealth, buildings, or agricultural lands.

Changing the Concept of Wealth

Dr. Hazim stated frankly that no investor in the world is enthusiastic about investing in Egypt, which faces competition from Turkey, Singapore, Cyprus, and recently East Europe. Therefore, Egypt must keep pace with these countries, so that they do not corner the investment market. Egypt should not distinguish between foreign, Arab, and Egyptian investors. What fails to attract Egyptian investors will not attract foreign or Arab investors. He added that Law No. 205 of 1990 reflects the beginning of an awareness that wealth is no longer the farm lands and real estate that it once was, but has become symbols and accounts in banks located abroad. In other words, a change has occurred in the concept of wealth. However, awareness of that change is incomplete. When leaving the airport, you are asked about the money that you are carrying and whether you have a card or the like. How can the questioner assess that, which indicates that regulations are still lagging.

The law stipulates account confidentiality, i.e., a type of protection for the owner of the wealth, which is desired. Dr. Hazim stated that the law provides for a type of confidentiality and harmonization with what other states are doing. We must consequently join the procession and fulfill an important human need. However,

there are other considerations, because we are talking as if the only party with an interest worth considering is the account holder, whereas, others have interests as well, such as creditors who transact with the account holder. Do they have this right? If the law is applied formally in its current form, it might damage the account holder himself, when he is seemingly a creditor with a balance in a bank, which we do not want anyone to know about, but, in many cases, he is actually in debt and wants a loan from another bank, which requests information on him from other banks. If this system applies in this case, it would not protect the accounts of the prospective borrower, because the other banks would treat him inflexibly, inasmuch as the less information a bank possesses regarding an account holder, the more rigid its position is in dealing with him.

Problems Not Solved by Confidentiality

Dr. Hazim al-Babilawi asked whether the only consideration is protection of the account holder's interest, and whether creditors are not also entitled to protection. What good is a verdict in favor of a creditor regarding the realization of his rights to a debtor's funds if those funds are concealed? Every phenomenon has numerous aspects. If we look at one aspect, we might disregard other aspects. He added that we think of partial solutions without completing the rest of the task. There are problems that are not solved by confidentiality, but by the solution of the problem itself.

Dr. Hazim al-Babilawi stated: There are two systems in the law. One is account confidentiality and the other confidential accounts. Account confidentiality is established in banking custom and has rules and limits, which the law constrains further, causing banks to begin to doubt the integrity of other banks' provision of information regarding a client, although such information is intended to help banks evaluate a client's credit. The problem does not pertain to a bank's transactions with its client and its obligation to maintain the confidentiality of private information which it obtains completely within the scope of its client's transactions with it. Such a relation is similar to the physician-patient relation, in which the physician knows information about his patient which he would not know if he did not practice medicine. The same is true of the lawyer-client relation. The bank derives information from its client by virtue of his action at the teller. It keeps all of his secrets without disclosing them. This is preserving the confidentiality of information.

However, Law No. 205 provides for confidential accounts based on the idea that they will become a new source of capital which will flow from abroad into confidential, numbered accounts in Egypt. The matter has changed from a prohibition against the disclosure of information on a client to concealment of the client's name behind a number or anonymous symbol. Thus, Law No. 205 accords equal treatment to [any] two accounts [i.e., one containing funds gained legally, the other containing funds gained illegally], even if some

provisions in it seem good, such as the confiscation of a debit account [for] such [cause] as the failure to provide information. How can a crime be investigated when the number is secret. How can it be known that an account number belongs to the perpetrator of a crime for example? In other words, we must uncover his name before finding out about the crime. The law treats two completely different issues. One is the legal regulation of the banking system based on the assumption that banks desire confidentiality. The new development is the introduction of the confidential accounts system. According to the formulation of the law, the two [types of confidentiality] are to be used together, which makes the application of the law difficult in Dr. Hazim's view. He asks why confidential numbers? Is it because of the tradition of the Swiss system of numbered accounts, be they accounts belonging to heads of state or heads of gangs, who frequently overlap? Will the promulgation of the law in Egypt impel the holder of a secret account in Switzerland to transfer it to Egypt?

Dr. Hazim al-Babilawi very much doubts that this would be the case. Rather, these numbered accounts would be used by persons who are unable to direct their funds to Switzerland for deposit in confidential accounts instead of under the mattress. In either cases, the sum remains in the form of currency and does not emerge into the business world, despite our strong need for the conversion of this sum into Egyptian pounds or a project.

Therefore, Dr. Hazim al-Babilawi sees a need to review the tax system and the Creditor Protection Law, so that the creditor can obtain his right, and so that if a verdict is issued in his favor by the court, he can implement it. Also, the law should not be issued before it is discussed extensively, not only by officials within the Economics Ministry, but also by other parties which have interests worthy of consideration, inasmuch as their need for protection is no less than that of other parties with an interest in the matter.

Dr. al-Babilawi concluded his remarks by saying that the law has opened many provisions to the public at large and has blended account confidentiality and confidential accounts, which is insufficient by itself to achieve the law's purpose, which can be done by reviewing the legal system with a view toward changing it completely.

The System is Optional

Economist Sayyid Habashi, the chairman of the board of directors of the Alexandria-Kuwait Bank, and the second speaker at the seminar held by the Law School Graduates Association, stated that the supervisory agencies and the banks are confused about the particulars of not providing information requested by the socialist prosecutor's agency, for example, and the requirement that the socialist prosecutor obtain the public prosecutor's approval before demanding information from a bank. He does not believe that the banks will apply such a system, because it is optional [jawwazi], i.e., a bank is free to implement it or refrain from implementing it to

avoid problems and questioning. He would not institute numbered accounts in any bank.

He has read many of the articles of Law 547 of 1974 regarding the establishment of the Arab International Bank, particularly those related to account confidentiality for depositors in a member country and the prohibition against the seizure and nationalization of the bank, against the imposition of a guard on it, and against the subjection of the bank and its records, documents, and archives to supervisory laws and regulations, judicial and administrative investigations, and audits. Sayyid Habashi stated that were we to apply Law 547 of 1974, which is already prepared, to confidential accounts or the confidential part of transactions, there would be no need for a new law. He stated that Law No. 547 permits shareholders and depositors to transfer all of their rights unconditionally and in the same currency [in which they were originally deposited]. This is the confidential system. It is possible to open branches of the [Arab International] Bank to absorb these accounts. In other words, a solution actually exists as an alternative to redundancy and entering into the spiral of clean and dirty money. For all sums deposited in a bank are money, if we invest them, and the bank will not reject them because they are dirty. He added that solutions already exist, but we are nonetheless thrusting ourselves into problems that branch into other problems, and he cited the well-known proverb: "The operation succeeded, but the patient died." He believes that it is necessary to read and approve the basic law regarding the Arab Bank instead of entering into labyrinths. He stated that account confidentiality is a foundation of banking activity and is thus assumed and operative in the banking system. In addition, confidential or numbered accounts would not permit banks to ascertain the position of a client who applies for a loan from it. Consequently, a client's transactions would not proceed smoothly and his business would become stagnant and constricted, which is not in the interest of the business and commerce sector. Sayyid Habashi also called for a specialized judiciary to expedite decisions on financial and economic disputes.

Open Reservations

Justice Muhammad 'Abidin, the president of the Court of Appeals, reviewed the articles of the law to illustrate its legislative and formulary shortcomings. Many questions are raised by the law's stipulation that, in order to establish a numbered account, an Egyptian working abroad or a foreigner must make a deposit of at least \$100,000 and be of good reputation.

Dr. 'Abd-al-'Aziz al-Sudani, an economics professor, stated that official agencies conceal their failure through control over the sources of economic activity. The economic system is an indivisible whole, which must operate through all of its aspects, because it is composed of smaller and smaller parts, each of which fulfills its role. In order to obtain the benefit desired from confidential accounts, we must examine all aspects of the

matter. The analysis to date has been only partial, because the problem also concerns investors, taxes, and customs.

Investment entails many matters that must be studied in a general framework, not partially.

A Ready-Made Scenario

The next speaker was by Dr. Mustafa Rushdi Shihah, an economics professor at the Law School. Some time ago, he stated, the school hosted an American judge who had come from Switzerland, where he had been negotiating with the government to eliminate and disclose numbered accounts in connection with the severe wave of unofficial or drug economies. Dr. Shihah added that, before the promulgation of the law, he caught wind of a ready-made scenario from the writings of several journalists, who began to talk about attracting investments and subsequently began planning to implement this scenario by promulgating these dubious laws—which undermine the Egyptian economy—which pertained to foreign banks, investment companies, tax exemptions for the deceased, and tax hikes for the living and stock companies that are actually operating.

He advocated that we follow the world, which is calling for the elimination of numbered accounts. The European market eliminated numbered accounts and asked Switzerland to do likewise. America also asked several Latin American states to eliminate them. The governor of the Lebanese Central Bank, Edmund Na'im, stated that the Lebanese pound was damaged by confidential accounts. He indicated that the spread of drugs, which he raised before the attendees in 16 conferences since 1984, requires the elimination of confidential accounts. He distinguished between confidential accounts and account confidentiality. He stated that account confidentiality is a legitimate right that protects a client from his competitors, whereas confidential accounts protect a client from his creditors and society, which undermines the economy. He indicated that the source of the numbered accounts law is a Lebanese law that was intended to serve the financing and export of drugs, the arms trade, illegal gain by drug kingpins and dealers, and tax evasion, all of which are effected through confidential, numbered accounts.

He stated that the law's primary goal is to encourage investment and asked: Who unduly assumes that the commercial banks operate in the field of investment? What is their relation to investment? He responded: There are commercial accounts in the commercial banks that move daily. Numbered accounts are intermediary accounts that move from one account to another. He said that the quantity of white drugs [presumably cocaine and heroin] is small, but their value is great. Drug investigations therefore focus on the sale and purchase of dollars on the free market, rather than on the drug itself. [Detecting] a financial settlement operation that is effected in dollars has become very difficult, because such settlement is no longer linked to the

country of the exporter or dealer. In other words, the balance [markaz] for the financial settlement is in one country, the export is effected in another country, production takes place in a third, and consumption in a fourth. Each phase entails numbered accounts to camouflage monetary transfers.

He stated that all countries are calling for the elimination of these accounts, because they promote illegal activities. The danger of numbered accounts would be that Egypt would not import capital; instead, the numbered accounts would be used to finance drugs and illegal activities amid the spread of white drugs, which require enormous collective financing, as opposed to individual financing. Thus, the banks would provide financing without knowing the beneficiary or source of an operation. That could wreck Egypt's economy and prevent it from obtaining a flow, into legal investment channels, of diverse forms of foreign currency resources from workers abroad. These resources, which were previously in foreign banks or investment companies, would instead be used to finance drugs.

Dr. 'Adil Hashish, a professor of economy and assistant dean of the Law School, stated that, for years, we have called for [the creation of] a specialized judiciary as a prelude to the elimination the illogical situations under discussion here. The prosecutor general is responsible for criminal cases, although transactions involving commercial and investment crimes could be more suitably handled by specialized departments at the highest level through easy, rapid, consummate, and effective procedures. He added that we suffer from a hidden economy, which is a deep-rooted disease in the Egyptian economy. We do not want to entrench confidentiality, because we do not want corruption to spread. He indicated that Law No. 205 is filled with loopholes and defects concerning its formulation, lacks technical provisions, and is like a premature baby. He stated it is unfortunate that the People's Assembly is rushing to approve the law; the Assembly would do well to convene, before its recess, truly interested parties, bankers, legal experts, and economists in a hearing committee to ascertain how this affliction can be curbed.

Dr. Hashish advocated improving the general climate and economic conditions by amending the legal and judiciary system and developing the tax system, because economic laws suffer from a deteriorated state, because they are divorced from our economic and social reality. Economic and financial laws are issued without implementing regulations. This nonsense must stop, because any law lacking a method of application based on bylaws is problematic. He indicated that the numbered accounts law does not equate Egyptian banks and the International Arab Bank, and it distinguishes between residents and non-residents with respect to the establishment of confidential or numbered accounts, which is incompatible with economic life.

Permission to Smuggle

Dr. Hani Duwaydar, an economics instructor at the Law School, stated that Egypt is considered among the countries with large foreign debts [diwan], but is nonetheless witness to the smuggling of capital abroad. The different types of units in the banking system have a relatively limited role in arranging the necessary financing means for Egyptian economic projects. In this regard, he cited a study by Nazirah al-Effendi, which was published by AL-AHRAM AL-IQTISADI on 1 October, and he also pointed to an article by Justice 'Adil Husayn, which was published in AL-AHRAM AL-IQTISADI in early November.

Dr. Hani Duwaydar reviewed the general circumstances regarding the promulgation of the law and the justifications for confidential accounts. He clarified the difference between account confidentiality and the obligation of banks to preserve professional confidentiality, and he also mentioned the main problems [entailed by Law No. 205], of which the most important are criminal and civil liability, the state's tax rights, the duties of account auditors of banks, and the authorities of the Central Bank and the Economy Ministry. He then touched on difficulties entailed by the application of Law No. 205 of 1990 regarding garnishment, the state's tax rights, the way in which confidential accounts permit bank deposits to evade taxation, the General Investment Authority's relinquishment of supervision due to account confidentiality (especially if the accounts are numbered), and the hampering of decisions issued by the personal statutes court regarding alimony claims, which are a means of civil protection.

At the conclusion of the seminar, Justice Mustafa Salim stated that Article 9 of Law No. 205 of 1990 is defective in that it stipulates the abrogation of any provision that violates its own provisions. We could mention 100 examples of articles which we suspect and sometimes think violate this law, the foremost being the Law on the Restoration of Administrative Supervision of 1967. Law No. 205, which was promulgated out of concern for Egypt and the Egyptian economy, institutes confidential, numbered accounts. No one in Egypt or abroad would establish such accounts at a time when the world is calling for the elimination of the numbered account system, which, it should be observed, none of the participants in the two-hour seminar defended.

Writer Warns Against U.S., Israeli Plans

91AA0244A Cairo AL-AHRAM AL-DUWALI in Arabic
9 Mar 91 p 9

[Article by Dr. Mustafa Mahmud]

[Text] Finally, Saddam and his brazen regime have fallen.

According to initial estimates, there were 150,000 casualties among Saddam's soldiers, a similar number of prisoners, and many more civilian casualties. More than

4,000 tanks and hundreds of aircraft were destroyed. The infrastructure in Iraq has been levelled, and there is no water, electricity, communications, railways, or sewerage.

America, England, and France are no doubt pleased with the rare opportunity provided by the Gulf war. They have tested their new weapons. The thousands of casualties and the immediate destruction that appeared on television was good, free advertising for American arms companies. The Patriot's shares rose, the gold prices dropped, the dollar rose, and the price of a barrel of oil dropped from \$30 to \$17, despite the burning of Kuwait's wells and Iraq's cessation of its sale of its oil reserve.

That means that oil prices will drop further. Bands of workers, engineers, and experts are on their way from America and England to Saudi Arabia and Kuwait to rebuild what was destroyed. Weapons factories are working at full capacity to replace the weapons that were destroyed. All of it is a gain. The Gulf war was a stimulating dose for the European and American economy, an immediate cure for unemployment, and a new source of income.

America's satisfaction or anger has never been an indication of a ruler's decency or corruption.

Murderous tyrants who have fallen come to mind—the Shah of Iran, Marcos, Noriega, Duvalier, Ortega, and finally Saddam.

The common reason for their fall is not their tyranny. They fell for another reason which we always forget, namely America's position on their tyranny. Some of them were created, supported, impelled toward a leadership position, and armed by America when they used their tyranny to America's advantage. However, when they began to deviate from their ordained role and acted in their own interest, the headlines and the front pages in the newspapers changed; new language appeared in the American media and in American foreign policy stating that such a tyrant is a criminal, liar, and oppressor who must be cut off and uprooted.

America has not always been a just, fair judge. It joined hands with the murderer Stalin and with the bloody tyrant Ceausescu, giving him a monthly salary of millions of dollars for serving as a loyal agent. It also did business with Franco, Salazar, Somoza, and others.

Even at this moment, more than one tyrant is receiving support and weapons from America and is immune because he is its man. Israel, to this moment, has been using aircraft to demolish the homes of Palestinians while receiving billions of dollars, support, and the veto from America. The Gulf war was not a war of principles, but of interests.

America, which has now become peerless, is not the just imam 'Umar Ibn-al-Khattab. It is not correct for us to deal with America based on the logic of submission to

the dictates of clientage, obedience, and veneration, but the logic of questioning and the examination of one's conscience.

The Gulf war has ended. Each war has its spoils. However, for all Arab parties, this war entails only losses—losses of money, men, oil wealth, reputation, destiny, florescence that was transformed into destruction, unity that was divided and thrown into disorder, and a future that has been turned into ambushes, feuds, and hostilities.

There is not a single gain.

Those who played the game cleverly and skillfully are the English and the Americans. They took the wealth of the Arabs, they impoverished their rich, they weakened their strong, and they entered as plenipotentiaries into a dispute of their own making. In the end, Saddam still exists, and the Arab map remains as it was, with one simple difference: In each country, there is now an impaling spike called fear of the neighbor who lies in wait.

In the deluge of Arab-Arab fear, Arab-Israeli fear will disappear.

The Arabs are the orphans at the feast of the ignoble. They have all become weak and in need of a spiritual father to protect them from each other. The spiritual father is ready and holding out his arms. He is good, friendly Uncle Sam, who distributes to everyone wheat through loans and aid to everyone, as well as conventional weapons whose range extends only to the Arab neighbor (and would never extend to Israel). He is holding out to them his affectionate hug, embracing them like stray chickens in the yard of its Zionist ally, so that the chickens are raised on hatred of all that is Arab, coexistence with greater Israel, and love and friendship for America, which is based on justice on earth, is the symbol of democracy and freedom, and is the protector of security throughout the world.

Tomorrow's clashes will be between civilizations, between economies, between information, between technologies, between intelligence services, between media, and between propaganda techniques.

Morals as a weighty element and values will disappear, remaining only in name as a token of propaganda and the promotion of spurious ideas. Only a jungle of predatory interests will remain.

Religion will disappear on the periphery of the game and will be hidden in the mosques, although it will continue to be a time bomb with a fuse hidden within the entire conflict. All campaigns are mobilized against it. All media forces are directed against its symbols. Zionism (which is the shock artillery) is spread like an octopus in the United Nations, the Security Council, Congress, the House of Commons, the House of Lords, and the administrations of intelligence services and companies that produce arms, aircraft, missiles, and nuclear reactors. It

is in organizations involved in publishing, journalism, books, television, cinema, and theatre. It has a grip on the nerves of stock exchanges, banks, stocks and bonds, and the markets for oil, gold, diamond, bronze, nickel, iron, aluminum, and all commodities from which something is produced.

Zionism has extended its octopus arms even into the Vatican and the papacy.

Was not Zionism, with the Pope's consent and blessing, able to erase, from the current Gospel, expressions of accusation against the Jews for Jesus' crucifixion, so that the blame was placed on the Romans and the rabble, and a new, amended Gospel was printed in Tel Aviv?

Zionism will therefore be the only active force in the coming period, behind the American cloak and the venerable image of freedom.

Its goal will be to pursue Islam and its symbols; strike at its strongholds; defame its name; terminate what remains of the collapsing pulpits of Arabism; promote the Zionist campaign under innocent slogans, such as striking at reactionism, combating backwardness, liberating the woman, ending extremism, promoting artistic and sexual freedom, combating repression, and promoting religious tolerance; the establishment of youth camps to be a hotbed for the dissolution of that which is legitimate under the protection of state institutions; the promotion of films containing sex, nudity, and violence; and the spread of drugs.

The destruction of youths is their means to destroy idealism, spirit, hope for change, and the future. All of that is one front of the Zionist campaign.

Other fronts are being created in greater secrecy to destroy the economy, create crises, and become enriched by stock exchange collapses.

A third, more secret front involves the theft of military secrets to produce and amass advanced weapons, and the construction of underground cities, roads, depots, and airports in preparation for the appointed day and the desired hope—the day when the people of Zion will sing o' Israel from the Nile to the Euphrates, when they will avenge the defeat of Khaybar.

They thus plan and dream, as stated by their book, the Protocols of the Elders of Zion, their Talmud, their Torah, their actions, and their conspiracies. They now see that they have traversed half of the way to the Ka'bah. They have done away with Arabism by means of the Arabs. The entire Middle Eastern arena has become open to their calvary. The land is filled with the wounded and victims. All parties are blaming each other. Poverty, destruction, rubble, and burning tanks are blocking the way of fifty years of progress away from backwardness.

They will not permit our wound to heal. Rather, they will quash it and spit their poison on it, making brothers fear one another and sons doubt their fathers, so that all see each other as accused. They will strive to expand the

wound and entrench submissiveness. They take everything into account except God's mercy. God's mercy does not exist as far as they are concerned. If it exists, then it is for them alone. The Lord is their Lord alone, the Lord of Israel and David. The rest of mankind comprises subservient illiterates whom God ignores, not caring for any child they destroy.

However, the mercy of God is coming. We are its possessors. God sent our prophet solely out of mercy for all beings; that is not a fabricated promise.

This trial is but a prelude to that mercy. It is a purifying fire into which God has ordained that we all enter. Our Koran says:

"There is not a population but we shall destroy it before the day of judgement or punish it with a dreadful penalty: that is written in the (eternal) record" [Koran, 17:58].

And it states:

"So, verily, with every difficulty, there is relief" [Koran, 94:5].

In other words, difficulty comes only when it is encompassed by a double measure of relief and mercy. Rejoice and work, for only a wayward people gives up all hope of God's mercy. Work and strive toward God in search of knowledge, but not by growing a beard, shortening the galabiyah [long flowing outer garment], wearing clogs, and holding onto outward appearances and things of secondary importance, for the first verse to be revealed in your Koran is: "Read."

This is a direct commandment from God to read, seek knowledge, search, reflect, and meditate. God enjoined knowledge and work in more than 1,500 places in the noble Koran. How can we be an ignorant, lazy nation when this is our book? How can we hope for God's mercy and not give it? How can we hang the Koran around our necks and not act in accordance with it? How can we recite under our breath "there is no power and no strength save in God" over rosaries when we neither understand nor act? How can we make our fasting month one of eating and staying up through the night engaged in chatting and diversions?

Knowledge first, knowledge second, knowledge third, and action according to what we have learned fourth. Constant determination, noble characteristics, truthfulness with one's self, truthfulness with God finally—this is our religion.

Let a new era begin if we want God to have a new era with us.

Let us change ourselves so that God changes our conditions. Our sun has set. We have been enfolded by a cursed, gloomy night in which no star shines.

Let us work and spare no effort, so that we do not have to wait long for the dawn.

To those of us who mourn Saddam's fall, thinking that he was a Muslim like us, I say, with conviction, that he was a brazen enemy lacking a conscience, commitment, authority, and Islam. He was the agent of a tyrannical group. He worshipped only himself. He has gone to where those like him have gone.

Those who believed him were deceived by their good souls and their naivete.

Thus, our shortcoming in Egypt is this goodness and naivete. We immediately believe anyone who says o' God. We think that he is like us, a sincere believer, because we view him through the looking glass of our hearts, and not with our critical, scrutinizing minds.

Perhaps we will learn from this lesson, stop this foolishness, and use our intelligence, if only a bit.

Details of Creating Exchange Companies Discussed

*91AA0274A Cairo AL-MUSAWWAR in Arabic
21 Mar 91 pp 52-53*

[Article by Safa' Luways: "Grocers, Illiterates, Unemployed, Housewives Apply to Establish Exchange Companies"]

[Excerpt] [passage omitted] A responsible source in the Central Bank clarified the fact that definitive rules and regulations are currently being drawn up, upon which a study of these applications will be based, in order to grant or withhold approval. These regulations will be translated into printed forms containing precise statements, in order to clarify the applicants' previous experience in dealing with foreign currency, as well as their personal data.

It is well known that the statute has given the Ministry of Economy the authority to approve or reject applications, according to the amount of experience and competence in the exchange field.

AL-MUSAWWAR has also learned that some currency dealers of bad repute have tried to get around these conditions, by offering material inducements to senior bank officials, economic experts, and university professors, in exchange for the use of their names in the post of chairman of the board of the exchange company.

On the other hand, a group of banks have applied to establish exchange companies, in association with certain senior business clients, which would increase the resources and expertise in this field.

Licenses

At the outset, Dr. Rafiq Suwaylam, first deputy in the Ministry of Economy for foreign currency affairs, explained that Article 4 of the Foreign Currency Statute clarifies the legal steps that those wishing to set up exchange companies must follow. These steps begin with applying for a license in the foreign currency section of

the Ministry of Economy. The minister concerned issues a decision approving or denying, after seeking the views of the Central Bank governor. The decision includes determining the conditions and technical equipment required to pursue this activity.

The application, submitted by those wishing to establish exchange companies to the Office of Foreign Currency in the Ministry of Economy, should include the names of the officials, the amount of the corporation's capital, and each official's share, the capital investment, and the name of the director, and his experience and qualifications, especially in dealing with foreign currency. It is not anticipated that a license would be granted to those who have no experience, capability or competence in doing this kind of work.

Dr. Rafiq Suwaylam added that the reason behind the condition that the nonbanking element take the form of an Egyptian stock company is that the regulations of the Law of Corporations require open declaration of the budget, preparation of minutes of its board meetings, and the holding of organized general meetings, attended by a representative from the Bureau of Companies, in addition to publishing the company's financial accounts. This is what is called fulfilling disclosure conditions, clearly and publicly, as is the case with banks.

Dr. Rafiq Suwaylam stressed the need for nonbanking entities, that are granted a license to deal in foreign currency, to be qualified to carry out this role, and include strong connections with the Paris, London, and New York exchanges, since exchanges in the advanced countries work in accordance with rates that are fixed in the bourses, in contrast to the situation in Egypt, where freedom to set buying and selling rates is left to those concerned, according to conditions of supply and demand.

With regard to how to protect this new activity from speculative actions, Dr. Rafiq Suwaylam pointed out that the Central Bank sets a maximum amount for the operating fund, which allows the licensed nonbanking elements to deal in foreign currency safely, during the period set for them, provided that the surplus from the exchange companies' operating funds is disposed of by being sold to other elements licensed to do business in foreign currency, or to accredited banks, at the end of this period.

Moreover, the new Foreign Currency Statute allows the Central Bank the right to monitor exchange companies, as is the situation with banks. Monitoring operations are done through organized records and supervising accountants. It is also the Central Bank's right to review the budget. In the event of any exchange company violating the operating rules and regulations, that company's accounting license is suspended for a period not to exceed one year, and it is cancelled in the event the violation is repeated.

A New Stage

Dr. Rafiq Suwaylam referred to the fact that this stage takes into account the Egyptian economy because, prior to May 1987, the Foreign Currency Law did not permit the private sector to use the banks' foreign currency resources, and private sector foreign currency requirements were met by relying on importing through its own sources, and by purchasing currency whose source was unknown, in order to cover the import account. At the same time, the private sector used it to carry out import operations, as it was allowed to buy free account funds.

"This was aimed at preventing the banking apparatus from offering its services in the foreign currency field to the private sector, and to develop a currency trade outside the banks, so that it would become an organized market, in its practical sense, where one price would circulate beginning in Alexandria markets, and the difference in price would not deviate one piaster.

"In May 1987, the first step was taken to develop the exchange market in Egypt. We permitted the private sector to use the banks' sources of foreign currency. A banking committee was formed to set the price but, despite that, currency dealing on the black market continued, because banks were not permitted to sell foreign currency to citizens in certain cases, including the hajj, the *'umrah* [minor pilgrimage], tourism and medical treatment. The amounts the banks were allowed to sell were not sufficient for those wishing to make the pilgrimage, and they were forced to deal with the black market.

"Finally, the new free market was created, considered to be the first of the comprehensive, reform policy elements, relying on the mechanisms of the market to create the balance between supply and demand."

The Black Market's Fate

Dr. Rafiq Suwaylam added: "I believe that there is room for the black market to remain, or to continue in light of the new system. If there are dealings outside of banks, they are in violation of the public system. With the freedom granted to banks, in terms of determining their rates and other reform measures, it is up to them to put an end to certain individual attempts, on the part of currency traders, to continue to practice their illegal activities, within a climate of increasing competition, and with the introduction of nonbanking elements to deal in foreign currency, to an equal extent with the banks."

Concerning the right of banks to create exchange companies, Mahmud 'Abd-al-'Aziz, chief of the Federation of Banks, and vice president of the National Bank, stated that banks are considered a part of the Egyptian economic market, and have long experience in the exchange field. In view of the presence of nonbanking elements, which have neither the competence nor experience in this activity, the banks believed that a partner should be

included from the banks in creating exchange companies, in accordance with banking rules and regulations in effect.

He said that the National Bank "in fact had agreed with a group of its exporter and importer clients to establish a company with 30 million Egyptian pounds in capital, which would have a headquarters in Cairo, with another in Alexandria, and another in rural areas.

"The matter has completely changed with the exchange market's new situation in Egypt, because the exchange system in Egypt had never depended on the currency trade. However, now it has become closer to a scientific business, since the company deals in foreign currency through creating branches and kiosks in various places where foreign currency is held in Egypt, by taking on the form of an Egyptian stock company, and by having abundant administrative expertise and the required competence in its field. It has the capability and expertise to purchase banknotes, and to sell them on its own account and under its own responsibility, as well as to buy, collect, and sell travelers checks issued by public banks in Egypt or abroad.

"I think that certain persons and entities, who have submitted applications to create exchange companies, will not have sufficient expertise and competency in this field. I believe that the decision maker will not approve them, because this would be like destroying the Egyptian economy and playing games with the people's resources."

Mahmud 'Abd-al-'Aziz added: "Some look at the exchange companies as a splendid thing, and that this is the simplest and easiest way to amass millions. This is illogical, because the gain only amounts to a modest fraction. Moreover, the market will only sustain the professional companies, and the fate of the non professional is to sink and waste capital. They are the entities that will only work as currency dealers."

He pointed out that banks will hold training courses for those who endeavor to work in the exchange company field, in which they will participate by hiring a 'dealer of foreign currencies,' either from someone at home or abroad, so that work may begin with the greatest expertise and knowledge. Banks participating in the exchange companies is considered one way to control this system, regulate the movement of the currency market, and have the ability to attract business from villages, hamlets, and rural areas.

Exchange Companies

In another interview with Mahmud 'Abdallah, president of Barclay's Bank of Cairo, he was asked about the truth of certain black market dealers submitting tempting offers to senior bank officials to assist those dealers in creating exchange companies. He confirmed that, in fact, certain currency traders had submitted offers to him to help with the establishment of more than six exchange companies. The value of one of these offers was 200,000

Egyptian pounds a year, in exchange for his acceptance of the post of board chairman of the exchange company.

With regard to the reason he refused these tempting offers, he said: "There are several logical reasons for [rejecting] those offers, the most important being that the understanding of the exchange business is outside the scope of my expertise. Moreover, most of the offers were submitted by dealers who have previously been arrested, because of their black market activities."

He added: "These offers were submitted by currency dealers who think that expertise in the foreign currency field means 'skillful and sharp,' and a hunter of those who have dollars. These concepts should not be the basis for respectable companies.

"Today, the matter is different; these activities have been regulated legally, as a stock company with numerous regulations that cannot be circumvented. People cannot adjust them. The concept of suitcase dealers is still changing between them and the new market."

Mahmud 'Abdallah stated: "We are currently thinking about the bank participating in creating an exchange company—with a capitalization of 10 million Egyptian pounds—along with certain of the bank's clients."

The Banks' Role

There is another view, put forth by former Minister of the Economy Dr. Sulayman Nur-al-Din, concerning a basic concept in the Foreign Currency Statute. His opinion is that the exchange company should not be a stock company, explaining that with activity restricted only to the exchange field, only one person, an "umbrella," and an office would be required. "By its nature, this activity is an individual job, because this person is the one who collects the currency himself, and sets his own margin of profit or loss. There is no company in a position to operate as a money changer alone.

"The currency exchange field is like exporting; both of them are individual jobs that do not require a partner.

"Furthermore, there is no stock company, whose sole function is restricted to currency exchange. However, this activity should be gradually incorporated into a series of different activities, including a finance company, one of whose purposes would be to carry out financial operations for fixed and working capital, as well as to assist struggling companies, and market their shares after correcting their financial situation. These activities should also include the selling of credit, for the purpose of providing a kind of insurance for businessmen. There are some buyers who wish to buy some months from now; why should we force them to buy today? This is the role of the banker, who evaluates the position and offers advice to the purchaser."

Dr. Sulayman Nur-al-Din stressed the need for banks to begin this activity, and leave the exchange companies for a next phase, "since there are 78 banks, all with 100 windows. That is to say, we have nearly 7,800 teller windows for the foreign currency trade, or rather, any bank can expand its activities more than that, by opening cashier windows in the hotels, airports, and *Khan al-Khalili* [market center in Cairo], which would operate through the bank's concession."

Dr. Sulayman Nur-al-Din warned against opening the door wide for the foreign currency trade. "The supply market is still limited in Egypt, while a big demand is constantly increasing, without regulations. Therefore, it would not be in the best interests to create a whole market, in which information is available for everyone concerning supply and demand, because this data can be profitably used by those who hold dollars, but not by those who seek them.

"Therefore, it must start with banks at this stage, and then exchange companies can be included at a future stage. The companies should be multi-purpose, including the currency exchange activity."

Writer Calls for Reexamining Arab Thought

91AA0245A Cairo AL-AHRAM AL-DUWALI in Arabic
10 Mar 91 p 7

[Article by Rajab al-Banna]

[Text] When the great French philosopher, Descartes, wanted to establish new thinking to reconstruct the European mind, he began simply. However, this beginning was of extreme importance, for he believed that the European mind was filled with many, deep-rooted ideas of unknown origin. No one thought to test the extent of their soundness or validity. Therefore, Descartes determined his starting point as the reclassification of all ideas in the European mind, idea by idea. By carefully examining each idea, one discerns whether or not it is sound. Descartes believed that the human intellect is like a basket of fruit. If one apple is rotten, the rest of the apples in the basket inevitably become spoiled. I believe that this method is what we need now in the wake of the trial that we have been experiencing since 2 August 1990.

The Arab mind needs to immediately acquire a new ability to distinguish between right and wrong. The balance continues to be upset. The dividing lines are ambiguous. Look how Saddam Husayn was able to declare that he ravished Kuwait to liberate Palestine, without believing that such a remark would make his people disdain his intellect and cause and make them withdraw their support. The matter becomes all the more strange when people agree with him, and when this spuriousness is repeated by persons whom we imagined to be reasonable and wise. Then, others who peddle nations and the destinies of nations attempt to promote this idea, as if the Arab arena had become an insane asylum, so that this strange utterance could be believed. What is the criteria for determining right and wrong.

What prevents the Arab mind from falling, in the future, into the snares of the deceivers, the peddlers, and those who engage in one-upmanship regarding every issue? It is said that if these lost causes did not meet with an echo and response in other lost minds, they would not be said or spread. This is true. Therefore, there is an urgent need for the Arabs to return to the method of the mind and to regain the faculty of thought and criticism.

Then, look at those who have become blind to the oppression and destruction that have afflicted Kuwait. They see only what has afflicted Iraq. They have completely lost the ability to link between the former as the cause and the latter as the result. If the former had not happened, the latter would not have happened. If Saddam Husayn had continued to be the leader and commander in his country without committing an aggression against a people's country, that people would not have found a cause to attack him. However, the mechanisms of deception in the Arab mind did not see matters as they are in reality, preferring to exist on self-deception and the denial of reality, promote falsehood, and deny the truth. Look at the mind that sees things not as they are in reality, but as it wants to see them by means of self-delusion and self-deception. The entire world sees the frightening difference in military power between Iraq and the allies, whereas Saddam Husayn warns Egypt until the last moment that he will be victorious and that the possibility of his defeat is non-existent, not even one in a million. After his aircraft were destroyed and his communications systems were put out of commission, he became like a familiar spirit, believing that the allies were afraid to confront his military genius in a land war. Then, after his complete defeat, he announced that he had won and achieved his objectives, and that it suffices that he did such and such to the world. Could such a deceived and deceiving mind have developed in a vacuum? If that is the case, have all who have heard him realized that his mind is disturbed? Or did those who responded to and agreed with him see the same hallucination? The mental imbalance is obvious and exists. Its extent may be limited, but one rotten apple inevitably transmits its rottenness to the rest of the apples in the Arab basket.

How can a people live in such a trance of its leader's making, divorced from reality? Then, the moment of truth arrives. A bolt of lightning strikes everyone, or at least those who did not expect it, because they had surrendered to this mental trance. Suddenly the edifice is collapsing, because it is based on delusion. Suddenly the spirit is asphyxiated, because it had been breathing lies. Suddenly there is frustration; an inner feeling of defeat threatens the Arab mind once again with introversion and recoiling to the past, and the Arab personality is once again under the threat of losing its ambition and experiencing a failure of will.

Does this not require standing for salvation before the defeat's destructive effects become embedded in the soul? Let us realize that the responsibility for the defeat

lies with one person, who infected a group around him, like a piece of fruit that becomes spoiled and spoils the fruit around it.

Did not the tragedy caused by Saddam Husayn reveal that the idea of Arabism is still ambiguous and in need of a fundamental reexamination, so that we can understand its identity and limitations? Is Arab unity tantamount to control imposed by one who is stronger, who demands extortion money, and, failing to obtain it, moves his armies to chase a people from its country? Is Arabism capturing and burning another's resources?

Is the Palestinian cause a cover in the name of which crimes are perpetrated, crimes which should be opposed only by those who are disloyal to that cause and agents of foreign forces?

Has not this tragedy revealed that Arab entente and unity are still far from being achieved? The Arabs have not reached this degree of civilization, which is a goal that deserves to be pursued. The current reality is that any Arab will is matched by another Arab will that opposes, accuses, and threatens it. The Arab mind agrees with a cause and its opposite. It is for and against it. It supports these, but it also supports those. Instead of debating an idea with an idea, it is satisfied to unleash bombs of incendiary words and poisonous expressions. The Arab reality is turning into statement and counter-statement. The truth is being lost and the rot is spreading from one fruit to another, so that the Arab intellect is becoming filled with spoiled fruit!

If these developments characterize Arab reality, the need of the Arab intellect for serious, organized action to save it is most important and deserving of attention, because the mind is both the origin of and protector against danger. The mind protects against soaring fantasies. An urgent need now exists to base the Arab mind on firm foundations, which are actually the sound, clear ideas featured in the method developed by the French philosopher, Descartes.

To understand what I mean, look at the spoiled fruit that Saddam Husayn slipped into the Arab mind, such as the idea that this war is one of Islam against its enemies, or that the repulsion of a hostile act by any possible means is sacrosanct according to religious law, or that striking an aggressor to repel his aggression is a hostile act against Arabism and Islam.

We say this with the intention of building the Arab mind on sound foundations and subsequently building the Arab world based on sound logic and Iraq's return to its glory to be a power for the Arabs, not a threat to them.

ISRAEL

Finance Minister on Post-War Economy, U.S. Loans

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[Interview with Finance Minister Yitzhaq Moda'i by Dan Shilon; place and date not given]

[Text]

[Dan Shilon] Yitzhaq Moda'i, you promised paradise after the war.

[Yitzhaq Moda'i] Yes, but in the metaphorical sense, who am I to promise paradise?

[Shilon] You promised unprecedented economic growth.

[Moda'i] This is true. I based this on three factors: first, after every war the victor has a period of economic growth; second, our opening statistics are good by virtue of the tremendous wave of immigration; and third, the economy is not currently at its high level of activity.

[Shilon] Israel is not exactly the victor in this war.

[Moda'i] Yes, but when I said these things I did know who the chief victor in the war would be, but I did not know who would stand beside it on the victory platform.

[Shilon] And the fact that Israel, in fact, is not standing on the victory platform is causing you to retreat from the promise of economic growth?

[Moda'i] It at least requires me to have second thoughts on part of the matter. The United States and the coalition countries achieved a great victory, they are in [a state of] euphoria and, indeed, are in store for economic growth. The situation is different for us. Israel, although it was in the war and even was hurt, enjoyed the removal of the threat as a result of the military action of others. This stood in direct opposition to what we have been taught. The fact that we leaned on somebody else to fight for us left us with a large measure of wonder and frustration.

[Shilon] Will this have an impact on our economic relations with the United States?

[Moda'i] Not necessarily, but in the immediate term there is definitely a pause. This is a very sad pause from my perspective, since we guaranteed the United States, in exchange for \$650 million that were defined as defense aid with regard to the war, not to request more for this purpose and also not to request aid for the absorption of immigration until September. This means that [we are] not speaking of aid now or in a year from now, and perhaps not even two years from now.

[Shilon] Are you not responsible for this pause? The fact is that during the course of the war you frightened the American emissary Thomas Eagleberger by demanding

aid in the amount of \$13.5 billion. This led to severe reactions in the United States, such as: 'we are fighting and doing the work, and the Israelis have the nerve to demand that we pay them for this....'

[Moda'i] I did this in full coordination with the prime minister and not on my own initiative. During his visit, I presented to Eagleberger the current and anticipated expenses directly and indirectly related to the war damages, amounting to \$3.5 billion. In a totally different chapter, and this, too, was as requested by the prime minister, I presented to him the immigration needs of Israel for the next five years. I explicitly did not submit to him a request for aid. It was merely a background conversation.

[Shilon] You left him with your working papers. In the United States they interpreted this as a request for aid.

[Moda'i] It is true that Eagleberger requested our working papers at the end of the conversation. I told him: 'we will not give you any papers.' When he repeated the request, we asked the prime minister's office and they said that we could do so. So I gave the papers to him. When this became an issue, Eagleberger himself announced that there had been no request for aid and Baker, too, confirmed this.

[Shilon] Perhaps there was no request for aid, but there was your talk of Israel's needs and Eagleberger was frightened by the amounts that he heard from you.

[Moda'i] Had I known that I was capable of frightening the U.S. Government, I would have weighed all sorts of possibilities. We are a small country and there is no need to attribute to us what we do not have."

[Shilon] At this point, we have returned to reality, and now you are no longer speaking of paradise and of economic growth. This week, you are even instituting a devaluation, which indicates your willingness to abandon the war on inflation.

[Moda'i] It is cruel to attribute to me an intention, or even consent, to return to high levels of inflation.

[Shilon] That is how the devaluation that you instituted this week is interpreted.

[Moda'i] It is true that in Introduction to Economics one learns that when prices rise there is inflation, but those who have studied the subsequent chapters know that there are many varied possibilities of navigating the economy, and it is also possible to institute devaluation without inflation getting out of control. When I came to this ministry, I promised to reduce inflation under 20 percent and, indeed, we did reduce it.

[Shilon] Do you know that the devaluation this week is likely to reverse the trend? It was done in a situation of current surplus of foreign currency.

[Moda'i] In Israel, we have become accustomed to instituting devaluation when we reach the last dollar,

and these are, in fact, the tragic cases in which we have been forced to institute devaluations. The economic truth is that devaluation is instituted when one wants to stimulate the economy and not merely to protect it. Devaluation contributes to the growth and profitability of exports. It encourages investments and prevents imports.

We also have grounds to assume that when there is a demand in the Israeli economy only a small part of the direct result of the devaluation will carry over to the level of prices and inflation.

[Shilon] Minister Yuval Ne'eman submitted a memorandum this week, based on the opinion of the economist Esther Alexander, which rejected all of the basic economic premises that guide you: there is no need for American loans, there is no need for dollars, there is a need for a lot of shekels in order to cure the economy and to absorb immigration.

[Moda'i] I know this economist well, and also respect her. I categorically reject her socioeconomic perspective. It is an anarchical perspective. The memorandum is a mental exercise; as such, I, too, enjoyed reading it, but nothing further.

[Shilon] So how do [we] absorb immigration? By a sudden increase of immigration funds, as you did this week? This step, too, is interpreted as 'too little, too late.'

[Moda'i] 'Too little, too late' is always said, about every act. On a relevant basis, I was convinced that it was inhumane to withstand the cuts in immigration funds that the government had previously decided upon. Therefore, I proposed to the prime minister that he announce immediately the return of funds to their former level.

[Shilon] It did not come in light of the cessation of the waves of immigration and as an attempt to extinguish the flames?

[Moda'i] No. All of the experts attribute the stop in immigration to the belligerent situation that existed in the region and not to the absorption factor. It must be understood, however, that the terms of absorption were not worsened only in terms of funds, but in all of the other aspects of the economy, particularly housing and employment. I hope that we are already on the high road to the start of construction and the creation of employment.

[Shilon] That is not how Minister Sharon sees things. He blames the Ministry of Finance for the 'red tape' and irrelevant considerations.

[Moda'i] When Minister Sharon said these things five and six months ago, there was a measure of truth in his words. But when he says this today, within the framework of 'everything is wrong,' this is merely for stylistic effect.

[Shilon] You do not subscribe to the view that the absorption story is perhaps the greatest blunder of our time?

[Moda'i] No. I am party to the appraisal that the absorption is the greatest achievement in the history of the state.

[Shilon] Is there any chance that now, after the Gulf war, Yitzhaq Moda'i the 'wheel stopper' will agree to new political initiatives and perhaps to concessions as well?

[Moda'i] If we make parallel progress in the two political paths that the United States now agrees to: the path of talking with the Arab states and the path of talking with the Palestinians, and the external existential threat to us is removed, we will be able to show greater generosity with respect to the solution of the Palestinian problem. By this, I am not saying relinquishment of Judaea and Samaria and the Gaza Strip and the removal of settlements.

[Shilon] Does this mean that you will not agree to the principle of territories for peace, as the President of the United States is again proposing?

[Moda'i] On this matter, you will have to refer to the President of the United States.

[Shilon] Do you categorically reject the idea?

[Moda'i] I am not saying that we would not discuss it, since we are, in fact, seeking to sit down for negotiations without preconditions. This, however, is an old idea, and it seems to me that we have already paid our share regarding the territories clause in the peace accord with Egypt.

[Shilon] It is doubtful whether this claim will be acceptable to the United States. It certainly will not be acceptable to Syria and Jordan, who are not partners with Egypt in a joint 'bank' of territories.

[Moda'i] They were partners with Egypt in a 'bank' of joint war against Israel, and therefore I do not wish to determine here who was the banker and who was the shopkeeper.

[Shilon] What is your current personal political situation?

[Moda'i] Generally good.

[Shilon] Do you enjoy the backing that you require to do your job?

[Moda'i] No.

[Shilon] Why?

[Moda'i] Part of this I attribute to the fact that I no longer belong to the formal framework of the Likud, and therefore it is easier to knock me. The processes that are taking place in this Knesset certainly are not regulated and controlled by the coalitional interest. For example, a

member of the Knesset from the Alignment made a proposal this week in the realm of finance, with a price of no less than 3 billion shekel to the economy, and members from the Likud joined him.

[Shilon] Merely in order to knock you? Merely in order to bring about your departure from the government?

[Moda'i] These definitely exist, and this is not exceptional among politicians.

[Shilon] In your case, this is particularly evident. Even the prime minister apparently desires your removal. To this end, he strengthened the coalition by bringing Gandhi into the Cabinet.

[Moda'i] I do not think so. I have a signed agreement and there is a court ruling and there is also an explicit statement by the prime minister, who wants to see me in the position of minister of finance until the end of the term.

[Shilon] He apparently wants you as a wing-clipped minister of finance.

[Moda'i] I am not a rooster and I am not excited [by the fact] that I have no wings. Deeds are of the essence, and as long as I feel that deeds are progressing, I do not care if I have one or two wings.

[Shilon] Why do you agree to sit in the Cabinet with Gideon Pat, who repeatedly casts doubt upon your sanity?

[Moda'i] If it depended on me, Gideon Pat would not be in the Cabinet.

[Shilon] So why do you continue to sit with him?

[Moda'i] It is not my free choice. I have a job that I very much wanted and that I have certainly achieved. I do not deny the fact that I arrived at it by exercising constraint. But it was not only personal ambition that brought me here, [but] also the recognition of my professional capability to advance the economy. Now, eight months after I came here, the positive results echoed throughout every wall of the finance ministry and are [reflected] in every forecast.

[Shilon] Minister Moshe Nissim said about the constraint that you mentioned just now that 'signing the coalitional agreement with Moda'i was the most immoral act that I ever committed in my life'.

[Moda'i] I doubt that it was really the most immoral act that he ever committed. This is intolerable haughtiness. In fact, all of the Likud ministers signed the agreement. Besides, who forced him to sign? I like this method, whereby a person beats on his breast in contrition after the fact, and this, too, on the breast of his colleagues.

[Shilon] Are you a cunning person?

[Moda'i] I think not. There is a large measure of naivety in me. There is no cunningness in me, but there is sophistication and planning. I believe in people.

[Shilon] You once promised that the schools of politics would someday study the political moves that you made. This did not happen.

[Moda'i] That is the schools' fault, not the fault of the moves that I made. The step that brought me to this ministry was a classic one. Many public figures admit that it was a brilliant move. Like a detective story. But you are now giving me an idea that it really is about time to open a school of politics in Israel.

[Shilon] And you will be a professor there?

[Moda'i] First I will study, then I will be a teaching assistant, and, ultimately, perhaps I will also become a professor.

[Shilon] Thank you.

Retiring General Dan Shomron Interviewed

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[Interview with retiring Chief of Staff Lieutenant General Dan Shomron by correspondent 'Avi Benayahu; place and date not given: "I Did Not Make Political Capital Out of My Duties as Chief of Staff"]

[Text]

The chief of staff does not like poses, which is perhaps the best definition of Dan Shomron. He does not do politics, does not like to be interviewed about campaigns and believes that you have to focus on the main thing—building a superior, smart army. Yig'al 'Alon seemed to him bigger than life: "The only personality I saw who was both a commander and a man of values." And what about after his retirement: Shomron—"Are you really suggesting I go into politics?"

The chief of staff is going home. Next Sunday, 1 April, Gen. Dan Shomron will transfer command of the IDF [Israel Defense Forces] to Gen. 'Ehud Baraq and will retire from the IDF after 34 years of service. Shomron was the IDF's 13th chief of staff and the period of his service will be remembered as one of the army's and Israel's hardest, if not the hardest.

In a concluding interview for 'AL HAMISHMAR, Gen. Shomron shares his views and tries to sum what he believes to have been four successful years. His words reflect considerable pride over having succeeded in advancing the IDF despite the difficult situation of the intifadah, terror on the borders, budgetary distress and functioning first under a two-headed government and then under the Likud regime. For the first time Shomron deals with a number of issues about which he had refused to talk during the period of his tenure. Among other things he reveals that more than anyone else, the late

Yig'al 'Alon served as his role model, that he highly valued Colonel Geva' and wanted to bring him back to IDF reserve service but was forced to abandon the idea, and also has something to say about a whole string of generals in the reserves who stood by Gandhi.

The interview with the outgoing chief of staff was held at the start of the week, in his office in Tel Aviv, before the storm caused in the wake of his pronouncement that "a political settlement is much more than territory."

['Avi Benayahu] After many years of service in the IDF, four as chief of staff, you are now mustering out of the units, services and commands. What are your feelings now? Sorrow and sadness, or perhaps the feeling that a heavy burden of responsibility has been lifted?

[Shomron] Naturally my feelings are mixed. I spent many years in the IDF, had lots of experiences, and, nevertheless, it seems natural to me that at some point you have to finish up and leave the work to others. There are enough good commanders in the army. I am separating from the IDF; I began as a private and am finishing up as chief of staff. I have no complaints.

[Benayahu] Did you dream about making it to the chief of staff spot or did you simply happen into the job?

[Shomron] When I was a captain, I did not say I would be chief of staff. I saw a mission in every job I had and never considered a job to be a springboard to the next job. When I was formation commander in the southern command, one of the generals announced that he would be discharged within two weeks. I had been task force commander for half a year when the Defense Minister and the chief of staff at the time called me in and offered me the command at the rank of general. I told them without hesitation that I was turning it down and would not agree to finish my job after half a year. I had commands under me and was demanding full terms and basic work from them, so I could not give the opposite personal example from what I was preaching. The defense minister and chief of staff asked me to think it over and come back in a week. I rejected their offer of the rank of general and told them I would stay to command the task force, and that is how it was.

From the Experience of Others

[Benayahu] A year ago I interviewed you and imagined that you would go down in collective memory as the "chief of staff of the intifadah," and you agreed that would probably be the case. Have the last few months changed anything? After all, you wanted to be remembered as the "chief of staff of the battlefield of the future?"

[Shomron] I never acted in order to be remembered, but rather according to the dictates of reality and a sober appraisal of the limits of the IDF's and Israel's capability. I never thought about some act in terms of "how

I will be remembered." Absolutely never. The intifadah is a fact; in its scope it is something new, and the army did not choose its missions.

I tried to learn from the history of foreign armies that faced similar situations of dealing with terror within a civilian community of women, children and old people. I learned a lot and think it worthwhile to give an example from an American division commander who was interviewed upon his return from the Gulf. He said that when he returned from the war, the army was greeted with flags and flowers, but the soldiers who returned to the United States from Vietnam were avoided in the best case and were generally treated violently. It was only in recent years that a memorial to the 50,000 Vietnam dead was built. There was a striking estrangement between the army and the country that sent it into battle, and that is true of other armies as well, like the French Army in Algeria.

I came to the conclusion that an army that wants to take shortcuts and achieve quick results can violate the behavior code of the society it serves, but there will then be estrangement and the army will crumble. Therefore, over the entire course of the intifadah I argued—and say it again today—that the accomplishments of the intifadah can be prevented without getting into the unfortunate situation in which other armies found themselves. It requires a different form of action, strict observance of the law, which is not a technical matter but expresses society's code of behavior.

[Benayahu] Do you believe you were successful in that?

[Shomron] In practice, the goal of the intifadah is to achieve a Palestinian state, and there are those who believe that to be the minimal goal. They want to achieve civil rebellion and are trying to paint a picture of penury for the consumption of society in Israel and especially abroad.

After three years and more I can say that the settlements in the territories have grown by tens of thousands of Jews. Someone might say that he opposes that politically, but as the operational arm of the authorized government in Israel, it turns out that conditions in the field are not all that bad. In addition it can be stated that external pressure was not exerted on the government of Israel that would force it to accept decisions contrary to its vital interest.

[Benayahu] When you came on board as chief of staff, did you have any role model? Was there a previous chief of staff or personality that you wanted to emulate?

[Shomron] The only figure I saw as a commander and as a man of values was Yig'al Alon. Perhaps because of the fact that I did not know him up close, Yig'al seemed larger than life. All his books, which I read, made me appreciate him as a military commander and as a man of values with a firm world view regarding the place of the State of Israel within the Middle East and how it should be integrated within it.

[Benayahu] Before you took up the job, you said that you wanted a small, smart army; now you find yourself concluding a job in which you set up two new field commands in the territories, with regular cadres, etc., and an army that has grown after all.

[Shomron] Despite the addition of the commands and special units in the territories, the IDF did not take on additional regular cadres. Because of the reductions in the army, this was a mission supplement, not a cadre supplement. At the same time there has been a certain reduction, so that were it not for the intifadah, we could reduce manpower even more.

There is Limit to Power and Wisdom

[Benayahu] But the words attributed to you about a "smart, small army" apparently stemmed from your philosophy about how an army has to be built.

[Shomron] No, I want a large, rich, strong, even beautiful army. In general the lesson I derive from the last war is that it pays to be a superpower. In practice I understood that we have to exploit our relative advantages, to develop smart, precision fighting tools and weaponry in order to win wars with few losses. That lesson also applied to the Gulf since the Americans won with few losses. Within the IDF we have been working in this direction over the last few years, with greater emphasis than before. I assume that we could have advanced with "smart weapons" faster had we not had to invest resources in the Intifadah. That direction is very correct. I know all those people who gave advice on adding hundreds more tanks and more artillery, but you have to recognize budgetary limitations and limitations on Israel's capabilities.

[Benayahu] When you came on board as chief of staff, you coined the term "taltala" [movement], which you promised to fulfill. It is hard to point to. What did you mean?

[Shomron] The enlistment of soldiers for battle units is higher than ever, there is a steady stream into the officer corps, and for every four good candidates for the officers course, we accept only one. We never had that in the IDF before. If the readiness to sign on for regular service at the rank of captain and major is significantly higher, after a long period of decline since the Peace for Galilee campaign, and if at this time we managed to reduce the army where necessary in order to free up resources and get into the "precision weapons" areas—I see that as a very significant change. In the area of training and officer preparation we have changed command and staff, the graduate schools, built up a system of training, war games, and exercises.

These things were done in very difficult circumstances, but they were accomplished, and very quickly. This is the "taltala" I see.

[Benayahu] Defense Minister Moshe Arens said after the Gulf war that he was sorry we canceled the "Lavi"

project. As one who acted energetically in demanding cancellation of the project, do you also share in 'Arens' sorrow?

[Shomron] Maybe I am also sorry there is no "Lavi," but within the budget framework in which we found ourselves, I made the judgment and was not mistaken that the monies we spent for the Lavi could be better spent on weaponry of the type I mentioned earlier. In the United States we will buy F-16's and in Israel we will develop devices that cannot be purchased abroad. By the way, the F-16's we purchased will begin to arrive very soon, and we bought the Apache, which was also purchased with Lavi funds.

[Benayahu] Before you came on board as chief of staff, I heard you lecture to students in Beersheba. You said at the time that Col. 'Eli Geva' should be returned to the IDF and I thought you were going to do that. What happened?

[Shomron] I knew 'Eli Geva' in the army, and I valued him very highly as an officer. While examining the issue, I saw how complicated it was. What 'Eli Geva' did struck many people as symbolic, whether for good or for bad, and the decision could not be made to return him to the IDF without causing a very sharp polemic. That is why I refrained from returning him to IDF reserve service. There was no veto by anyone, it was my authority as chief of staff, but I decided not to cause a sharp debate and gave up on the idea. I did not think it was right to add another debate to that of the intifadah.

Not a Political Animal

[Benayahu] In the period of your tenure you had to confront government ministers, rebut attacks on the IDF within the government, and reject the thrashing of Gen. Mitzna'. How does a chief of staff feel at such times confronting angry government ministers?

[Shomron] I understand that the political echelon wants to see the elimination of the intifadah quickly and wants to take shortcuts, but, in my opinion, that is precisely the mistake other armies made in the past. I did everything I could as chief of staff to have the Israeli people and society, and the IDF, avoid those mistakes.

[Benayahu] The ministers did not understand that?

[Shomron] There are lots of ministers and lots of points of view. In the end the government was the one to decide IDF policy, and the fact is that they were convinced.

[Benayahu] Following this period and your close contact as chief of staff with the political echelon, have you changed your basic opinion about politics, about politicians and about Israeli leadership?

[Shomron] In my view, military people who occupy themselves with politics weaken both the political system and the army. I learned that from the experience of others.

Nobody in uniform should be involved in politics or be perceived as a political figure. I say that despite the fact that the stigma of political chief of staff has sometimes been pinned on me; but I reaffirm that I never attempted and even avoided anything that would sound like political involvement. I was not a "political chief of staff."

[Benayahu] When we see how the political echelon in the United States gave free rein to Gen. Schwarzkopf and avoided mixing into the details, the question arises as to whether our political echelon is too much involved in political activity.

[Shomron] I do not feel the political echelon is involved too much. The IDF has complete freedom of action. But here we have civilian settlements all along the borders, that appeal directly to the political echelon. So it is hard to draw an analogy between us and the United States. We must remember that there is no country like ours where civilian settlements and the army are intertwined all along the border. There is nothing comparable to this peculiarity of ours.

[Benayahu] You worked with two ministers of defense, Yitzhaq Rabin and Moshe 'Arens. What was the difference between them?

[Shomron] I will not answer that question and I will not compare the two ministers. Nevertheless you can look for yourself at IDF policy in the territories and say that there are big differences in policy.

[Benayahu] When Minister 'Arens entered the Defense Ministry there were predictions that policy in the territories would change. Can we deduce therefrom that the defense minister accepted the army's recommendations on the issue of the territories, as well?

[Shomron] The Defense Ministry accepted the recommendations of the chief of staff, which were carefully thought out and not simply pulled out ad hoc in accordance with the public sentiment of the moment. In the final analysis the chief of staff is persuasive.

Deviations, Not Mistakes

[Benayahu] In the period of the intifadah more than 600 Palestinians were killed, many children among them. In retrospect do you think that could have been prevented? Was the IDF learning curve too slow?

[Shomron] It is very difficult to say what would have happened had we acted differently. In our learning process we try different ways, but we do not act simultaneously on alternate paths. According to the results it seems to me that we act on principle, correctly, and I would say that this may be the only correct way. When tens of thousands of people are at work, there are also deviations, but overall we did not make mistakes.

[Benayahu] We are witness to a new phenomenon of terror carried out by isolated individuals driven by a feeling of revenge, hatred and religious fanaticism.

Looking to the future, do you think it will be possible to bridge that hatred that has increased in recent years?

[Shomron] We make a mistake when we stereotype the inhabitants of the territories as a single bloc. There is a hard core of violent terrorists, and there are also other inhabitants. There are various currents and various viewpoints. The revenge issue exists because there are dead people and detainees who left family behind. These dregs exist, and it will be hard to neutralize and counteract them in the future, but most of the public knows and understands that the intifadah is incapable of achieving its goals. Perhaps it was that understanding that led them to support Saddam Husayn, in the hope that he would act for their benefit. Those Palestinians characterized by unfathomable hatred toward Israel are not the majority in the territories.

[Benayahu] You, as chief of staff, authorized the agreement with Col. Yehuda Me'ir before his resignation. Following the High Court of Justice decision to have him brought to trial, do you regret that kind of treatment of an officer?

[Shomron] I am not sorry; I think that what Col. Me'ir did is deserving of punishment. Removal from the army is very heavy punishment. Apart from that I would suggest that everyone remember that in the State of Israel there are government employees who were indicted for accepting personal gratuities and were not removed from their jobs. We removed Col. Me'ir from the IDF. It is the prerogative of the High Court of Justice to decide as it wishes, and it may be that a different composition of the High Court would have decided differently. Those who sit on the High Court are also human beings. We accepted its decision.

[Benayahu] This week Brigadier General Rami Dotan was convicted of the charges brought against him. On second thought, do you not feel that you were rash in giving him the rank of Brig. Gen. and a senior position in the Air Force?

[Shomron] I asked the concurrence of the Shin Bet and the answer I got from them was: "There is nothing to prevent his promotion and appointment to a more senior job." The results of the Defense Ministry investigatory commission were passed on to the judge advocate general who determined in writing that there was nothing to prevent his appointment. That is why I felt it incorrect to delay his appointment. Furthermore, the general manager of the Defense Ministry requested, correctly from his point of view, that we continue the investigation, and we appointed an examining officer, Gen. Menahem 'Inan. Then new, more serious information arrived, I called in the military and civilian police with the judge advocate general and we opened a secret investigation, following which he was arrested.

I must say that his appointment was made after a check, and I am totally at peace with the entire process and with my decision to appoint him and promote him in rank.

[Benayahu] You must certainly have seen the list of 102 senior officers who signed the petition of identification with Minister Rehov'om Ze'evi. I wonder if this is simply a matter of comrades in arms.

[Shomron] I will not deal with that incident in detail, but I will say that I did not like the entire process. I did not like the initiative of signing up people on a petition identifying with Gandhi and I did not like the fact that reserve officers were signing. It may be that their motive was that of comrades in arms for many long years, but I did not like it.

Facts and Gossip

[Benayahu] They say you found it difficult to demonstrate leadership. There were problems of discipline, complaints, etc.

[Shomron] There were those who tried to make inferences about discipline from training accidents. The data I present show that in the last four years there has been a drop in the number of killed and injured from weapons and training accidents and accidents on the roads, relative to the period of tenure of the two chiefs of staff who preceded me. (The data were published this week in 'AL HAMISHMAR—A.B.). It is important to look at the data and not the posturing. I will not debate the posturing, but in my tenure more officers flew out of here, including senior officers with the rank of colonel, than during the tenure of any other chief of staff. These things about lack of leadership are mere gossip. The army should be judged by its accomplishments. I would mention that I appointed the committee of Gen. Lapidot that looked into the safety issue, and we appointed safety coordinators in the various IDF bodies to continue to lower the number of casualties.

You have to look at the facts and the overall picture and not listen to gossip. There have been significant accomplishments in lowering the scope of activity on the northern border and in the security area. We worked there with different methods, with in-depth ambushes. All those results were not accomplished by the chief of staff alone; the IDF has very good commanders. They said I argued with the generals, and that is not true. We have excellent generals under whom good officers serve. The chief of staff gives out the policy and the people below toil in dedication and stubbornness to achieve the results. I did everything to educate the commanders to be independent, to think and not to be a "little head" or just a screw in the works. Those attitudes percolated downward, and no small part of the readiness to sign up for regular service is the feeling among the officers that they are not a just a small screw in the system.

[Benayahu] Gen. Moshe Bar-Kokhba, assistant chief of staff for lessons learned, leveled sharp criticism at you upon leaving the IDF.

[Shomron] He does not deserve a reaction. I suggest you examine the lessons and his interpretation of the Iraqi army.

[Benayahu] I have followed you for four years and feel that you did not devote sufficient time, thought and deed to national problems and issues that are not purely military, like the problems of the Negev, the development towns, employment, Judaizing the Galilee. It seems to me that you tried to be just a "khaki chief of staff."

[Shomron] It is true that I did not scream, "I, I, I." It may be that is the usual way among us and that I messed it up. You should only have seen how much we invest in discharged soldiers in order to prepare them for civilian life and make them contributing, creative citizens. I simply never tried to make political capital of my position as chief of staff. That is part of my character. Believe me, it is easy for a chief of staff to get an honorary key to a city or to go to a local celebration. I always tried to keep busy with substance and not strike a pose.

[Benayahu] Right now a whole set of appointments are being made to the general staff. Are you happy with the latest appointments?

[Shomron] Everything that I was unhappy with did not happen during my tenure. Everyone who was appointed during my tenure was appointed with my blessing. I suggest that you also look at the change in IDF command between what was the case four years ago and what is happening now. You can see the role of the chief of staff in a smooth, responsible transition that is not done with a view to getting the "keys to the city," but with a view to benefitting the army and the State of Israel. The transition was accomplished with the full cooperation of 'Ehud Baraq, in a mutually agreed upon way, without cliques, which have no place in the army.

[Benayahu] Were there not dictates from the defense minister with regard to the appointments?

[Shomron] There were not.

Restraint Versus Push

[Benayahu] A few questions about the conclusion of the war in the Gulf. Could it be said that the IDF also sat in a sealed room and did not act? What did that do to the army and the commanders?

[Shomron] We prepared for every possibility over the course of several months and the IDF had very good responses to the missile threat. Of course we prepared programs and forces for the worst case scenario that would have us facing an eastern front. When we were hit by missiles, believe me [when I say] that we were itching to carry out a nice, quick military action, which in my opinion would have achieved rapid results in western Iraq. But I did not see the chief of staff as someone who builds himself from his position as chief of staff, but rather I really weighed the considerations of Israel's defense for the long term, as well. I thought that under the circumstances and given the damage in Israel, it would be correct to allow the coalition to tear apart the

Iraqi Army without creating pressures and dragging the Iraqi Army in the direction of Israel. I tried to persuade people that in this situation we should postpone what was urgent for the benefit of what was important.

[Benayahu] You had to reject other voices in the general staff?

[Shomron] The various alternatives were presented in the general staff, and we should not perceive the general staff as all of one mind. But the large majority of the general staff accepted, agreed, and sanctioned the goal.

In the army we do not educate toward one opinion. There is free discussion, but in the end there are commanders with responsibility, headed by the chief of staff. There are various opinions and debates within the general staff. Those in charge of the rear want more for the rear; those responsible for defeating the enemy want more resources; those responsible for training yell about that. All express their opinions and they may be right, but in the end the chief of staff decides.

[Benayahu] By the way, are you in favor of establishing a rear command in the general staff?

[Shomron] I do not know yet; that is not a simple problem. I do not oppose a rear command, but we are still dealing with the issue and once we know precisely what it means, we will decide. Anything that gives a good answer in the area of resources is reasonable.

[Benayahu] In the wake of the lessons of the Gulf war and the decisive contribution of air power, is there room for reappraisal within the IDF of the interservice balance and the provision of additional budgets to the Air Force?

[Shomron] In practice, our Air Force has for a long time already gotten more despite the fact that the Air Force claims it has not. By the way, every one of our services says it is mistreated.... The Air Force certainly has priority, but there are also components within the land and sea forces that have to get precedence. We have to examine in very close detail, with the United States as a friendly country, the real lessons and not the media lessons, both in the tactical sphere and the operational sphere and at the level of weaponry, in order not to derive too hasty conclusions.

[Benayahu] After the war, you declared that the central planet in the eastern front was shattered and that the threat to Israel had been reduced. In light of that assessment, do you not feel there is room for reducing the defense budget?

[Shomron] In a rational assessment of the situation it could be concluded that within the next year or two the threat of war has been reduced. Nevertheless, I would not say that we have to lower the defense budget, but rather than we have to enable the IDF to continue with the process I began—lowering the size of the army by directing resources to the development of technology and our human potential in order to assure a quality

army in the future. We will invest less in readiness and more in preparing the army of the future.

[Benayahu] Do you see any changes in Syria?

[Shomron] Syria today does not have the strategic rear of Iraq, nor the Soviet umbrella, and in that situation it is difficult to see her going to war. Nevertheless, Syria feels threatened by Israel. They attribute various plots to us, unjustifiably, of course, and there is already a large arms deal with the USSR that will include planes, defensive devices, etc. Nevertheless, I hope that after the defeat of Iraq and after the victory of the pragmatic line, the direction will be political. There are now better conditions for political courses of action and long-term solutions. In that framework I hope that Syria will join that line and continue in the direction of strategic balance.

[Benayahu] In your opinion, is peace now achievable?

[Shomron] I say that the road to peace seems more promising today, but it is still a long road.

The Media as Force

[Benayahu] Your big exposure came after the action to extricate the hostages at Entebbe. Was that an important milestone in your military career?

[Shomron] That was a media celebration; that sort of event is exactly what the media loves. Of course that action was outstanding in my view, but it was part of a chapter of very varied military activity, especially battle activity, that included not only the raid on Entebbe.

I never liked media exposure because there is a lot of danger in it. When commanders build on the media, that is a kind of defilement. I would want that exposure to be internal to the army and not external to the media. At the time I got an order to be interviewed and have exposure.

[Benayahu] Today as chief of staff would you give a similar order to the commander of a similar operation?

[Shomron] Yes. I would give the order because I think it was right then to instruct me to be interviewed about a successful action.

[Benayahu] After four years as chief of staff, have you changed your opinion at all about the media in Israel?

[Shomron] The media is a fact and part of reality, and in many cases it has an important function in providing criticism in a democratic country. The problem is that at times the approach is not reportage and the reporters take upon themselves the job of accuser. They will accuse until the other side can prove the opposite and they generally make sure it does not have the opportunity.

As to the army, the entry of the media in depth into the army or into discussion and processes, quoting what one general said to another, will prevent real, honest discussion within the IDF since the officers will speak to the media and not to the issue.

[Benayahu] You claimed on more than one occasion that there are leaks from the IDF, but you were not successful in getting rid of them. In fact you did not struggle with them.

[Shomron] In many instances it is difficult to put your finger on an officer who leaks information, and I never thought for a moment to open investigations or conduct eavesdropping. I expect integrity from the generals, and the majority are that way. Those who leak information are few and do not represent the entire army.

It Was Hard, It Was Good

[Benayahu] In your four years as chief of staff you certainly had difficult moments as well as good moments.

[Shomron] I am finishing up with a feeling of satisfaction, of having moved the army forward at a particularly difficult time sown with danger for its image as a symbol and for its place in the State of Israel. I think that my satisfaction is precisely that in this period we accomplished a great deal. As a future civilian I believe that the military dangers have declined and I am happy that this happened toward the conclusion of my tenure as chief of staff.

There is an additional matter connected with new possibilities that we did not have previously surrounding our captives and MIA's. There may be movement in the direction of their return or for getting better information. We are making every possible effort to bring them home.

[Benayahu] Nevertheless there was certainly a particularly hard moment.

[Shomron] Such a moment was perhaps in the IDF raid on the bases of the Jibril organization in 'Ayara Nu'ima in Lebanon. The dilemma was that we were approaching morning light, four soldiers had disappeared and we were out of contact with them, and the entire region was swarming with terrorists and Syrian forces. I decided to pull out the fighters and continue looking for the four another way, until we could find them and pull them out of the territory in a separate operation. This was not an easy, simple decision and I must say with great satisfaction that the extrication action was quick and successful. We managed to return all four safe and sound. That was perhaps my happiest moment, after the most difficult moment—both in one event.

[Benayahu] Did you recommend Gen. 'Ehud Baraq as your successor?

[Shomron] Yes. I recommended 'Ehud Baraq as chief of staff and also recommended him as my deputy four years ago. We worked harmoniously all the time despite unflinching attempts to find some tension between us.

[Benayahu] Is there something that you had planned and wanted to do but did not succeed in doing?

[Shomron] I only wanted to succeed more in what I did. I wanted that and had I had more resources at my disposal, I would also have succeeded.

[Benayahu] I know that you will evade an answer, but nevertheless: What do you intend to do after your retirement from the IDF? Perhaps politics?

[Shomron] I am chief of staff up to the last minute, and that is an issue I really do not want to deal with. Are you really suggesting that I go into politics?

Space Agency Chief Discusses Satellite Program

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[Interview by Tomer Speiner with Space Agency Chief Professor Akiva Bar-Nun and space researcher Dr. Yaakov Gavan; place and date not given]

[Text] The space age landed upon us by surprise from the atmosphere, in the image of a wicked quarter of a ton of crushing explosives. Yet, not only death and destruction arrived from space, but also assistance from the American intelligence satellite. In an interview with journalist Aryeh Egozi, Dr. Ze'ev Eytan from the Institute of Strategic Studies of Tel Aviv University determined that "Israel needs its own warning satellite." Particularly in light of the threat of the Syrian missiles, which have a very brief arrival time to Israel. [This] will require immediate warning, without the delays that existed in the Gulf war. In the wake of the launch into orbit of the two Israeli "Ofek" satellites, Aviation Week concluded that a country capable of launching an experimental satellite is also capable of putting a warning satellite into orbit. The high Israeli capability in the field of electrooptics was also noted, and it was hinted that Israeli industry, which successfully developed infrared sensors mainly for ground use, is capable of developing sensors for a satellite, which are several times more sensitive and complex. In the meantime, Israel is only capable of launching satellites into low orbit. Beyond this, a really "big missile" is required, a booster stage that we do not have, but there are intentions of developing it. A strong Israeli promoter is Minister of Science Yuval Ne'eman, who also serves as the chairman of the space agency. He will assist in pushing forward the Israeli capability in this domain. Nonetheless, it can be presumed that, in the interim, intelligence and observation satellites will be the exclusive toys of the superpowers.

From Oranges to Satellites

The director of the Israel Space Agency (ISA), Professor Akiva Bar-Nun of Tel Aviv University, prefers to discuss the utilization of space during peacetime, and not to deal with the "space" aspects of the Gulf war.

"The annual budget of the agency, totalling 8 million dollars, is devoted entirely to civil applications, and all of its members are civilians and scientists from several academic institutions and from the most advanced

industries in Israel," emphasizes Ben-Nun. On the background of attractive posters from "Genimad," "Europa," and Kalisto, the moons of Jupiter decorate the office; while smoking his pipe, he explains the economic and technological benefit that will emerge from space research. "We sold oranges for a number of years and even acquired a reputation, but in order to remain on the forefront of technology we must participate in the race to space. The world space market is estimated at 10 billion dollars per annum. Even if we obtain a tiny share of it through high technology industries, this will suffice."

[Speiner] After Israel succeeded in sending two satellites into space, it was written in the foreign press that it is capable of launching into orbit a warning satellite as well, which could contribute precious minutes to the preparation of the rear during missile attacks.

[Bar-Nun] 'Ofek 1,' which was launched in September 1988, was an experimental satellite without measurement instruments. So was 'Ofek 2,' except we were already able to send certain commands to it, although we could not change its direction or control it. The two 'Ofeks' served to check the launching capability and the resistance of the platform in space conditions. [One] must understand that an intelligence satellite is far beyond 'Ofek 1' or 'Ofek 2.'

[Speiner] What are the difficulties?

[Bar-Nun] First of all, the resources and the cost. Even the launching of a relatively simple satellite like 'Ofek,' which weighs 70 km, to a low orbit (248 km at the low point) costs 20 million shekel.

[Speiner] The Iraqi missile "Tammuz" failed, as is known, in paving the way for a satellite, but the improved Scuds enjoyed a certain success in their task. What is the difference between the two types of missiles and what is the Israeli capability in the field of missiles?

[Bar-Nun] The Scud missile is not similar to a rocket for the launch of satellites. This refers to a totally different strength and quality. Several Arab countries have a joint satellite called 'Arabsat,' that was built entirely in the West. With regard to the second part of the question, I would not want to elaborate, for obvious reasons. We launched 'Ofek' into orbit in a western direction, against the direction of the earth's rotation, so that if any mishap took place it would not fall above the area of Arab states—an act that required substantial added power compared with the 'Shavit' missile. I estimate that the warning of the Scud missiles came from a geostationary satellite following the earth's rotation from an altitude of 36,000 km, therefore viewing a fixed picture. This is how the communications satellites and some of the weather satellites are. Launching to such an altitude is, in the meantime, beyond our capability and our budget and, therefore, the 'Amos' communications satellite will be launched by the French 'Arian' missile. I will note only that Israel Aircraft Industries has a plan to develop a stronger booster that will be able, it is hoped, to lift cargo

into higher orbits. 'Ofek 3' will already be a preface to a real scientific satellite. Through it, the technology of stabilization in space and the possibilities of changing angle and direction will be examined. It is our intention to launch an Israeli scientific satellite in 1994.

ISA is planning a number of joint projects with NASA, the American space agency, among them the famous hornet (biological) project that was postponed due to the Challenger tragedy. In an experiment by Tel Aviv University, that has already been approved and has even won much praise, an Israeli space telescope, developed by "El-Op," will be sent and will survey approximately one tenth of the area of the skies in the ultraviolet range. (Rays in this range are mostly swallowed into the atmosphere and, therefore, it is necessary to investigate them with a space telescope.) In terms of its length, this will be the longest observational experiment in the field of radiation. In all, "El-Op" will build three telescopes for three wavelengths in the ultraviolet range, at a cost of six million dollars. This is an example of a leap forward [made possible] by the Israeli scientific-technological capability as a result of space effort. The leap into space was not undertaken for reasons of prestige. The objective is to sell Israeli space products abroad in the future.

Israel at the end of the list. "Ofek 1" was Israel's admission ticket into the exclusive space club. It should be noted that the Soviet Union was the first in the satellite race. On October 4, 1957, the world was shocked when the first "Sputnik" proudly surrounded the world and sounded its historic beep-beep. The Americans, who, at the end of World War II had grabbed the best of the engineers from the German rocket project from under the nose of the Red Army, were dealt a hard blow to their prestige. Four months passed until they succeeded in launching their first "Vanguard" satellite. Ever since, the satellite has been a symbol of technological superiority. France was the third country to launch a man made object into orbit around the earth, at the end of 1965. The Japanese joined the club in 1970, as did the Chinese in that same year. Britain leaped into space only in 1971, and India in 1980. "Ofek" was launched on September 19, 1988, and went around the earth for 118 days.

[Speiner] In retrospect, did we not enter too late, particularly in light of our defense problems?

[Bar-Nun] Time is indeed a most important factor, after resources. The development of an industry of the tremendous dimension, complexity, and quality required from the space project demands a great deal of time. It is likely that it was possible to make it earlier, but it is uncertain if by much. Our lateness also has a positive aspect: space technology is largely conservative, usually basing itself on development that has proven itself, like the old and trustworthy planes that participated in the Gulf war alongside the supermodern instruments. The breakthrough into space at the same time that technology

is undergoing a process of revolutionary miniaturization is likely to assist us in developing an innovative space industry.

In 1969, Professor Ben-Nun participated in the design of the protective shield of the "Galileo" research spaceship, intended to cover the expensive equipment from the shock wave and heat caused by the rapid entry into the atmosphere of the planet Jupiter. Whoever wishes to send a chemical or biological warhead faces a similar problem. The Scud missile, for example, enters the atmosphere in a free fall, accelerated by gravity. At the moment that it passes sonic speed, a shock wave is created, experiencing at this point a great mechanic test. Therefore, there were missiles that fell apart in the air. Moreover, the tremendous friction of the speeds, five or six times greater than sonic speed, heats the air at the front of the missile to several thousand degrees. The strip of light seen by the viewers who climbed the roofs is a result of the burning material evaporating from the surface of the missile, thus saving the warhead. On the "Galileo" spaceship, the special protective shield constituted more than half of the weight of the spaceship. The technology involved in the protection of the chemical warhead, not to mention a biological warhead sensitive to heat, is extremely advanced, and I maintain that it only the superpowers have it.

Dr. Yaakov Gavan, from the Center for Technological Education of Tel Aviv University in Holon, spent three years at the Organization for International Communications in Geneva for research purposes. [Gavan] What is called an intelligence satellite is actually a satellite following an area of activity in a relatively low orbit, at an altitude of several hundred km. These are the satellites about which it was published in the media that are capable of reading even license plate numbers. They are not static in relation to the earth, but encircle it every hour or two; upon each encirclement, it scans only a strip of the surface of the earth. A single such satellite cannot give continuous warning above a given area. Also, its communications are complex because it moves all the time relative to the ground station and does not often see it. Sometimes a geostationary communications satellite directs between the intelligence satellite and the ground station. An additional deficiency: at a low altitude, it will damage the outer layer of the atmosphere. The friction in the thin air will cause a loss in the energy of movement, deceleration, loss of altitude, and it will sink to a denser level of the atmosphere. The friction will increase and return until it burns in the atmosphere within a few months.

Exclusive Housing in Space

Military satellite systems providing means of intelligence, communications, and navigation are expensive, very sophisticated, and possess unique components that do not exist in a civilian system. In addition, the communications to the satellite must be resistant to wiretapping and be extremely reliable. All of these greatly increase the cost of the system, and its price reaches

hundreds of millions of dollars. Israel certainly cannot afford to burn, literally speaking, such a system once a month. The alternative is a geostationary warning satellite, the orbit of which passes above the equator at an altitude of 36 km, synchronized with the earth's rotation. The main problem is the great distance from the earth, reaching 40 km at a latitude like ours. Therefore, extremely sensitive detection systems are required, like those that apparently warned of the launch of the Scuds toward Israel. An additional shortcoming—the special orbit above the equator is 'exclusive housing' inhabited by many communications satellites and there is increasing fear of mutual disturbance. As far as I know, Israel does not have the capability to launch to this orbit and it is hard to believe that someone will agree to make room for a military satellite.

[Speiner] Is Israel, however, capable of launching a "poor man's" intelligence satellite?

[Gavan] I believe that it is only a matter of improving the existing systems. Israel has proven capability in electrooptics. The Israeli pilotless aircraft is a great achievement. But even when you have all the technology, a tremendous effort is required to solve the problems involved in placing the elements into one functioning system. There is great complexity here.

The ideal situation is obviously a combination of a low intelligence satellite and a fixed communications satellite, but this is beyond our capability. A satellite at an orbit of 300-400 km (this refers to the closest point of orbit) can survive for a few years and provide information, although real time communications from and to it are very complicated. If Israel succeeds in sending a geostationary satellite, it would be befitting to incorporate civilian and military functions (such things have been done), since the cost of the launch alone would be over 100 million dollars. Substantial budgets are required for this, but I assume that a country that successfully took on the nuclear project in the 1960's is capable of succeeding in space in the 1990's, particularly now, when we are reinforced by excellent scientific forces from the Soviet Union. Aside from problems of money and time, there are advanced technologies that we do not possess; in the realm of the ultramodern materials, for example. To my regret, the phenomenon of running to foreign sources instead of attempting independent research and development is too common and jeopardizes our long term capability.

[Speiner] What is happening with the superpowers?

[Gavan] The Russians are still the champions in quantity and weight, but the Americans have much better instrumentation. Extremely sophisticated cameras are installed in their series of "keyhole" satellites. Their findings are sent to a fixed communications satellite from the "Tdrss" series and it transfers them within fractions of a second to the High Command. By such a technique, the Pentagon received the report of the downing of the Libyan planes in the Hydra incident

before Mu'ammar al-Qadhafi found out about it. It is interesting to note that launch missiles have not yet achieved the degree of reliability like that of a helicopter, for example, and there are a significant number of failures, 20 percent. In civilian satellites the matter of financial insurance is, therefore, very serious business. I heard about an Indian satellite that was launched successfully on a Western missile and worked for three days, but communications with it were suddenly lost. The Indians did not receive a single cent back."

Arrow Missile Program Reviewed

91AE0340B Tel Aviv YEDIOT AHARONOT
22 Mar 91 p 7

[Article by Yeshayahu Ben-Porat: "Impudence Named 'Arrow'"]

[Text] In due time, when the full story of the Arrow (Hetz) antiballistic missile—made in Israel from the initial concept until the last screw—is told, it will become clear why in late 1985, a group of anonymous designers from Israel Aircraft Industries (whose names are still classified) were the recipients of unflattering names, here and abroad. "Lunatics," they called them in the Qiryah in Tel Aviv; "eccentrics," they called them in the Pentagon.

And, indeed, their pretension soared to the atmosphere, tens of kilometers above the earth, where their "Arrow" was supposed to meet, intercept, shatter, and destroy enemy missiles. At a time when even the superpowers did not purport to conceive or plan the possibility of intercepting missiles in flight and destroying them in the atmosphere, the creators of the "Arrow," with typical Israeli impudence, assumed two pretentious claims as the basis of their project:

A. The project will grant Israel a 1 to 1000 defense advantage. In other words, if 1000 missiles are fired at us, only one of them will be likely to land, and 999 will be intercepted and destroyed.

B. The "Arrow" warhead will destroy all types of conventional or unconventional warheads without significant residual damage. In other words, even if chemical, bacterial, or any type of explosive warheads are fired, there would be no damage whatsoever, or, in the worst case, [there might be] insignificant damage.

This is not the place, and for obvious reasons the time has not yet come, to expose the system's specifications or its secrets, that, according to the experts, encourage and implement the two cardinal aforementioned claims. The fact is that the most renown experts in the United States, the SDI ("Star Wars") project directors, were excited by the "eccentric lunatics," put their faith in them, and, after a lengthy series of careful studies that were undertaken here and in the United States, allocated to the "Arrow" in July 1988 an initial sum of \$158 million for a period of 30 months, for the first stage of development.

On the drafting board, they were persuaded that the designers of the "Arrow" were not as crazy as they had been called, and that the project was viable, despite its pretensions. They were shocked by the ingenuity of the Israelis and by several conceptual and technological flashes that seemed as if they had been taken from science fiction, and have since become patents that even the American creators of the "Patriot" are already seeking to adopt in order to improve their system.

Everyone admits that, had the "Arrow" been operational, no Iraqi missiles would have landed in Israel or in Saudi Arabia, while the "Patriot," originally an anti-aircraft missile, has a much lower effectiveness than estimated. To make it sound favorable, it is possible to liken the "Arrow" to a great cannon, compared with the "Patriot," which is hardly a gun.

Two initial tests of the "Arrow" were carried out last year, both of which were satisfactory in the designers' opinion, although a certain technical failure occurred, which was attributed to an auxiliary system. Soon, additional tests will follow, at least one of which will be at a very advanced level. At this stage, an additional portion of American financing is expected, estimated at \$290 million.

From this point on, and since it is contributing 20 percent to the development budget, the defense establishment will be able to order Israel Aircraft Industries to enter the supplying stage, on a parallel to the system's continued development and improvement, until its completion [that is projected] within three to four years. This means that an initial version of the "Arrow," effective in defending the skies of Israel from every direction, can be deployed and operational within a year and a half to two years.

The acceleration of the process, in light of the urgent need given the Iraqi missile [strikes], is likely to become a possibility not only thanks to the American financing within the framework of "Star Wars." At least one friendly country has already expressed its willingness to contribute to the defense of Israel against missile attacks. When the "Arrow" project was presented to the head of that state, he specified an amount of many hundreds of millions of dollars that his country would be willing to budget for this purpose. If his promise is kept, the sum would be devoted to the development of an item vital to the "Arrow" system; like the other parts, it, too, is made in Israel, and the rate of its development will be accelerated.

If this forecast, which was provided by the heads of the project, is implemented fully and on time, what will we have within a relatively short period of time?

We will have a sophisticated system—"the most advanced in the world," they claim—for the defense against every type of missile. Incidentally, the system will also be economical compared with the "Patriot," since it is a system for the defense of the entire area, and

will be less wasteful than the "Patriot" in numerical relation to the missiles fired to meet and to intercept an enemy missile.

Here and there it has been written that the cost of development and supply will soar to \$5 or \$6 billion. "Lies," the designers complain. Holding the specifications, they determine that the cost of development will, at the end of the process, i.e., spread out over eight years, amount to \$850 million at the expense of the United States, and approximately \$170 million at the expense of the Israeli taxpayer. The cost of equipment, including all of the missiles, radars, launchers, fire command and control, and logistical assistance, will not exceed \$900 million.

A last word, encompassing another surprise: if we believe the designers, and we must emphasize that we do not possess the tools to contradict their premises, the "Arrow," upon its completion, will have multipurpose functions. It will shatter all types of missiles into fragments at the altitude of the atmosphere, at a distance of tens of kilometers from Israel; in addition, however, it will be capable of intercepting aircraft at low altitudes, very far from the borders of Israel.

If they are right, this will be but a fulfillment of the prophecy of the poet who wrote in Second Samuel, Chapter XXII: "And He sent out arrows, and scattered them; lightning and disconcerting them".

Journalist Appraises Media War Coverage

91AE0329A Tel Aviv HADASHOT in Hebrew
13 Mar 91 p 22

[Interview with Motti Kirschenbaum by Avi Ratson; place and date not given]

[Text] Before the interview, I was warned in the editorial board that another interview with Motti Kirschenbaum ("Head Cleansing," Saturday night reports on Israeli television, Steph Wertheimer) would make no difference. The truth is that Kirschenbaum was also unenthusiastic about another interview. However, he ultimately agreed, and no one will argue over the fact that he is the most appropriate person in Israel to interview to obtain an appraisal of the media's coverage of the war, Peter Arnet, Bob Simon, and the various commentators of different ranks.

[Ratson] Some are now speaking out against the merging of the Voice of Israel and IDF [Israel Defense Forces] Radio during the war. What is your opinion?

[Kirschenbaum] I had no problem with it. It has been made into a tempest in a teapot, as if Israel's main problem during the war was the merging of the two stations.

[Ratson] Why then has this problem arisen?

[Kirschenbaum] It is nonsense. During the period in which the stations were merged it was truly necessary to

merge them. In that period, radio not only provided information, it also relayed instructions on how to act. When radio transmits such instructions to a public of 4.5 million residents, it is desirable that there be one microphone. However, the moment radio's function reverts to providing only information, pluralism is desirable and necessary.

[Ratson] How did the two networks operate from a journalistic-professional standpoint in your opinion?

[Kirschenbaum] Harmony clearly did not exist between them. One must understand that the amalgamation highlighted gaps between the levels of Voice of Israel presenters and IDF Radio presenters. Dan Shilon and Rafi Reshef are the best among the presenters. I think that there is great admiration for them in the Voice of Israel as well.

[Ratson] And the presenters of Voice of Israel?

[Kirschenbaum] That is not to say that the presenters of the Voice of Israel are not good. However, regarding the level of presentation, Shilon and Reshef are simply the best among the presenters.

[Ratson] Does that mean that Voice of Israel is better than IDF Radio regarding the level of the journalists?

[Kirschenbaum] The Voice of Israel is much better than IDF Radio regarding the level of journalism and the correspondents. IDF Radio has a problem when faced with this gallery of Miki Gurdus or 'Oded Ben-'Ami from Washington. 'Oded Ben-'Ami is simply fantastic; he is excellent, up-to-date, and fast. And I have not even mentioned Aharon Barnea' and Arye Golan, who constantly bring journalism to a higher level.

[Ratson] Is it only coincidental that you have no good word for Kittel secretary of the news editorial board of Voice of Israel?

[Kirschenbaum] Are you also looking for a defamation?

[Ratson] No, but it seems that everyone attacked him because of his press feature on television.

[Kirschenbaum] I will tell you my opinion of Kittel: He is good, a veteran, and experienced. In this crisis, he slipped when he attempted to inject humor into a situation that did not call for it. This was understood, at least by me, as an attempt on his part to liberate himself from the tension that he was experiencing. When this does not go over, you create antagonism among the listeners.

[Ratson] There was also an attempt to diminish the value of Miki Gurdus.

[Kirschenbaum] That was nonsense. Miki is truly the best. So he had one slip because he quoted remarks with due acknowledgement, and I mean the BBC. However, one has to be kidding to attack him for this quantity of material that he conveyed so quickly and so well. Listen,

I am so sold on Gurdus that I would not care if he listened to my private telephone conversations.

[Ratson] Even after the war, the public continues to listen to radio more than in the past.

[Kirschenbaum] Without a doubt. These are the days of radio that we are experiencing. I think that radio has accumulated many points for its work during the war. It is being remembered and will be remembered for these days, and it is only profiting from the situation.

[Ratson] Who is your favorite broadcaster as a result of the war?

[Kirschenbaum] Dan Shilon. He knows from the outset how to set the right tone. It is not only a matter of formulating well, but also formulating in the correct tone. Kittel failed with regard to tone, not journalism work.

[Ratson] And [IDF spokesman] Nahman Shay?

[Kirschenbaum] First of all, I do not think that Nahman appeared as the IDF spokesman, but as the spokesman of everybody—the government, the individual.

[Ratson] Some have expressed the view that it would have been better if other personalities had shared the duty with him.

[Kirschenbaum] That did not bother me. On the contrary. I did not seek some father figure from the government who would calm me. A senior but inarticulate officer could have handled the job, but he would have been a thousand times more likely to send me into a panic than a sergeant who tells me what I must do. On the other hand, we must not forget that no spokesman would have emerged as a popular figure if he had had to speak and exercise a calming influence after a Scud missile killed 27 persons and injured dozens more, which happened to the Americans toward the end of the war.

[Ratson] Did you not suddenly begin to believe that the Lubavitcher Rebbe is right in saying that nothing will happen to the people of Israel?

[Kirschenbaum] If I suddenly began to believe in something, it was that the Lubavitcher Rebbe is right in continuing to live in Brooklyn....

[Ratson] And now, to television. Channel 2 versus general television.

[Kirschenbaum] I think that the program 'This Evening in the Gulf' was very good. They managed to put together an interesting program without much effort. There is nothing to say. At 0730, the Hebrew-speaking population is not watching the news in Arabic, so it found a solution in the second channel.

[Ratson] What do you mean by 'without much effort'?

[Kirschenbaum] They used existing material rather than the independent work of correspondents. One must

know how to do this, and they did indeed. They also received Ted Koppel, which is a brilliant idea. However, 'This Evening in the Gulf' as well as Ted Koppel are not an alternative to the news culture embodied by Ehud Ya'ari, Moshe Shlonsqi, Hayim Yavin, Ahime'ir, and the correspondents. As I have argued for years, it is impossible to be a cultural colony of other peoples. [If that is what we want,] let us link up with CNN and be done with the matter.

[Ratson] It seems to me that there was a lack of journalism work from the field itself in this war.

[Kirschenbaum] Until the land battle, we truly did not receive any television material. Not even one frame was transmitted from Kuwait, except, of course, the pictures of the smart bombs being fired that Schwarzkopf brought to press conferences. These were Mickey Mouse pictures to take up the press conference. Such information added nothing.

[Ratson] And when the land battle began?

[Kirschenbaum] Then, television material began to flow. Until then, you picked up commentaries and tone of speech.

[Ratson] What about the following scenario: Israel is in a war with Syria, and Motti Kirschenbaum receives permission from Asad to report from Damascus. Would you report from there?

[Kirschenbaum] If there is a possibility of reporting from Damascus, it is necessary to report from Damascus.

[Ratson] Even though the reporter's life would be in danger?

[Kirschenbaum] It should be understood that the public is not stupid. It is good that Arnet reported and that there is a debate regarding the information that he reported. This is part of the game. However, you, the viewer, must be suspicious regarding the source of the information. If you know that it is being censored and that he has a pistol to his neck as they say, you perform independent selection.

[Ratson] Were there remarks in Peter Arnet's reports that aroused you?

[Kirschenbaum] Certainly. He functioned as the spokesman of the Iraqi Army. He interviewed only Iraqi wounded, and these were actually propaganda broadcasts. He interviewed Ramsey Clark, the American who opposed the war. These are the things that aroused me. Even his wording got on my nerves. One could see his criticism of what the Americans were doing to the poor Iraqis.

[Ratson] After all of this criticism, do you still think that he should have stayed there?

[Kirschenbaum] Yes. Simply to learn, to look, to discern, and mainly to understand what kind of information is reaching you, how it is reaching you, and that it is not the product of a free press.

[Ratson] If you were sitting on the committee that makes recommendations regarding the Pulitzer Prize, would you recommend Arnet as a candidate for the prize?

[Kirschenbaum] No, explicitly. I am happy that he was in Iraq and gave the tip of something. But a Pulitzer? No. I also doubt the degree of risk that he took, as it were. The Iraqis virtually invited him. They treated him very well, because they wanted him to continue reporting on the bombs over Baghdad. And from where did he report throughout the entire war? From the Rashid Hotel, within a radius of 20 meters from the hotel. A stupid failure. I remember, during the Yom Kippur War, when I edited the news on television, everyone wanted to run to the front. I would say that there is no Pulitzer here, but neither is there treason.

[Ratson] What about Bob Simon?

[Kirschenbaum] His capture was of completely secondary importance. What happened to him was out of proportion to the drama of his breaking down and his wonderful texts after he was released. What did he think? That they would not take him prisoner? He himself stated that he crossed the border knowingly. This was not a heroic fall, but an attempt to become heroes. I told them [those who wanted to run to the front during the Yom Kippur War], just a minute, only those who bring in the work and supply the goods will go to the front and remain there. A simple brush with war is worthless.

[Ratson] If you could choose the best place from which to cover the war in the Gulf, where would you go?

[Kirschenbaum] To Schwarzkopf. His story in the war is worth a movie. He is clearly a charismatic person filled with humor. I could go many places with him. That would be before the land battle. Afterwards, I would join the armored force. One must understand that the collapse of the Iraqi Army occurred in front of the cameras, and in this case, it was possible to produce photographic, journalistic material of a high level.

[Ratson] Which 'shot' in the war left you with the strongest impression?

[Kirschenbaum] The 'shot' of the helicopter leading a group of prisoners like a pack of dogs, concentrating them lest they become dispersed. This was a shot that even 'Apocalypse Now' would not have succeeded in staging. However, the 'shot' of the prisoners who emerged from their bunker and pleaded for water and bread was an appropriate 'shot.' These pictures were also mentioned in the speech by President Bush at the end of the war. This symbolized the war and represented the degree of humiliation, which stirred me further against the Iraqis. This is an abasement of the human species.

How did they bring themselves to such a situation? Imagine your son being in such a humiliating situation.

[Ratson] And now to the commentators. From where did this sea of words flow? We were sitting 1,000 km from the front, and even those who were in Schwarzkopf's proximity knew nothing?

[Kirschenbaum] Look, there is no price for words. With a very inexpensive investment, you can fill hours with blah-blah, and, because of the restrictions on photographing, this was a war of commentators. Some revealed themselves as excellent and did excellent work, such as Ehud Ya'ari and Shlonsqi. The problem was those who spoke during the war about 'my sources.' Let them now tell me who those sources were. Your defense minister knew nothing, so, there arose among us those who said 'my sources.'

[Ratson] How does Ehud Ya'ari differ from the others?

[Kirschenbaum] Ehud took his information and synthesized it while endeavoring to reduce to nought any attempts at guessing. What did all of the commentators do? They guessed, because they had no sources. So, after two hours, it became clear that a particular theory they put forward was not exactly correct. What did Ron Ben-Yishai, whom I greatly respect, do? After the Iraqi aircraft began to land in Iran, he hastened to say on Channel 2 that the Iraqis were keeping these aircraft for a later time and that the same aircraft would come to Israel. Why fantasize? And this is only one example.

[Ratson] Is [Major General (reserve) Yanush Ben-Gal another example?

[Kirschenbaum] A classic example. It was clear to me that Yanush would say that he envies Schwarzkopf and that he wants to be in the army. He already recommended that Schwarzkopf run to Baghdad, not stop here, not enter there—and he is already in the first tank. This is the Israeli character. And it is not only Yanush. It is also those same senior officers in the reserve who guessed, as if this were a matter of totalizer.

[Ratson] Who is the premier Israeli reporter or commentator of the war?

[Kirschenbaum] Ehud Ya'ari. His ability to formulate is rare and great. He does written and television journalism. When he speaks, it is also a visual item.

[Ratson] And on radio?

[Kirschenbaum] Gurdus. It could be that, in general, without Gurdus, the war would have ended differently.

[Ratson] And in the written press?

[Kirschenbaum] I liked Nahum Barnea' of YEDI'OT [AHARONOT]. 'Amos Qenan also had wonderful reports. At MA'ARIV, Abramovitz of course, and at HADASHOT, Danqener and Amnon Levy. Among the

military correspondents, I very much liked Alex Fishman, who did excellent work in my opinion.

Editorial Critical of New World Order Concept

91AE0340A Tel Aviv HATZOFE in Hebrew
22 Mar 91 p 3

[Editorial by Haggai Hoberman: "Old and New in the 'New World Order'"]

[Text] So much has been said lately about "new world order," "renewed thinking," and "new reality"—and it seems that, until now, the main innovation is the very fact that, despite everything that has happened, nothing new has taken place in political thought.

U.S. President George Bush delivered a victory speech in which he delineated his ideas for the post-war world. The United States admits that, in fact, this refers to the same idea which it has espoused since the Six-Day War: "territories for peace," and that this proposal did not hold any innovation.... The Labor Party presents a "new" political document called the "Peres-Rabin program," and MK Rabin—among the leaders of the party—declares that "the greatness of the document is that there is no innovation and it is faithful to the government's initiative of May 1989...." The American secretary of state is touring the Middle East and hearing from the Arab leaders the same "old tunes" on a "solution to the Palestinian problem." The small "innovation" that he sought to hear—recognition of Israel—he did not receive, despite the "cracks" and the "fissures" that he discovered (so he claimed) in the positions of the Arab states. The present government, as well, has remained faithful to its initiative of May 1989—as if no "event" whatsoever has taken place in the region since that date....

In this context, it is worthwhile to remember that the American dream of a "new order" is also nothing new. In fact, after every world crisis they have tried to organize a new order—and history shows that they have always failed.

So it was following World War I when the United States initiated the establishment of the "League of Nations," an organization that did not prevent the outbreak of World War II twenty years later. And so it was upon the establishment of the "United Nations" subsequent to World War II, an organization that was unsuccessful in bringing about peace on any part of the globe. (The height of absurdity was its opposition to the peace treaty between Israel and Egypt of March 1979.)

It is reasonable to assume that the chances of the "new world order" at this time are no better than all of the previous "arrangements," not only because of the fact that Bush and his administration are still not clear on exactly how the "new world" will look and what its components will be. The main problem is that several of

the components of the "new order"—particularly with regard to its realization in the Middle East—already appear to be quite naive.

Actually, the "new order" in the Middle East is composed of four basic components, first: the democratization of the region; second: the termination of the arms race and international supervision of nonconventional weapons; third: a new economic system in which wealthy countries will aid poor countries; and fourth: a solution to the Israeli-Arab conflict. This is part of the global concept which maintains that the "new world order" will be composed of values like democracy, free economy among states, and the exchange of nationalism for internationalism, which will be imparted to the entire world.

Among all of these components, the most central to the United States is the matter of democracy. This is the heart and soul of the United States and the central value that it would want to endow to the entire world. And it is also—at least with regard to the Middle East—the central stumbling block in the entire process of implementing the "new order." The United States genuinely believes that the process of democratization in the world will decrease the [frequency of] wars. This comes from a basic outlook which maintains—as has been proven in reality, as well—that war has never broken out between two democracies, but only between a democracy and a dictatorship, or between two dictatorships.

Observation of events in the Middle East at the end of the Gulf war shows how far the region is from real democratization, particularly due to the Gulf war.

The Gulf war—and this is a fact well worthy of remembrance—is one of the most humiliating and shameful defeats that the Arab world has ever suffered. The feeling prevalent today in the heart of the ordinary Arab citizen, regardless of state, is that an imperialist element trampled an Arab element. The Arabs perceived the Gulf war as a Western and technological threat to the Arab world (because of the very technological victory), and perceived the blows to the Iraqi civilian infrastructure—power plants, refineries, etc.—as a Western attempt to withhold modern technological progress from the Arabs.

This shock in the Arab world led to a search for refuge among Muslim fundamentalism. This is a process the buds of which have already been seen throughout the entire Arab world, with its most prominent manifestation being the Shiite awakening in southern Iraq and the surmounting power of the fundamentalists in Jordan, which has been on the increase for some time. This trend certainly is not consistent with a vision of a more democratic Middle East.

The monarchist regimes are an additional obstacle to a "democratic Middle East." The United States (as well as Israel) sees King Husayn as a factor important to the stabilization of the region. Is King Husayn democratic? Is the rule of King Hassan in Morocco—a partner in the coalition against Saddam—a democratic one? These regimes are already "signaling" to the United States: the

implementation of democracy in our country will finish us. Even the ruler of Kuwait, Jabir Al Sabah, who returned to his country as a ruler on the tip of American swords, did not display enthusiasm at the ideas tossed at him by the United States regarding greater democracy in his country.

Here is another American "absurd": under the slogan of a "more democratic world," the United States is restoring the regime of a monarchist-dictatorial ruler hated by the majority of his people. Not to mention, of course, the support of the United States for the regimes of Mubarak and al-Asad, which are also not based upon the pedestals of aggregate democracy.

In spite of the aforesaid, there is still innovation in the reality that has evolved, and it is not particularly in Israel's favor.

For the first time since the establishment of the state, the State of Israel is standing before a hostile and strong American president. The State of Israel has known hostile presidents in the past—Eisenhower and Carter—but they were weak presidents, and were eventually forgotten. (Eisenhower is remembered more as a general than as a president.) Israel has known strong presidents, all of whom were sympathetic—Nixon (before he stumbled in the Watergate affair) and Ronald Reagan. Now, for the first time, Israel must act against a strong administration openly demonstrating pro-Arabism.

For the first time, we are also witness to a phenomenon that was misunderstood in the past—the ideological convergence between the positions of the Arabs and the American administration, the Israeli left, and a substantial sector of Israeli public opinion, at least at the declarative level. It is reasonable to assume that upon getting into details it would become evident that the slogan "territories for peace" is seen by each of these elements in an entirely different light. But as long as the things are said in a general fashion, it is impossible to ignore the fact that the majority of Arab countries succeeded, in successful propaganda maneuvers, to convince both Western public opinion and a substantial part of Israeli public opinion of their willingness to accept the slogan "territories for peace." (A recently published poll showed that 49 percent of the Israeli public is willing to give "territories for peace.") This was abetted by the main accomplishment of the intifadah ("by virtue of" the Israeli blunder), which is the penetration of the feeling that "it cannot continue like this."

The conclusion is not pleasant: The Government of Israel is now standing before a very difficult and uncomfortable political reality.

HAYARDEN Examines U.S. 'Failure' in Gulf
91AE0353A Tel Aviv HAYARDEN in Hebrew
20 Mar 91 pp 2, 45

[Article by Mordehai Horowitz: "The Last Flicker of the American Superpower (The U.S. Failure in the Gulf War)"]

[Text] It took the Americans half a year to achieve the partial and limited goal of the expulsion of the Iraqi forces from Kuwait. During this half a year, they succeeded in creating around Saddam Husayn an aura of an exceptional Islamic hero standing alone and determined against the entire world. They exercised against him one of the most fearful forces that had ever been mobilized in history. The destructive power and accuracy of [these] technological means exceeded everything known until now. This force was originally established in order to serve as a counterweight to the Soviet superpower which, due to its internal problems, has ceased to constitute an opponent at this stage. By exercising a force equipped to go against a superpower, the United States has put Iraq in the shoes of the Soviet superpower.

During the half a year in which the Gulf war and the preparations for it continued, the entire Islamic world, those who admired Saddam Husayn and those who opposed him, felt great pride as a result of the rising status of a sister state that had been recognized de facto by the United States as a superpower. After the defeat of the military force of the Soviet Union in Afghanistan by an Islamic force, this was all that was needed for the tremendous wave of Islamic fanaticism to lose its remnants of sanity within a pink cloud of dreams of power and heroism.

These Islamic dreams were shattered upon the withdrawal of Saddam's forces from Kuwait. They left behind them a residue of bitterness, frustration, feelings of humiliation, and feelings of hate toward the American infidels throughout the Islamic world—from Palestine to Bangladesh and Teheran, without skipping over Egypt, as well, the ally of the United States, or even over Saudi Arabia, the country for which the United States went to war in its defense. The residue of feelings of frustration created a new circle of violence in Iraq, while the United States, after arousing this tremendous wave of bad feeling, is prevented from exercising its great power in order to achieve any decision. A prisoner of its inhibitions, bound by its senile quasi-cultural phobias as if within a spider's web, it stands with its tremendous force on the southern border of Iraq, sounding its miserable, fatalist declarations which suffer from characteristic quasi-cultural lack of charm that "the United States will not weep if internal forces cause the fall of Saddam Husayn," like an old woman expecting someone to help her cross the street. It seems to the Americans that the forces that will bring about the fall of Saddam and assume power in his place, if such forces are to be found, will serve as a colonial buttress of the old, Saudi model. Very little do they know in their tightly closed quasi-cultural souls that if the internal forces that they hope for will succeed in bringing about the fall of Saddam—only then will they have a real reason to weep.

And here we have arrived at the most amazing thing in this senseless story of the Gulf war: with a force of half a million troops enjoying massive assistance from an air force and navy possessing absolute control of their domains, the United States has not reached any lasting

results. Saddam Husayn is rapidly restoring control in his country under the nose of a tremendous American force that is incapable of preventing this. Perhaps it is also not interested. The intervention in the Gulf put the Americans [in a situation] where each option is worse than the next. It is likely that the reestablishment of Saddam Husayn is for the Americans the lesser of two evils and that the Shiites who rebelled against him, whom everyone was so happy about at the beginning of the uprising, are many times worse than him. It seems that the potential of Iran, which the Shiites have eyes for, as a source of danger for American interests in the region are many times greater than that of Saddam. Thus, perhaps the rule of Saddam is the best option. The rule of Saddam, however, means that in another three years he will be in Kuwait again, this time complete with nuclear, chemical, and biological weapons and precise missiles to be launched at any place that he sets his sights on. This, while Jordan has been erased forever from the map and the State of Palestine, which President Bush is about to establish, is bringing Saddam to the suburbs of Petah Tiqva and Kfar Saba. Such difficult and bitter options are the only thing that the United States has gained from its bombastic intervention in the Gulf. It is now trying to buy the friendship of the Arabs at the expense of Israel's security and perhaps also at the expense of its survival. It will not be able to buy the friendship of the Arabs. In this context, we shall recall the words of the great English statesman Fox (Charles James Fox, 1749-1806): "Impoverished violence cannot beg friendship as alms".

The question is asked: Without intervening in the style of the Gulf war, what could the Americans have done in order to prevent Saddam from taking over the region's oil sources? First of all, the Americans should have known what they wanted and estimated the cost of human life [required in order] to realize that desire. They should have asked themselves if they were willing to pay the price. The Americans, however, thought in the opposite fashion. They asked themselves what would be the least costly thing in terms of human sacrifice that they could do, and, according to this criterion, they made their plans. But without human sacrifice it is impossible to achieve anything in war. They should have known that the achievement of a partial objective, like the expulsion of the Iraqis from Kuwait, even if they could attain it, would not be longlasting. Therefore, the removal of the Iraqi forces from Kuwait is a goal without any real content. Only the demise of Saddam and his regime and the establishment of a new regime in Iraq, dependent upon the Americans, could have, in certain conditions, brought lasting results. But objectives of this type cannot be achieved by surgical bombings from high altitudes and shelling from the sea. The attainment of such a goal requires the presence of the infantry soldier on land, within Baghdad, which was scorched, and in Saddam's bunker. Such a war is the only one that had a chance of being effective in the long term. It does, however, involve a greater number of casualties among the American infantry. The United States, in its deteriorated quasi-cultural condition, is no longer capable of making

the sacrifice requisite to the ultimate destruction of Saddam, a sacrifice that need not have been particularly great.

In World War II, the Americans captured Iwo Jima, a tiny island in the Pacific ocean that no American had ever heard of before. Its capture cost the Americans 6,800 lives. With less than half of the number of sacrifices that the Americans made at Iwo Jima, it was possible to determine who would control Baghdad, to maintain control of the vital oil sources, and to transmit a clear message to adventurers likely to emerge in the future with regard to the fate awaiting them. But the United States of today is not the country that was during the days of Iwo Jima, Bataan, and Corregidor. Instead of attaining real strategic goals, the United States is still capable only of barren displays of military expertise like surgical bombings. While these do not involve many casualties, they also do not achieve anything in the long term. The United States of today is afraid of death with a purpose in the battlefield. The AIDS virus is the form of death that wins sympathy and respect there. The victims of this disease, most of whom are sex perverts and drug addicts, are eulogized there "Woe, sir," and "Woe, Praise the Lord." The preference of a form of death by degeneration over the manner of death required by a war of survival is the most severe and clearest symptom of the self-destructive desire of a dying, senile culture. The senile fears and preferences of the United States are the main weapons of its enemies.

The United States suffered a complete and shameful defeat in the Gulf war. In order to clarify this fact to ourselves, we shall return now to the issue that we raised at the end of the previous subchapter, i.e., how to fight against an enemy who wants to die, since, ostensibly, there is nothing that can be done against an enemy who wants to die, an enemy who, if he is killed, is thus assisted in realizing his most yearned for ambition.

The answer to this question can be based solely upon the relevant historic facts that took place in several of the Islamic countries and several of the Arab countries over the past twenty years. These are hard and cruel facts and the conclusions deriving from them are similarly hard and cruel. But facts are the material of which reality is made, and this does not allow us to ignore it. It forces us to deal [with it]. We shall mention but two of the most prominent of the historical facts of the past twenty years that are relevant to the matter before us, i.e., ways [to wage] war against an enemy who aspires to die.

For the past 15 years, the Arabs in Lebanon have been killing one another and it seems that there is no limit to their appetite for death. He who has attempted to follow this continuous murder mania in order to try to understand it, to imagine how this strange thing, so foreign to the spirit of any person with a minimal degree of human feeling, occurs, will discover something that a person who is not an Arab and/or a Muslim will have difficulty understanding. One reads in the newspapers of an entire day of battle in Beirut. One can see in television reports

youth in combat fatigues sneaking along walls and firing, as if possessed, at anything that moves. Ultimately, it becomes clear that this dance of death, definitely possessing its own choreographical charm, produced throughout the day a total of 10 to 15 dead and tens of wounded. Such death at retail can continue in an Arab country for a great many years, while the wage for the Arab's labor is the feeling that the Arab loves so much, that he is a hero because he fights, i.e., kill and be killed, murder and be murdered.

Today there are signs indicating that the continued death at retail in Lebanon has accumulated to a level that has quenched the thirst for blood in that country. The aspiration to die, even if under certain conditions, is not the unnatural thing that some maintain; in any case, is not the only natural thing in the human soul, since a contradictory and offsetting desire for survival always exists and functions. Therefore, there is some limit to bloodshed, beyond which all of this business with death ceases to amuse even the most addicted to it.

This is also true even with regard to the Iranians, who are really passionate about blood. When one sees on television the disgusting sight of how they gather with swords and knives, holding rags soaked with their own and each other's blood, striking their heads, beating themselves with chains with the ecstasy of sharks which have smelled blood, it seems that there is no limit to their willingness to shed their own and one another's blood. Nevertheless, even the Iranians' active and passive thirst for blood has a limit beyond which they are incapable of enduring. They reached this limit in the eight-year war against Iraq, and were forced to make peace.

The aforesaid brings to light the necessary and very unpleasant conclusion that in order to defeat an enemy who wishes to die, one must cause his death in such a way that exceeds what he is capable of tolerating. It is necessary to bring such an enemy to the throes of death beyond what he can endure.

The Muslims know this. Therefore, the annals of the wars of the Muslims among themselves are filled with hair-raising acts of massacre intended to bring the enemy to his level of endurance before death. And if this is so among themselves, it is even more so among themselves and the non-Muslims.

In order to summarize the Americans' march of folly in the Persian Gulf it only necessary to mention one characteristic of the current condition of Islam. Islam today is like a body sick with furunculosis. Every so often, the pus in one place accumulates, and a yellow headed abscess appears. Once the name of the yellow head is Jamal 'abd-al Nasir, once it is Hafiz al-Asad, once the Ayatollah Khomeini, and once Saddam Husayn. Every so often a war occurs, squeezing the pus from the abscess and removing the yellow head from this world. The Six-Day War did that to the Egyptian abscess headed by Jamal 'abd-al Nasir. (The Yom Kippur war is a special case that is irrelevant here.) The eight year war

drained the Iranian abcess headed by the Ayatollah Khomeini. The rule apparently is that in a place where such an abcess once existed and was drained by war another abcess will not grow. In analogous language: people there have lost their desire to fight because they have reached the saturation point with regard to blood and death. This, apparently, is the secret of Iran's absention from supporting the uprising of its Shiite brothers in southern Iraq. What emerges, therefore, is that in order for a Islamic country to reach its saturation point with regard to blood and death two conditions are necessary: a war ending with a horrible bloodshed or an overwhelming defeat. The second condition is that the yellow head is removed from the world.

Bloodshed is more thorough and effective in a war between two Islamic elements because they are devoid of any tinge of humanity. The Muslims, Arabs in particular, exploit the humanity of their enemies with complete cynicism; for example, by placing military targets among the dense civilian population, preventing their merciful enemies from hitting the military targets, lest they harm the civilians in the area. This mercy does not entitle its bearers to any gratitude, but merely scorn and contempt from the Arabs, who view it as weakness by the opponent and victory for their tactics.

In light of the aforesaid, it is becoming clear that what the Americans did in the Gulf is irrelevant to anything happening or required in the Middle East. In their quasi-cultural, monocelled, primitive, and closeminded soul, they did not succeed in unearthing the essence of the forces acting and determining the reality of the region. In one of the haughty declarations that the U.S. President recently has been bestowing upon the world, he announced to Congress that "the aggression was defeated." He simply translated in American terms the reality in the Middle East and the acting forces that determine this reality. He saw in the Middle East some type of American reality, determined by local forces possessing American motives. In other words, he saw a reality that does not exist and he formulated his objectives in Operation Desert Storm in accordance with this imaginary reality: to remove the Iraqi forces from Kuwait. He thinks that he is dealing here with rational forces, but this is not so. An Islamic force is a dune. Today one desert storm brings it into Kuwait. Tomorrow another desert storm removes it from there. The day after tomorrow it is in Kuwait again. Therefore, the removal of the Iraqi forces in Kuwait neither adds nor detracts. It certainly is not to be interpreted as if "the aggression was defeated."

The American President's announcement in Congress that the "aggression was defeated" is the climax of the Americans' march of folly in the Gulf. They mobilized forces and means that were intended to fight against a superpower. Thus, they turned Saddam, despite his withdrawal from Kuwait, into the greatest Islamic hero since Salah al-Din. They fired the dreams of greatness and power in the Islamic world to new heights and, afterwards, shattered them by humiliating the force

around which these dreams were spun. This, without annihilating this force, which was, more or less, the worse of two evils. And, mainly—by their surgical bombings, they protected the Iraqi population, thus leaving the Iraqi abcess as it was prior to the war, along with its yellow head, Saddam Husayn. In analogous language: they did not bring death to the Iraqi population by getting blood through the saturation point. Even if the quantity of Iraqi blood that was shed in the Gulf war and in the eight year war has already reached critical quantities, this cannot let the winds of war out of the Iraqi sails as long as Saddam Husayn has not left this world, like Jamal 'abd-al Nasir and the Ayatollah Khomeini before him. Therefore, the "aggression that was defeated" will repeat itself within a few years and with greater strength.

It is strange that it is suddenly necessary to teach the Americans how to fight a death-seeking enemy. In World War II, they fought the Japanese enemy, also death-seeking ("see you at the Yasukuni shrine"), but then they dropped two atom bombs on the cities of Hiroshima and Nagasaki, killed a lot of innocent people, and rid the Japanese of their desire to fight until this very day.

What has happened to the Americans since then? Why did they protect the Iraqi population? Have the Americans suddenly become a moral nation? If so, this is truly an innovation.

KUWAIT

Landmine Problem Discussed

91AE0328A London AL-MAJALLAH in Arabic
13 Mar 91 pp 19-20

[Article by Muhammad 'Abd-al-Salam: "Sum of \$300 Million to Clear 450,000 Landmines in Kuwait"]

[Text] Cairo—All of Kuwait's territory has been a theater of the military operations which took place under the umbrella of superiority by the alliance forces in the military balance of forces. This superiority compelled the Iraqi forces to plant nearly 500,000 antipersonnel and antitank mines in the forward areas of their various defensive belts, thus observing the stationary defense principles which were able to stand but a few hours in the face of the allied forces' allout offensive plan. The Iraqi forces have departed from Kuwait but the mines, exposed by the winds, are still there.

One of the several tasks for whose implementation the Kuwaiti Government began to prepare as soon as it arrived in the capital is the task of removing the mines from Kuwait's lands for two main reasons. First, normal life, including the main road network, cannot be restored safely until the major part of the clearing operations is completed. Second, the task of extinguishing the oil well fires requires removing the mines planted on the accesses

to these wells so that fire-extinguishing teams can extend water pipelines and reach the areas of the fires with their extinguishing equipment.

Reports indicate that a contract has been concluded with the U.S. Corps of Engineers to carry out the fundamental tasks of clearing the mines in Kuwait. According to the contracts, the cost of the clearing operations will amount to nearly \$300 million. On the other hand, the engineering units of the other forces in the alliance, especially the Egyptian forces, have in this regard high-level expertise and capability that enable them to carry out any mission with which they are entrusted within this context, particularly missions to secure the areas in which they are deployed. Moreover, British naval mine sweepers will carry out various tasks in the northern Gulf.

Complex Clearing Plan

Staff Major General Engineer Ahmad Shawqi Farraj, a prominent specialist in this area, has said that mines are the most dangerous obstacles and that their main danger surfaces when a war is over. They impede the projects to rebuild and develop destroyed areas. This is what is becoming clear now in the free State of Kuwait. Landmine obstacles in Kuwait can be divided into four types:

1. Minefields laid by the Iraqi forces throughout the period of preparation for the war, extending from the start of these forces' occupation of Kuwait and up to the time prior to the start of the alliance forces' operations. Such landmines are ordinarily aligned according to a specific system that includes establishing dividing lines which separate the rows of planted landmines from each other, and separate one mine from the next one in the same row. The alignment pattern also includes the locations and types of antipersonnel and antitank mines and the specific positions of mines fitted with camouflaged snares.

The Iraqi command has supplied the allied forces with all the information and data on the landmine barriers. Using this information, the forces engaged in the clearing operations can remove these barriers. There are two means to remove mines:

A. Secure and store the mines and then transport them to be used in any future operations.

B. Place small explosive charges atop mines in the minefield, connect these charges to a small detonation circuit, and then blow up the entire minefield in one go after deploying personnel in secure remote places.

2. Minefields laid down by the alliance forces while launching the land offensive, as well as minefields laid down by the Iraqi forces during the land operations. Normally, the information available on such minefields is not accurate. A greater effort is needed to determine the location of such mines and the partitions separating them. This is because the mines were, by necessity, laid down rapidly and without accurate placement. It is

customary in such a case for personnel entrusted with the clearing activity to crawl in the minefield site, to use sensors to determine the location of every mine, to remove dirt from atop the mines, and to then secure and store the mines or detonate them in place.

3. Mines scattered around the oil wells and around some important sites. The location of these mines has to be determined by mine sensors. Dirt is then removed from atop the mines which are either stored away or detonated.

4. The coastal mines planted on the Gulf's shoreline by the Iraqi forces. In this case, consideration must be given to completing the clearing activity during low tide so that the receding Gulf water could expose the location of mines. A record must be kept of the number of mines removed so as to find out the number of mines carried away by the waves and to keep track of such mines when they resurface on the coastline. Once again, the Egyptian experience in this area shows that some mines resurface after two or more years.

Major General Farraj has noted several important points in the mine-clearing operation in general:

A. One should take into account that it is expected that some casualties will be suffered as a result of the explosion of some mines, whether during the clearing operations or afterwards. Therefore, it is important to have engineers who are well-trained in dealing with mines in order to inspect carefully the areas where explosions occur. Ordinarily, the inspections include surveying an area of one kilometer around the explosion site.

B. Engineering units must carry out the clearing operations very carefully. It is important that these units not feel overconfident while carrying out the work. The clearing teams must also be widespread and must not be concentrated in small areas while carrying out the work so that large numbers of casualties are not suffered by personnel in case a landmine goes off.

C. The Egyptian forces have gained vast experience in laying down and eliminating mines throughout their military history, especially in the October 1973 war when they planted vast strategic and tactical minefields. Those minefields were then cleared with utter ease and calm. Moreover, the Egyptian engineering forces are, with their immense size and constant preparedness, capable of carrying out large-scale operations in this area.

Postwar Mines

There are several other factors that could cause the clearing operations to last a relatively long time:

1. The size of minefields planted in Kuwait is extremely large. Nearly 500,000 extremely sophisticated mines have been planted in Kuwait. Some of them are fitted with camouflaged snares. It is well known that prior to the war, Iraq had in its possession nearly 20 million

mines which it had purchased and had used extensively during its war with Iran. Even though a large portion of the minefields were blown up during the operations, vast minefields continue to exist in Kuwait. At the same time, the minefields cleared during the operations need to be reinspected and recleared.

2. Various reports indicate that Iraq has planted in parts of Kuwait mines loaded with chemical gases, such as nerve gas and mustard gas. Moreover, the emission of indeterminate quantities of gas was detected during the gap-opening operations carried out as part of the land offensive. Staff Major General Mamduh 'Atiyah, ex-director of the Egyptian army's Chemical War Corps, has said that this may cause the clearing operations to be somewhat complex and slow, considering how cautious one has to be in clearing these minefields. He added that the process of clearing a chemical mine is not different from that of clearing a conventional mine, except that in addition to their ordinary gear, mine-clearing personnel have to wear protective gear against the gases, such as protective masks, protective clothing, and the necessary reconnaissance equipment.

3. According to Staff Brigadier General Murad al-Dasuqi, head of the military unit at AL-AHRAM Political and Strategic Studies Center, mine-clearing operations depend on the type of mines planted. There are plastic mines, wooden mines, metal mines, and other types. There is a removal method for each type. Generally, the fact that Iraq has supplied maps of the minefields will make these problems easier. However, it is certain that the method of clearing that will generally be employed is the method of removing the mines one by one because blowing up the minefields leads to destroying vast areas of land and creating large craters. It may also cause a casualty rate higher than the rate expected among personnel in these cases. At the same time, poor weather conditions in the coming period could somewhat prolong the time needed for clearance.

LEBANON

South Lebanese, Iraqi Shi'ite Ties Examined

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[Article by Ari'ella Ringel-Hoffman: "The Shi'ite Connection"]

[Text] The people of Binat-Jibayil know very well what is happening in the Gulf. The houses there are run down and people struggle to eke out a living but each house has a television set with a sophisticated antenna and there is no Middle Eastern station that they cannot receive. That is how they heard in their own houses the alarms coming from the southern direction of the Israeli border and viewed both CNN and what was aired in Syria, Jordan, on Middle Eastern Television, and in Israel. That is how they also found out what was happening with Muhammad Bakr al-Hakim, the leader of the Shi'ite

rebellion in Iraq. They know that the rebellion is being repressed with great force and they hear stories—which in Binat-Jibayil come alive after talking to two-three people—of mustard gas released toward the rebels.

And now, glued to their radios, the people of Binat-Jibayil hear that Shi'ite rebels are in control of five cities in southern Iraq, that armored battles are taking place between the Republican Guards and the rebels, and that the latter have been joined by Iraqi units who deserted. And even if they do not rush to celebrate, the people of Binat-Jibayil know something about Shi'ite stubbornness. They say that now that it has begun, the rebellion will not fade away very soon, even if there is no immediate victory. The village people say that the rebels in Najif have learned something from the Iranians. There, too, it took more than 15 years to get the shah out.

Shaykh Sa'id 'Ali al-Hakim lives very close to the green-domed mosque in the center of Binat-Jibayil. The shaykh is a cousin of Bakr al-Hakim. Sa'id 'Ali al-Hakim is the spiritual leader of the Shi'ites in the security zone. He does not give interviews and anyone who does in the village does so anonymously. They have family in Iraq in Najif and Kirbalah and there will still be stories about how Saddam takes care of those who oppose him.

Binat-Jibayil is the largest Shi'ite locality in the security zone. Some 10,000 people currently live there. In summer, when roving sons come back from northern Lebanon, Europe, the United States, and the Gulf Emirates, that number will rise to close to 15,000. In the good times—but who still remembers those—the town had about 25,000 people.

This is a typical south Lebanese small town. The houses climb up hill sides and few have more than one story. At the edges are the more prosperous neighborhoods. At the exit from Binat-Jibayil there is an eerie ghost neighborhood made up of beautiful stone houses with two and three levels, painted balconies, and red roofs that are standing empty. Their owners will come for the summer, if everything is well and there are no bullets flying around. The assumption is that at least by summer everything will be all right.

More than a few Shi'ite leaders grew up here and we will still be talking about them. But after close to ten years of Israeli rule, Binat-Jibayil is a quiet and disciplined small Shi'ite town that has learned and continues to learn each day how to walk between the rain drops and how to stay dry.

We came to the security zone on Thursday morning. Thursday is market day in Binat-Jibayil and this is the largest market in the security zone. It was very cold and at times it rained. The air smelled sweetly of damp earth, a mixture of spices, and rotting citrus fruit. On nicer days there is hardly room to move here, said Lieutenant Colonel Salah Fallah, a Sami'a Druze serving in the Lebanon Liaison Unit [LLU] and commander of this district.

The market fills up toward noon. Merchants unload cartons of fruit and vegetables. They have radishes from the north and citrus fruit from the south, lettuce, cabbages, and small orange carrots with green leafy tops.

At the market there were Christians from Dibal, Druze from Hazbiyah, Sunis from the south, and Shi'ites from the entire area. Used shoes were laid out on tarps on the ground, row after row of second and third hand shoes that had seen better days. Someone had decorated simple glass bottles with colorful strips of cloth and made flower vases out of them.

You find here jeans from Beirut, where they manufacture both the jeans and whatever labels the client desires, even Levi labels for those who insist on them. There are goods from the port of Naqura, perfumes, soaps, and even special hair shampoo to turn brunettes into blondes.

In the center of the market in the local gendarmerie building sat a judge who had come from Beirut to preside over trials. The honorable court with a panel of one meets there once a month on market day on Thursday and anyone who has to do with the authorities is brought before it. A district officer for the Lebanese government used to sit in the Administration House connected to the Gendarmerie, but he recently fled after being caught stealing.

Lebanese liras, dollars, and shekels change hands in the market. Everything goes. Except that the really big money does not go through the Binat-Jibayil market and does not contribute to holding together this torn up country.

The really big money goes through the underground channels of the Lebanese drug trade. The amounts involved some tens of millions of dollars and feed its economy. What began as a clumsy export of truckloads of hashish over the border to Israel and from there to Egypt and Europe improved in time. Today, for example, the same amount of money can be made on a small package of heroin tossed over the "good neighborly fence."

By the way, Palestinian terrorist organizations and later Shi'ite organizations, including 'Amal and Hizballah also realized the potential of the drug trade. In an article about those organizations, Ehud Ya'ari quoted a Shi'ite religious leader who, asked what he thought about such blatant violations of Islamic laws, replied: The situation in Lebanon is sad enough without scratching painful wounds. From what do you expect people to live?

Some time ago, which we cannot specify here for security reasons, a religious leader from Binat-Jibayil, whose name will also not be mentioned, visited Najif, the Shi'ite holy city in Iraq. During his visit he stayed with Muhammad Bakr al-Hakim, the present leader of the Shi'ite rebellion. Bakr al-Hakim is the son of Muhsayn al-Hakim, the former spiritual leader of the Shi'ites in Iraq. At the time the visitor from Binat-Jibayil saw him,

the Shi'ite leader was already an elderly man and his son was taking care of the community affairs. As we said, the rebellion leader and the leader of Binat-Jibayil are cousins.

Views are split in Binat-Jibayil whether the family originated in Lebanon and some of its members emigrated to Iraq, or whether its origin was in Najif in Iraq and some of them came here. In any case, in 1962 Muhsayn al-Hakim came from Najif to visit his family in Binat-Jibayil (his wife was born there).

Muhsayn al-Hakim was already a well-known religious leader in Najif and people in Binat-Jibayil bowed their heads when he passed in the street. He stayed with his relatives for one and a half months, then went back to Iraq. Since then family members began to travel to Najif on visits.

According to Binat-Jibayil historians, four members of the family were active in the Shi'ite community in Iraq and even had to pay for it with their lives. In 1982 one of the brothers, Sa'id Bakr al-Hakim fled to Iran, where he appeared on local television and called for a rebellion against Saddam Husayn. Binat-Jibayil people say that the very same night Saddam Husayn's emissaries appeared at the house of another brother, seized his six sons, and executed them. Another brother, who went from Najif to Sudan, was murdered there at the hotel where he was staying.

Lebanese Shi'ites say the Iraqi police conducted searches at the house of Muhsayn al-Hakim, which is something inconceivable when it comes to the spiritual leader of the community. They also talk about the chain of persecutions the family endured, including the assassination of other sons.

The people of Binat-Jibayil know about every family member murdered. They know his name, his age, how he was tortured, and how he was killed. Time and distance serve to embellish the stories. At times it seems that this tortured saga stands as the symbol of the history of the community as a whole.

It was only a question of time and opportunity until some member of the al-Hakim family led a rebellion against Saddam Husayn, said a religious leader. The Shi'ites, he said, will not go back to what was in the past. About 50 percent of the Iraqi population is Shi'ite and Saddam Husayn has been oppressing them all this time.

Did he think that the rebellion was going to succeed?

He did not know. Some time ago Baqr al-Hakim appeared on Iranian television. He said that the rebels were prepared to lay down their arms if Saddam Husayn was removed. It depends on what happens in Baghdad, the religious leader said.

And what could he tell us about the rebellion leader?

Baqr al-Hakim, he said, inherited his father's place not because he was the son, but because of his personality

and his religious wisdom. The leadership is not hereditary. He is a wise man and a tough leader. He would not give up, and if they do not win this time, they will next time.

Was he in touch with Baqr al-Hakim?

Not directly.

In Binat-Jibayil one sees bearded religious Shi'ite men and veiled women, as well as women dressed in jeans. Very few signs of extreme religious tendencies are visible in the street. No portraits of saints hang in prominent places, nor framed verses from the Koran. Binat-Jibayil always served as a district town in the south and maintained good relations, relatively speaking, of course, with the Christian localities in the area. People used to live on agriculture, mainly tobacco crops. Today Binat-Jibayil exports administration functionaries to the area and many of its residents are involved in trade.

Binat-Jibayil people are very careful about what they tell the media. Most of them insisted that their names not be mentioned and their picture not appear in the paper. The most frequently used argument was that they had relatives in Iraq. Others have relatives in Beirut, for example, and are afraid that somebody there may be bothering to read the Israeli press to see what the Jews are writing.

Did they hope that the Americans will defeat the Iraqis? we asked a bearded young man in the market.

"I did not support either side," he said, "I care only about what happens here."

Nevertheless, what did he think of the outcome of the Gulf war?

"I hope Saddam Husayn dies."

Did he follow the rebellion in southern Iraq?

"Yes."

Do the rebels have a chance?

"If not today," he said, "then tomorrow."

A veteran intelligence officer well versed in Lebanese affairs said that like Israel, which opened the Shi'ite Pandora box in Lebanon, the Americans opened the Shi'ite Pandora box in Iraq. Saddam's threat was a threat of force to which the West responded with force. There is no such response to the Islamic fundamentalist threat, and Lebanon as well as Iran are examples in point. The level of motivation of those who struggle in the name of Allah does not depend on the amount and quality of the arms in their hands.

If you talk about peace in the Gulf, he added, then the "Desert Storm" war did not achieve it. The whole thing is only now beginning. In the meantime, he said, the Americans are in no rush to help the rebels, to say the least.

The SLA [South Lebanon Army] brigade commander of the central district in the security zone, in which Binat-Jibayil is located, is 'Aqil Hashim. Hashim is a Christian from Dibal who has been around in Binat-Jibayil for 12 years now, knows everyone, and everyone knows him. In the night prior to our arrival his men eliminated a squad of five terrorists belonging to the Democratic Front near Zar'it. Even before the battle Hashim communicated on the radio that the television could send in a crew, because his men were going to eliminate the terrorists, there was not going to be any embarrassment. Then came the unavoidable pictures of five bodies and the weapons and broad smiles of the men who had managed to pull the trigger first.

Hashim is a big and cheerful bear of a man. There is no reason to be afraid here, he said, and opened his coat to show that he was carrying no weapon. I can walk around here without a care. Except that behind him walked a sprightly, alert officer of the security apparatus, the SLA parallel to our General Security, who was actually well armed.

Binat-Jibayil people say that 'Aqil Hashim is one of ours, and even Shaykh 'Ali al-Hakim remembers him in his sermons with a blessing. However, out of the town's 10,000 residents only 45 serve in the SLA and another ten in the security apparatus. In contrast, some 120 men from Dibal, Hashim's Christian home town with a population of about 2,400, serve in the SLA.

If I had the slots, Hashim said, I could recruit a lot of soldiers in Binat-Jibayil, but even he knows that the residents of Binat-Jibayil prefer to send their sons away after graduation, rather than to the SLA. One woman, who spoke good English, sent her two sons to the United States. One of them works there, the other is a student. The sons have been away six years already.

Do they come home for vacations?

"No. I go visit them."

Will they stay in America?

"They will stay there until Lebanon is quiet."

How quiet?

"The way it was before the civil war started."

Will Lebanon ever be that quiet again?

"Who knows."

In 1984 Amir Taheri, an Iranian journalist living in France wrote that Ayatollah Khomeyni viewed Muhammad Baqr al-Hakim as Iraq's next leader. Binat-Jibayil people would love to think so, but they have read too many such views to be tempted to rashly believe them.

I do not understand, one resident said, why the Americans are not helping the rebels. But the woman who

spoke to us in the store said she was afraid of the Iranian Shi'ites and of the fundamentalist Shi'a.

Could it get to Binat-Jibayil?

"It can get anywhere," she said.

We go from the administration into town. In the States this would be the "downtown." The streets are one car in width; there is a string of small footwear manufacturers. House doors are painted green and blue, and war scars are still visible on their walls. Here and there half-built houses stand abandoned and unfinished. Shaykh Sa'id 'Ali al-Hakim lives very close to the mosque, as we said, in a house surrounded by a white fence.

A picture of Sa'id 'Abd-al-Ra'uf Abdallah, the father of the Hizballah commander, hangs at the entrance to the mosque. Binat-Jibayil people say that in 1974 the son, Muhammad Husayn Fadlallah, gave his last speech at the Friday prayers, then left the same day never to return.

According to local stories, the windows in his house were smashed and the doors were torn off, until 'Aqil Hashim came and boarded it up. The old father seldom spoke about his son, they say. The few times that he did speak about his actions he expressed displeasure. He was very unhappy about what his son was doing, people reiterate. They, too, know how restricted the old Shi'ite's living space was and how little can say one who lives in a glass house. Anyway, the father died five years previously and since then his picture has been hanging on the door of the mosque.

To the right of the entrance is the library. Dusty holy books stand on plain wooden shelves; there is a small stepladder and the floor has not been cleaned in a while. On the left there is a long row of low-hung taps and blocks to sit on.

An inscription on one of the arch-bearing columns in the mosque yard says that the mosque was built in the name of Muhammad Ra'uf, son of the late Haj Yusuf Bazi, in the month of Ramadan of the year 1265.

Mountainous Binat-Jibayil was built, according to stories, 750 years ago. The town grew around a cemetery. The small Shi'ite town called Jibayil buried its dead in that area and gradually the living moved to live next to their dead. To this day the old cemetery is a holy cemetery to the Shi'ites. An old town, they say with a smile, and still heir to another.

Inside the mosque, where we are allowed only to peek but not to go in, there are two huge chandeliers made of glass drops.

On the way to the mountaintop, Marun al-Rais, we see ruins of buildings bombed by the IDF [Israeli Defense Forces] on various occasions. Some were part of the Litani campaign, some occurred in air raids in the years between the campaign and the Lebanon war, and some took place during the war itself. The command posts

were located on the northern slope of the mountain close to the top. From the top, where the transmission station of the Middle Eastern Television stands today, we look down on northern Israel: Bar'am, Alma, Yarun, and the green top of Mount Meron.

This spot, which looks down on Israel in the south and on Lebanon in the north, is where Middle East events come together. It is a ball of yarn that even the most patient maiden will have trouble unraveling.

The Day That Separates Shi'ites From Sunis

Shi'ite history begins with the succession struggle between the followers of 'Ali, the cousin and son-in-law of the Prophet Muhammad, and the supporters of the three first caliphs. In time this political conflict acquired religious overtones and proceeded to split the Muslims into Shi'ites and Sunis.

In 680, about 50 years after the death of the prophet, the caliphs' supporters butchered 'Ali's grandson Husayn and his supporters in Qirbalah in Iraq. That day became the main religious day of observance of the Shi'ite community. Nine days prior to that day the story of the murder is told, and on the tenth day, the 'Ashura,' a mourning procession, is held which each year reconstructs the tragedy of the community. That is the day on which men march bare breasted in the streets of Shi'ite towns and whip themselves bloody.

In 1963 on the day of 'Ashura' the 'White Revolution' broke out in Iran, which led to the great riots of December 1978 and to the overthrow of the Shah. Ayatollah Khomeyni was responsible for transforming the 'Ashura' from a day of mourning expressing the bitter fate of the Shi'ites into a militant holiday.

Binat-Jibayil people say that in 1966 the Iranian pattern of the holiday was copied and for the first time voices were heard calling for rights for the persecuted community in the Muslim world.

On Ashura in 1982 Muhammad Baqr al-Hakim called on the faithful to make the holiday into a living symbol of the right to rebel against a tyrannical government. "Husayn's sacrifice was not designed to save the faithful, but to send a healing and purifying shock through Islam," he said and mentioned Saddam Husayn's name as the enemy of the Shi'ites.

In October 1984 the newspaper of Amal, the Shi'ite organization in Lebanon, stressed that the 'Ashura' was not mere folklore, but an eternal source of lessons for actions and struggle to defend freedom.

Shi'ite radicalism, whose leader was Khomeyni, diagnosed the "illness of Islam" as attachment to Western ideas, described as "Western addiction." He ruled that the remedy was to bring religious leaders back into politics, and the treatment was to delegitimize the existing government, including armed rebellion, until the establishment of an Islamic state.

Khomeyni condemned the Shi'ites' tendency to conceal their faith as an excuse to surrender to the authorities.

LLU members state that regarding the Lebanese aspect, there is a great difference between the 'Ashura' in al-Nabatiyah, for example—a small Shi'ite town outside the security zone, and the 'Ashura' in Binat-Jibayil. In contrast to the torrents of blood flowing in al-Nabatiyah, the procession in Binat-Jibayil is relatively quiet and the self-flagellation is moderate. People who attended both said that here and there you can see men with bloody faces in Binat-Jibayil, but it does not resemble the extremely violent manifestation of the holiday in al-Nabatiyah.

Report on Amal, Lebanese Forces, PSP Institutions

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[Article in three installments: "The Armed Militias After Implementation of the Plan for Greater Beirut; Amal's Militia Traveled South, Leaving Behind Barbur Citadel, Civilian Agencies; What Will Become of the Lebanese Forces' State and Their Fighters? Political Prospects Dim for Party Larger Than Its Own Faction"]

[15 Feb 91 p 8]

[Text] The Shi'ite Amal Movement has the distinction of being the most splintered, the most divided, and the most chaotic of Lebanon's political movements and organizations and their militias. It was founded after Lebanon's other political parties and organizations were founded. These parties and organizations had fought in the war that started in 1975, but the birth of Amal as an armed organization controlling geographical areas and civilian communities was extremely difficult and marked by bloodshed because "the Movement," as its fighters and extensive membership call it, had to fight countless local battles against most Lebanese and Palestinian parties and organizations in the districts and neighborhoods. Amal had to fight to carve out for itself a stronghold or a foothold in the south, in al-Biqa', and in sections of the capital. Amal is the organization which lost its founder and political master, Sayyid Musa al-Sadr, before it was in a position to stand on its own feet. Conflict and dispute broke out among the heirs of Musa al-Sadr, and the use of weapons was one of the most effective methods for settling these conflicts and disputes.

Foremost among all these factors [behind Amal's violent birth] may be the fact that the Shi'ite Movement took upon itself the task of commanding and leading the Qal'ah sect whose members had migrated to Beirut and its neighborhoods from rural areas. These people had been involved with all the national Lebanese and Palestinian organizations and parties which had fought the war in the Muslim areas. That is why the armed, newly founded Shi'ite movement had to wait many years

before it could command the loyalty of its public and its members and reclaim those people from the ranks of the parties and organizations which they had joined. These years of waiting, however, did not come to an end until Israel's invasion of Lebanon in 1982 created a political and military vacuum within the Muslims' ranks. Israel's invasion of Lebanon drove all Palestinian fighters out of the south and out of Beirut and undermined the militias of Lebanese parties and organizations which are loyal to the Resistance.

The Amal Movement found that this vacuum offered it a suitable opportunity. Working with other small militias, it laid the groundwork for the uprising of 6 February 1984 against the Lebanese army and the multi-national forces in Beirut and its southern suburbs. As a result of this uprising Amal and the Druze Progressive Socialist Party [PSP] gained control over the capital and the suburbs.

Neither the PSP nor Amal, however, employed this control which they had gained in setting up administrative structures in Beirut. That city continued to bear the burden of having small military groups set up armed bands in every neighborhood and every street. These bands acted mostly in their own interests, and they acted at will. But then the time came for an all-out confrontation between Amal and the PSP in 1986, the year in which the Syrian army was allowed to return to Beirut and the suburbs. But the matter of Amal's control over its own areas was never settled. Amal had to fight continuously with many militias. In 1985, 1986, and 1987 it had to fight the war in the camps of Beirut and its suburbs, and it had to fight leftist and Nasirist spinoffs from these wars as well. Then it had to fight the Maghdushah war with the Palestinians in Sidon, the al-Rashidiyah Camp war in Tyre, and finally the Shi'ite war between Amal and Hizballah in the neighborhoods of Beirut and in that city's southern suburbs.

One of the results of this last war was that Nabih Birri, president of the Amal Movement, was limited in exercising his leadership to the neighborhoods of Beirut. Hizballah, however, had exclusive control over most neighborhoods in the southern suburbs: al-Silm, Burj al-Barajinah, Bi'r al-'Abd, Harat Hurayk, al-Awza'i, and al-Ruways. Nothing was left for Amal in the suburbs except a small pocket in al-Shiyah where three street leaders gained prominence: Jihad al-Husayni, Nimr al-Khalil, and Ja'far Balaghi.

Amal on the Eve of [the Plan for] Greater Beirut

What was the condition of the Amal Movement under the leadership of Minister Nabih Birri just before the plan for Greater Beirut was to be implemented?

After experiencing difficult labor pains and successive setbacks in its gory confrontations with Hizballah, the military presence of the Amal Movement in Beirut and its southern suburbs shrank to its lowest level. According to what is being said about him, Nabih Birri wanted very much to get rid of the divisiveness, the fragmentation,

and the division which afflicted the agencies of the movement which he leads and commands. After being appointed minister in President Amin al-Jumayyil's "Salvation Government," he wanted to consolidate the foundations of his leadership in the state's agencies and institutions because many of Amal's military and civilian leaders in Beirut, in the south, and in al-Biqā' were rebelling against his leadership. They were breaking away from the movement and joining Hizballah.

As Amal's leaders broke away with the movement one after the other, Birri found that his leadership in the movement and outside it will lack both power and strength unless its foundations were laid in the machinery of the state: [that is,] in the army and in the state's administrations and institutions. That is why he insisted just before taking over his duties at the ministry that he be named minister for the south. The title would bring out his name and symbolize his political leadership. Hizballah, however, found in Birri's propensity to join state agencies and in his aversion to setting up the foundations of an organization in Shi'ite streets and neighborhoods a suitable opportunity for setting up military strongholds and social institutions in those streets and neighborhoods. Consequently, Amal's control was limited to a few neighborhoods in West Beirut: al-Zaydaniyah, Wadi Abu Jamil, al-Hamra Street, and Barbur. And yet, Amal's control in those neighborhoods was challenged and strongly opposed by Hizballah. While Barbur may be Amal's most fortified stronghold in Beirut, bullets fired by Hizballah's fighters, entrenched in the building of the Embassy of Iran and its surroundings, would often find their way into the center of Barbur where the movement's leader resides, surrounded by offices of his central organizational, military, and security agencies, not to mention the homes of his aides. The center of Barbur would be hit by gunfire whenever clashes between the two feuding Shi'ite factions broke out.

Amal's regular army is stationed in the barracks on Airport Road in the southern suburbs. It is made up of approximately 600 fighters, organized and trained by the Lebanese army's Sixth Brigade. Gunfire from Hizballah's fighters in al-Ghubayri and al-Ruways used to besiege these barracks and paralyze those who were defending the facility. Amal's factional offices and the organizational and military centers for the movement's militia elements who work for Amal full time in the neighborhoods were likewise the object of Hizballah's attacks during the clashes. The number of people who worked full time in Amal's militia did not exceed 1,200, and they were organized in groups which lacked discipline, loyalty, and a hierarchical structure. A full-time member of Amal's militia received a monthly salary of between 100,000 and 150,000 Lebanese pounds. But when the movement called upon its supporters to fight, the number of people who responded did not exceed 3,000.

Because these military groups lacked discipline, Nabih Birri wanted very much to get rid of Amal's militia. This

would boost the power of the Sixth Brigade, which was loyal to him, and it would be advantageous to Amal's regular army. In return, the movement's influence in state institutions would be boosted, especially in the Council of the South, in the State Security Agency, in the recently abolished Ministry of the South, and in other ministries like those of information, water resources, electricity, and oil. Birri also wanted state institutions to show preference for activities carried out by the movement's civilian agencies, such as its Office of Education, its Youth and Sports Administration, its "Scouts for the Islamic Message," its media agency, and its social and health services center.

Talking about implementing the plan for Greater Beirut followed the ouster of General Michel 'Awn, and the gears which would put Nabih Birri's wish to get rid of Amal's militia, which was stationed in Beirut, were put into motion. That is why, according to repeated statements made by its leader, Amal took the lead of announcing its intention to disband the militias if appropriate conditions for doing so became available. According to Amal and especially its leader, disbanding the militias would mean, first of all, that Hizballah's military superiority would no longer be like a sword hanging over the head of the movement and its leader. Hizballah would stop gnawing at the areas and pockets controlled by Amal in the suburbs, in Beirut, and in Iqlim al-Tuffah. Second, disbanding the militia would mean that the movement's weak and fragmented military would be evacuated from West Beirut and its southern suburbs. In return, Hizballah's superior, highly disciplined military force would also leave. This would enable the movement to devote itself to the task of consolidating the foundations of its military and political power and control in the south against Hizballah. It would also enable the movement to devote itself to increasing its influence in the state's administrations and institutions. While doors to these institutions are slightly open to Amal, they have remained till now relatively closed to Hizballah. Thus the decree which ordered the militias out of Greater Beirut pleased and reassured the Amal Movement and its president, Minister Nabih Birri, as long as the departure of the militias was not going to affect his political leadership.

According to media sources close to the Amal Movement, that movement's major and main military force was stationed at three locations just before the plan for Greater Beirut was to be implemented. It was stationed at the barracks on Airport Road, in al-Shiyah, and in the Barbur Section of West Beirut.

According to the same sources the barracks on Airport Road which housed Amal's regular army have been completely evacuated. Amal's regular army and all its equipment, weapons, and machinery were moved to barracks in the south and in al-Biqā'. Now that the plan for Greater Beirut has been implemented, anyone traveling on the secondary roads adjacent to Airport Road will notice that military road blocks in front of these

barracks have been removed and that armed personnel who had been assigned to guard duty were no longer there.

Seventy percent of Amal's full-time militia organization, whose offices were spread out in some of West Beirut's neighborhoods and in the section of al-Shiyah, were discharged. There are many reasons why these people were discharged, foremost among which was that of reducing the financial burden which was borne as a result of organizing and mobilizing this militia. With regard to the remaining 30 percent who were not discharged, some were moved to the south, and the rest were kept in the movement's offices in the neighborhoods of West Beirut and al-Shiyah. These people wore civilian clothing, and they did not appear in public with their weapons.

The neighborhoods of the southern suburbs of Beirut were the scene of kidnappings and assassinations which members of the Amal Movement and Hizballah carried out against each other. Furthermore, the fighters and supporters of both sides sought refuge in the neighborhoods which were controlled by each party. When the plan for Greater Beirut was implemented, the kidnapping, assassination, and emigration which were taking place stopped. Neighborhoods were opened up to other neighborhoods, and the fear which enveloped the followers of both sides as they traveled in the suburbs was gone. It was also no longer reprehensible for a group of young unmarried women to be seen wearing chadors in the area of al-Shiyah, the stronghold of the Amal Movement. Members of the Amal Movement could go back to live in their homes and be among their own people in the Bi'r al-'Abd Quarter, Hizballah's stronghold and the place where that party's spiritual guide, Muhammad Hasan Fadlallah, lives.

The Amal Movement's stronghold in Barbur is still the same. Nabih Birri, the movement's staff leaders, and Mr. Birri's aides live there. Barbur is also the place where the movement's central offices for security, organization, politics, the military, and social [services] are located. Tight security is therefore required; a number of streets have to be closed; and various fortifications have to be set up. Some of these fortifications are made of concrete, some are made of metal, and some are made of sand. These fortifications were set up in the middle of a crowded residential neighborhood which has become since the late seventies a shop for ready-to-wear clothing. So far, implementing the plan for Greater Beirut has brought about no changes to speak of in Barbur. Armed personnel (approximately 125 persons) who have been entrusted with the task of guarding this fortified stronghold continue taking turns night and day doing guard duty. They inspect passers-by, search women's handbags, and ask passers-by where they are going.

Government security forces and other forces close to Amal indicate that talks about the possibility of removing the roadblocks closing the streets in that section of the city are underway. Armed personnel would be

made to leave Barbur, and internal security forces would be entrusted with the task of guarding the offices of the movement's central agencies. It is more than likely, however, that such a matter will be deferred as long as the Lebanese Forces keep their military council in al-Karantina, as long as most streets in West Beirut remain blocked by other fortified strongholds, and as long as the struggle to control partisan centers in the two Matsn continues there in the murderous fashion in which it has been conducted. This is according to reports carried every morning by local newspapers.

Amal's Civilian Organizations

The plan for Greater Beirut which has been carried out has been limited so far to getting the militias out of the city and the areas which are subordinate to it in accordance with the plan. And yet, the militias' civilian organizations and institutions—social, health, media, and educational—continue to operate. Militia leaders may be hoping to increase the activities and effectiveness of these organizations to make up for the enormous or direct military domination which they lost.

The organization and effectiveness of Amal's civilian institutions were actually no better than those of its military organizations. The chaos which had become widespread in the movement's military organization was no stranger to its civilian institutions. Ever since the uprising on 6 February 1984 Amal and its president had been devoting their efforts primarily to penetrating state agencies and institutions and not to establishing alternative private institutions, as Hizballah, the PSP, and the Lebanese Forces had done. Nabih Birri's Ministry for the South, which was set up for Mr. Birri under President Amin al-Jumayyil's administration, soon turned into "an oil company" in al-Zahrani. This ministry was recently abolished by the government, and its employees were transferred to the Council of the South which came under the total control of the movement ever since Muhammad Baydun, a key figure of the Amal Movement, was appointed its general director. This control gave the council an army of 500 employees who in practice had no work to do. It also produced a financial deficit estimated to be in the millions. At the same time no one knows what function the Council of the South is supposed to provide under the present circumstances. Muhammad Baydun, general director of the council declared himself a candidate for an appointment to a parliamentary vacancy for the town of Bint Jubayl, which is located on the border strip. Furthermore, he was appointed minister in the recently formed cabinet which is headed by 'Umar Karami.

Amal holds the lion's share of positions in the State Security Agency which was created after the uprising of 6 February. Hundreds of the movement's elements are employed by this agency and engaged in security and investigative work. Amal was instrumental in getting Mahfuz Sakini his job as first deputy for the governor of the Bank of Lebanon, and it was also instrumental in

getting Ayub Hamid, chairman of the movement's Executive Committee, his job. Mr. Hamid now holds the position of general director in the Ministry of Information.

Amal's heavy concentration of civilian institutions in Bi'r Hasan corresponds to the fortified stronghold it has in Barbur. Amal's media machinery is located in Bi'r Hasan. Besides its contributions to al-Mashriq Television, Amal publishes AL-'AWASIF, a licensed, political weekly magazine. It also publishes another partisan magazine called AMAL, but this one is not licensed. Publication facilities for AL-HUDA, a magazine of religious thought, are also located in Bi'r Hasan where AL-RISALAH, a scouting magazine, is also published. Approximately 200 full-time employees work in that media organization.

"Scouts for the Islamic Message," the largest recruitment organization in the Amal Movement, was established in 1976 and is headed by Mahmud Faqih. This organization concentrates its activities on schools and students in areas which are predominantly Shi'ite. Its pyramid-like hierarchical structure is made up of approximately 5,000 scouts who become active in times of peace. This scouting organization is seen as the broad and basic organization where Amal's future elements are groomed in organizational and ideological matters. This central organization is located in Rawdat al-Shahidayn in the district of al-Shiyah.

Amal's Center for Social Services devotes its activities to health services. This agency manages 12 clinics scattered in the neighborhoods of West Beirut and the southern suburbs. The efficiency of these clinics fell to 70 percent of their former efficiency after Hizballah established its domination and control over most neighborhoods in the southern suburbs. But this agency, with the support of the Council of the South, has a contractual agreement with some private hospitals. Amal's elements and supporters receive special treatment in al-Zahra' Hospital which is run by the Supreme Islamic Shi'ite Council. The number of persons who are employed full time in the Center for Social Services is approximately 50 administrative officers and physicians. Moreover, the center owns scores of ambulances.

The Amal Movement's Office of Education, which is located in Bi'r Hasan, is tantamount to a ministry of education run by the movement. This office has influence in Lebanon's Ministry of Education, in student organizations, and in the University of Lebanon. It has influence with university professors and with teachers in the government's secondary and elementary schools. This office sets up discussion groups and fairs which are held for students in educational institutions, and it manages the movement's Youth and Sports Department. The Amal Movement's Office of Education offers educational services, chief among which is the distribution of scholarship grants to its followers to study abroad at a university. Scholarship recipients study in the Soviet Union, in Algeria, and in Jordan. Syria is considered the

country that offers the largest number of scholarships to the Amal Movement. Hundreds of Shi'ite students receive scholarships every year to study at a university in Syria.

Finally, there is the port of al-Awza'i, which was originally a port for fishermen and was renamed by Amal the Port of al-Mudawwarah. The plan for a Greater Beirut had no effect whatsoever on operations at this port which is still receiving merchant vessels and producing high revenues for the Amal Movement. In this regard this port is like other illegal ports in al-Jiyah and Juniyah.

[16 Feb 91 p 8]

[Text] On the morning of 3 December when it was decided that the fighters in the Lebanese Forces would move outside the boundaries of Greater Beirut in convoys, residents of al-Nahr, al-Karantina, and Burj Hammud gathered together to watch the end of one of the country's most difficult political and military stages. People stopped their cars near the approaches to the bridge leading to al-Nahr, and they got out of their cars to watch. At first, they thought they were witnessing the very last episode of a war that would fizzle out and come to an end. They looked on as Lebanon's largest military machine with its army and militia left Greater Beirut, pulling behind it not only its heavy guns and tanks, but also everything in its infrastructure it could manage to take. This consisted basically of offices for the political parties, barracks, intelligence gathering agencies, repair workshops, and hoisting devices, which, it turned out later, had been taken from the port. At that time sources in the press estimated that the total number of machines which were being withdrawn was approximately 450. These include tracked vehicles, tanks, gun-towing trucks, personnel carriers, ambulances, ammunition trucks, and other machinery. People stood and watched for three hours, from 10 a.m. till 1 p.m. They stood and watched under a scorching sun, stunned by what they were seeing and wondering how the withdrawal of this military giant was brought about.

Relying exclusively on what one could see in reviewing the withdrawal of the troops from Greater Beirut would amount to ignoring the nature of what was happening. Using their 30 vessels from 'Amshit and Jubayl, the Lebanese Forces were still transporting by sea most of the military machinery, materiel, and personnel that was to take part in that parade of withdrawing military forces. All that was being unloaded in the fifth dock in the Port of Beirut. It is known that surplus ammunition had been really removed from ammunition depots in the area of Greater Beirut. One of these depots belongs to the CAT Company, and there were other depots in al-Rumaylah Center, in Church of the Lord Center, and in the vegetable market south of Charles Helu Street. In addition, some heavy military munitions were left in shelters and warehouses in al-Karantina. According to eyewitnesses, more than 400 fighters carrying their own side arms and artillery were also in al-Karantina.

Although the Lebanese Forces removed their overt military presence from al-Ashrafiyah, al-Nahr, Burj Hamud, and Sinn al-Fil, they tried very hard to get a significant number of their regular forces who reside in the aforementioned areas to shed their military uniforms and replace them with civilian clothing. And yet, supplying these troops with enough ammunition for small battles was to continue. But the remaining elements of the Lebanese Forces who are employees and technicians were transferred to Kisrawan and Jubayl to take part in the establishment of an entity that would be stronger than the first, which is, Greater Beirut. We are talking about a forthcoming "state for the Lebanese Forces" in Kisrawan and Jubayl, and that state is about to see the light of day.

According to statistics provided by neutral sources, the losses sustained by the Lebanese Forces from the time Gen. 'Awn declared his war against the Forces on 29 December 1989 until last 13 October came close to 600 fighters and approximately 800 wounded. Although taxes levied and collected by the Lebanese Forces had declined, the war of attrition which the Forces had to fight made it necessary for them to pay \$60 million in salaries for the many men who had been called to action in their army. They had to pay for weapons, institutions, and machinery as well. But the Lebanese army made it impossible for the Lebanese Forces to collect the four billion Lebanese pounds they used to collect from residents every month. That amount would have had no effect on the structure of the growing institution, especially since the sum of \$60 million represents a small part of the capital and funds which are available and which are held by the Lebanese Forces in local and foreign banks. The Lebanese Forces acquired these funds from the money they have been collecting from people over the past six years.

Anyone who thinks that today's Lebanese Forces are merely a political party whose good intentions provide the justification for their involvement in the national reconciliation is mistaken. He is also mistaken if he thinks the Lebanese Forces are no longer politically involved in Greater Beirut. If it is true that the United States is serious about disentangling the Lebanese crisis and separating it from the Gulf crisis, then its dealing with the Lebanese Forces as the author of a plan for a federation is inconsistent with the makeup of a single Lebanese state and incompatible with the common features which are shared by all the other parties to the reconciliation. What will be done about this will determine how close we are getting to being serious about finding a radical and lasting solution to the Lebanese crisis. But a quick look at the Lebanese Forces' state could be adequately indicative and telling.

Ever since Bashir al-Jumayil made the official announcement in 1980 about the Lebanese Forces' separation from the Phalangists, the Lebanese Forces have been trying to develop their political organization and to have their own strategy independent of the Phalangists'. In fighting the battle to represent average Christians, they

got involved in gory military confrontations. They took it upon themselves to add to their ranks soldiers, leaders, and groups which are affiliated with factions of the Lebanese Front. Thus, they would be representing Christians legitimately, and that would enable them to devote themselves to drafting their two-pronged plan to unite all Christian fighters and to keep the political decision-making process in their hands. They did not take into account replacing the Lebanese state and what that would entail. Nor did they take into account the fact that they would have to assume responsibility for public and private affairs. The Lebanese Forces did what they did under the guise of "integrating" their organization with the state. Sometimes they did what they did under the auspices of the state.

The Phalangist tendency, represented by Fadi Afram, Roger Dib, and Alfred Madi, continued to represent 40 percent of the Lebanese Forces' political makeup even after the Lebanese Forces completed the Tripartite Agreement on 15 January 1985 under the leadership of Samir Ja'ja'. The war of attrition brought about little change in the composition of this tendency, but not in its attribution. However, the definite propensity to more social and doctrinal consolidation, which was introduced by the neo-phalangist political tendency, represented by Samir Ja'ja', turned that tendency into a more effective military organization for the Lebanese opposition. So far, that tendency's opinion has won more acceptance in the general staff organization and in most of the Lebanese Forces' activist institutions. Thus, Ja'ja's noted proposal about a federation which would follow the completion of the plan for Greater Beirut and a discussion of the terms for national reconciliation became the prevailing opinion among members of the Lebanese Forces. It emerged as the most realistic and most rational proposal: the one that was most fitting for the geographic, religious, factional, and legislative distribution of Lebanon's total population.

The Christian tendency which is close to Israel and which is calling for the establishment of a Christian state became so splintered, it was almost wiped out, especially after the war of attrition waged by 'Awn. This Christian tendency was broken up not because of any dissension that Ja'ja' had organized in its troops against supporters of Israel, but rather because that tendency had pledged the support of all its relatively small troops in favor of Gen. 'Awn. The Christian tendency had tied its destiny to the general's because it thought that the battle was about to be settled once and for all between those who, [on the one hand,] advocated independence from Syria and called for a strong, centralized Lebanon, and Syria's followers, [on the other hand,] who were relying on Syria's strength because of the weak support they had from the people. To quote them, they were relying on Syria's strength because their appeals for assimilation had collapsed. Forty officers in the Lebanese Forces who subscribe to that school of thought were driven to rebellion because of that matter. They rebelled against their leaders' orders, and they either refused to attack 'Awn's army or hesitated to carry out the order to attack.

Meanwhile, the liberal institutional tendency, represented by Tawfiq al-Hindi; Zahi al-Bustani; Colonel As'ad Sa'id; Jacques Mashi, the director of materiel and ammunition; and others, served as an indispensable bridge for the troops. It helped them conduct talks with other parties who are neither Christian nor Maronite, and it helped them reach [agreement on] lasting principles regarding pluralism and federalism within one state, wherein one of Lebanon's prominent characteristics would be guaranteed minority rights.

The Machinery of the Military Forces

In their recent military battles, one time against the Syrian army in Lebanon during the war of liberation and another time against 'Awn's attacking army, the Lebanese Forces tried to lead the enemy to believe that he was facing a formidable military machine which had in its possession more materiel and ammunition than its army of 9,000 elements needed. The Lebanese Forces' army is distributed as follows:

1. A defense brigade of 5,000 elements.
2. A strike division of between 3,000 and 4,000 fighters.
3. Three artillery regiments.
4. Two navy regiments.
5. 50 pilots and technicians in addition to regiments for engineering, logistics, support, wireless, and other disciplines.

The materiel which is owned by the Lebanese Forces distinguishes these forces and makes them stand out among all the Lebanese army's militias and brigades. This materiel is surplus materiel, and that surplus, as it is well known, is due to the fact that two regional parties (Israel and Iraq) insist on entrusting the Lebanese Forces with the task of carrying out some of their policy which is based on hostility to Syria. In return, Israel and Iraq would give the Lebanese Forces the weapons which they were not able to repair. These weapons would become part of the Lebanese Forces' spoils of war.

The military materiel consists of the following:

1. 460 tanks including 60 tanks which belonged to the Lebanese army and which were seized by the Lebanese Forces in the recent war of attrition.
2. Between 100 and 125 long-range field artillery guns
3. 300 mortar guns of different caliber
4. 120 missile launchers with different size muzzles
5. 200 tracked and half-tracked personnel carriers
6. 150 ordinary vehicles and approximately 300 military trucks
7. 20 Gazelle helicopters
8. 30 small military vessels and three warships

9. Several thousand tons of ammunition and missiles

10. Four FROG surface-to-surface missiles

There is no doubt that the Lebanese Forces' military organization is interfering with the policy of the Lebanese state and its legitimate government. Accordingly, it would be impossible for a government, in office only recently, to assimilate in its pro-unity plan the agencies of a federation as well as a tendency which would use the power of an institution that has the upper hand to attract Christian public opinion by intimidating it. Just as Samir Ja'ja' had refused until 1985 to place the insignia of the Lebanese Forces on his military uniform out of a sense of loyalty to the Phalangist organization where he had grown up, he is refusing to turn over the heritage and accomplishments of the Lebanese Forces to the state of Lebanon at a time when average Christians are turning away from the Lebanese Forces.

After Gen. 'Awn was overthrown in the operation of last 13 October, vessels carrying more heavy weapons (tanks, guns, and other weapons) arrived for the Lebanese Forces in the Port of Juniyah. In return, a number of tanks, which had been withdrawn from the outskirts of al-Ashrafiyah and the contact lines in that town, took up combat positions against the army in the town of al-Qulay'at. Residents there were terrified, and they changed their minds about refurbishing their property and their homes. Other areas in al-Kisrawan and al-Jabal were not immune to the dangers of the growing military presence of the Lebanese Forces there, a presence which the residents did not know would eventually turn out in their interests. In fact, no village or hamlet was without ammunition and weapons storage. Although it was said that some of these weapons were chemical, no one dared to call for their removal from his district. Weapons and ammunition were stored beyond capacity in al-Dhuq, Sarba, Juniyah, al-Ma'amiltayn, Adma, Tabarja, al-Fidar, Fatqa, Ghazir, Ghawsta, Rayfun, Faytrun, Suhaylah, al-Qulay'at, Tabariyah, Ghibalah, Jubayl, Mastita, Habbub, Bijjah, al-Qatarah, Mayfuq, Hadtun, al-Duq, and in other areas.

In this regard it has been confirmed that the Lebanese Forces confiscated a large number of warehouses for construction materials in Jubayl and Juniyah so they could store in them the ammunition and weapons which they were not able to store in their own warehouses. Why? They may have done that to defend the entity of the small, newborn state between al-Kalb River in the south, al-Biq'a Valley to the east, Bilad Bsharri and al-Batrun to the north, and the sea to the west. Or they may have done that so that the talks between the Lebanese and the Lebanese Forces would be based on the Lebanese Forces' characteristic and numerical superiority to all the remaining militias, parties, and organizations in Lebanon and their allies.

The Financial State of the Lebanese Forces

One may wonder about the source of these revenues which are necessary for the continued survival of this

major military establishment, particularly after 'Awn had put an end to the Lebanese Forces' tax collection in the two Matns. 'Awn thought that he had put the National Development Fund out of business. That fund is the only institution which is authorized to collect taxes, payments, profits on employment and trade in contraband goods, and so on and so forth. According to the calculations in "The Black Book," which were prepared by Gen. 'Awn's National Coordination Council, [these funds] came to one billion Lebanese pounds a month. Anyone who had doubts about the troops refraining from collecting money and taxes felt frustrated and disappointed. No sooner did the last convoy withdrawing from Greater Beirut arrive in Kisrawan than an announcement was made that fuel prices in Kisrawan and in Jubayl would rise to make up for the funds which had not been collected from the two Matns. A 6-percent tax on restaurants, coffee shops, recreational facilities, watering holes, motion picture theaters, and other facilities was restored. Taxes were also restored on commercial, professional, and industrial firms and on public, educational as well as social institutions. Thus, no one from these areas would be able to avoid paying the tax he must pay for the Lebanese Forces' protection.

The Lebanese Forces also tried to expand the ports of Jubayl and 'Amshit. They tried to have the machinery and hoisting devices which had been taken out of the port of Beirut placed in these two ports where steamships and vessels carrying imported goods and products would be received and then loaded with all kinds of goods. Revenues from such trade would make up for the revenues which the forces lost in the two Matns during the war of attrition. In fact, the Lebanese Forces were saving much of these revenues for "a rainy day." Since the Lebanese Forces' state has been working for its continued survival, it gave financial institutions maximum attention, making every effort to invest the money collected over six years in projects and firms. The number of organizations owned by the Lebanese Forces or those in which the Lebanese Forces are a main shareholder is close to 72 firms scattered in Lebanon and Europe. These projects vary from production organizations to transportation, insurance, engineering, and contracting firms. The Lebanese Forces also own much stock in four Lebanese banks. Most importantly, the monetary reserve they have in Swiss bank accounts is estimated to be one billion dollars. This large reserve keeps the Lebanese Forces afloat despite major upheavals like, for example, having to pay 60 million dollars in salaries to army elements during the war of attrition. If we were to add to all that companies for importing and distributing fuel—and these firms are owned exclusively by the Lebanese Forces Organization—the weak appeal of the legitimate government's invitation to the Lebanese Forces to join the plan for a single Lebanese state would become evident to us. The Lebanese Forces' financial privileges and their control would soon collapse after the invitation is accepted.

Relying on the military and financial power they wield in their areas of influence in Kisrawan and Jubayl, the

Lebanese Forces can set out to make deliberate and dramatic changes in the social structures in those areas. Migrants from the north and from al-Shuf would play a prominent role in bringing about this change.

The Lebanese Forces realized, ever since their relationship with average Christians bore fruit, that embracing the cause of the public interest was futile. They started managing the money they had collected, and they invested it in the most profitable way. They started their own agricultural projects in Jurat al-Qattin, in 'Amshit, al-Hulwah, Kafr Hilda, and in other locations. In return, the forces took on major projects to provide housing for their members and soldiers in the areas of Jubayl, Turza, al-Munsif, al-Burayj, Habbub, and elsewhere. Each housing unit that was built had 1,000 completed apartments. Any member of the Lebanese Forces could own his apartment by having a certain portion of his salary deducted over a period of 25 years. This is something that the Lebanese state, even at the height of its glory and power, was unable to do.

Nothing in this activity, of course, would arouse suspicion. On the contrary, what was done saves the future Lebanese state some effort and planning which it would have had to do to solve housing problems in Lebanon. What was done reduces the burden borne by citizens. And yet, the fortified and impregnable centers and barracks which are being built for the Lebanese Forces in al-Fidar, Ghadras, al-Dhuq, al-Qattarah, and elsewhere are raising questions about the course of the reconciliation and about the nature of the Lebanese Forces' program. That program favors the proposal for a federation and strengthens that proposal by consolidating its political and military power in the Kisrawan-Jubayl canton.

The Department of Engineering in the Lebanese Forces owns more equipment and machinery than both al-Hariri Company and al-Turabah Company do. Until that department assumes the responsibility of opening the check points between the two parts of East Beirut once and for all, and until it dismantles the huge fortifications which have been set up in the face of the factions which favor dialogue and reconciliation, the Lebanese Forces will appear to be going to the talks armed with guns. Since 13 October the Lebanese Forces have not stopped for one day going after 'Awn's supporters in Kisrawan, Jubayl, and Upper al-Batrun. They threw many of 'Awn's supporters out of their ancient state, and they imposed their control over every club, every social care institution, every senior citizens' committee, every religious center, and every village or hamlet that had been loyal [to them]. People were set up in the canton to watch out for the Lebanese Forces and do their bidding in that canton. Eventually the entire social fabric of the canton became one that appeared to be derived from the wishes of the Lebanese Forces.

No political situation in the Second Republic of Lebanon matches what is happening with the Lebanese Forces and how they are spreading out. The nationalists do not have

exclusive control over the two Matns; Hubayqah and his supporters are not striving to gain independence for an entity whose sovereignty is a fait accompli; and the communists cannot control a geographical area larger than that of Greater Beirut even if they wanted to. The Lebanese Forces are the only entity whose control over locations, people, and resources stems from a plan. And as long as the Lebanese Forces' wishes have not been carried out to the last letter, the land, people, communities, relationships, ties, parties, and even the state, according to them, will be up for grabs. Given the authorization which the Lebanese Forces received from the Americans, the price of Lebanese reconciliation to end the civil war may be to give the Forces the right to exercise autonomy over their entire "Kisrawayliyah" state (Kisrawan-Jubayl), provided they join the same reconciliation government.

[17 Feb 91 p 8]

[Text] The Progressive Socialist Party [PSP] headed by Walid Junblatt was one of the first parties to get out of Greater Beirut. It did so 10 days before the government issued its decree. The PSP had become worn out by the war in the streets and it had paid dearly for that war. It did not hesitate, therefore, to take itself and its weapons out of Greater Beirut the first chance it had to do so after the battles of 13 November with Gen. Michel 'Awn. But the PSP had its eye on political power in Lebanon. It was its opinion that the time for disputes over streets and neighborhoods was gone and that the conflict now was to be fought over government and state institutions and over the legitimate government as well.

PSP leaders and some of the party's military cadres recall with sorrow the details of the battles of Beirut. They remember those who lost their lives in those battles. The PSP fought many battles in Lebanon, and it was involved in battles that were fought within the party. And now that the war has been brought to an end and efforts to establish the peace have been initiated, what one sees now from a distance is a different picture. Leaders of the party think that many mistakes were made. They think that political equations which had not been taken into account have ultimately prevailed.

A politician who has been watching the details of implementing the plan for Greater Beirut found the PSP to be one of the most helpful parties on the field when it came to carrying out the plan. He attributes that to the fact that in recent years, particularly after 6 February 1984, the PSP had become widespread over a vast geographical area. Its presence is disproportionately larger than the Druze faction it represents.

Political Guarantees

Statements made by party leaders, by Minister Junblatt in particular, welcomed the plan for Greater Beirut from the outset. These statements stipulated that guarantees be provided for evacuating the party's military sites and for laying down weapons. The party seems to realize that

the present stage requires a confrontation of a different kind with the parties it still describes as isolationist. It seems the party is insisting on fighting a political war with those isolationists.

One of the more prominent leaders of the party says, "Our battle now is inside the authority. We will not allow Maronites to have the exclusive power they had in the past. This does not mean, however, that we will sever our relationship with anyone. We will preserve our relationship with everybody, but that relationship will depend upon the position of each party. We are holding on to our political convictions on the Lebanon we want. This is a battle over institutions and power."

The history of the PSP in Beirut is a story of many tragedies which may not be forgotten soon. One such tragedy is the brothers' war whose most memorable clashes were those which occurred between the PSP and the Independent Nasirist Movement: al-Murabitun. As a result of these clashes the PSP had total control over a large part of West Beirut, and that later interfered with the control which was exercised by the Amal Movement. The second battle for the PSP was that of the "two flags." The party fought that battle with its former ally, Amal. Finally, the PSP fought its joint battle with the communist party against the Amal Movement, which had made it possible for the Syrian army to enter Beirut in 1987.

Despite its resolve to please its base of popular support and to turn over the reins of command in the party to that base of popular support, the PSP was forced to seek the assistance of non-Druze armed troops because it had fought too many military battles. The PSP sought the assistance of the Kurds in the battles of Beirut and the assistance of Palestinians in the battles of al-Jabal.

The PSP's Relationship with Parties

The party inherited from its previous leader, Kamal Junblatt, the role of bringing together left-wing parties and rising groups calling for nonsectarianism and secularism. It continued playing that part after Kamal's son, Walid, took over the leadership of the party. In describing the part played by the PSP during that period one politician said that Kamal Junblatt was Kamil al-As'ad, Nabih Barri, and Musa al-Sadr all wrapped up in one. In other words, Junblatt combined tradition and innovation. He had clout with those around him because of that, and he commanded their obedience. And yet, a former participant in the activities of the National Movement rates the present period as one of the most complex periods because it is one in which fixed standards and ideological methodologies were lost.

A PSP politician who was involved with the party when the late Kamal Junblatt was its leader and when his son, Walid, subsequently took over the party's helm says that Walid is more action-oriented than his father was. Walid makes political and military decisions boldly, and he was criticized for that. His political mindset is modern and not bound by ideological standards. This politician affirms that many were skeptical about Walid's ability to

lead the party in the first days after he took over the party's helm, but Walid proved to be a shrewd politician with the skill to find his way out of difficult situations.

What was a matter of concern for the PSP was not limited to its relationship with its allies in Beirut. Actually, the fact that the Syrian Social Nationalist Party had spread to the areas of al-Jabal created hard feelings between the two parties. One day these hard feelings came close to the boiling point, but matters were brought under control at the appropriate moment. One person attributes these hard feelings to the historical connection between the National Party in al-Jabal and the Yazbakis, and to that party's attempt to become part of the internal equation in the area.

The PSP managed to continue keeping all the parties and forces which had extended their presence into its areas under its political and security umbrella, but it continued to be cautious and watchful.

Iqlim al-Kharrib

Another geographical and political expansion embarrassed the PSP in the Sunni area of Iqlim al-Kharrib. That situation came close to the boiling point.

Residents of the Iqlim say that when the war started and Palestinians as well as PSP members started arming themselves, armed members of the PSP started fanning out in Iqlim al-Kharrib. Since Minister Junblatt had inherited from his father the Nasirist, anti-Sham'un contingency, which exercised partial control over the Iqlim at that time, he managed to settle the battle in that area in his favor. The settlement of that battle coincided with political and sectarian screening operations in Lebanon and with a victory realized by the leftist contingency early in the war. Thus, Iqlim al-Kharrib, which is adjacent to al-Jabal, became part of the area where Junblatt, relying on his large property holdings, controls politics and security.

Greater Beirut

In Beirut the Druze have been known to own large areas. Their best known holdings are Jall al-Bahr, the American University area, Karkul al-Druze, and Watiy al-Musaytibah. One politician stated that under the mandate the Druze were represented in the municipal council. In the early years after independence it was customary to have a Druze appointed governor. That custom was changed later, and an Orthodox and later a [Greek] Catholic were appointed governor.

Military Presence

The PSP started to have an active military presence in Beirut when military squads were being organized during the two years' war. Preparations were made and training was started based on what came to be called "a theory of militarizing politicians and politicizing the military." That was the starting point for the establishment of the People's Liberation Army.

According to authoritative sources in the PSP, party units took part in most of the battles which were fought at that time. Among these battles are the battle of the hotels, the battle of the fourth district, the battle of Ra's al-Nab', and the battle of al-Shiyah-'Ayn al-Rummanah. Some units of the People's Army traveled afterwards to al-Jabal and took part in the battles that were fought in 'Alayh and al-Matn.

In 1977 the military force became a central force. Its home base was Jall al-Bahr Barracks in West Beirut. This military force participated in the fighting which took place in most of the conflict areas. It fought with the forces of national parties, and it fought with national and Palestinian forces in the conflict areas of Khaldah and al-Mathaf to repel the Israeli invasion.

Authoritative sources in the PSP add that "after the Israeli occupation of Beirut was brought to an end, the overt presence of the PSP turned mostly into a security presence which was reorganized after 6 February with the cooperation of the Amal Movement and national forces."

Party sources indicate that after the Syrian army came into Beirut and the party's security function was terminated in 1987, the PSP's military presence turned to al-Jabal, and the party's activity in Beirut was limited to political action.

The sources affirm that during the 'Awn war "Some central units were brought back from al-Jabal (artillery and missile units), and they took part in the effort to oppose the shelling by 'Awn and Ja'ja'. These units continued to do that even before Greater Beirut and all the party's weapons, artillery, and ammunition, were driven out of Beirut."

None of the roads under the party's control remained closed except the secondary roads around Minister Junblatt's home and office. Junblatt is guarded by some elements of the internal security force and by his own bodyguards. There are few civilian offices in the same area, and these are subordinate to the party. The most important of these offices are those of Voice of the Mountain Radio which speaks for the party.

...And on the Field

Those who have been following the implementation of the plan for Greater Beirut affirm that the PSP was the party whose departure from Beirut was carried out with the least fanfare. Most of its equipment was already out of the city 10 days before implementation was started. Also, the party had made a political decision to facilitate the process of deploying the army. It made that decision after insisting on receiving Syria's political assurances guaranteeing the security of its areas. In addition the party set up a new structure that would give it breathing room and allow its institutions, members, and militias to survive and to join the legitimate government.

Minister Walid Junblatt was reported to have said more than once that the civilian administration was there to stay and that it would stay no matter what. Walid Junblatt considered the People's Army to be disciplined and qualified to become part of the legitimate military establishment. He thought that putting the People's Army on an equal footing with the remaining militias was impermissible.

The party seems to be preoccupied these days with the task of coming up with funds to pay members of the People's Army their wages. Approximately 2,000 party elements were discharged from the army. They received compensation in sums that varied from one month's salary for every year of service under five years to two months' salary for every year of service over five years. Now the party is considering plans on arrangements which can be made to pay the remaining military personnel. Approximately 2,000 persons are still serving in the People's Army: these are people who had received academic training in the Soviet Union for long periods of time.

It is to be noted that salaries for those who were working full time for the party were between 80,000 Lebanese pounds a month for ordinary elements, and 150,000 Lebanese pounds a month for specialists or officers.

Getting Equipment Out

After the Amal Movement's convoy left the area of al-Damur around the middle of the month last November, a PSP military convoy left Beirut on its way to al-Shuf. Included in that convoy were one 30 millimeter missile launcher, three BTR personnel carriers, and trucks towing a 23 millimeter anti-artillery gun and the ammunition for it. The convoy traveled on the Khaldah-al-Damur-Kafr Him Highway. Approximately 40 tanks, guns, and machinery were withdrawn by the party from traditional and nontraditional areas of conflict in Beirut and from 'Aynab, Shamlan, al-Shuwayfat, Bashamun, and 'Bayh as well. This equipment was withdrawn and transported to al-Shuf before implementation of the plan was started.

Political sources are apprehensive about the fact that the PSP which facilitated the deployment of the Lebanese army may interfere with and block the process of turning over weapons in its areas. The PSP might do that if its demands for adequate guarantees about its security are not met. One of these demands may be to allow the People's Army to become part of the legitimate army so that it can take over the function of providing security in the areas of al-Jabal.

The Ministry of Public Works

The removal of the party's equipment from Greater Beirut coincided with instructions issued to officials in the Ministry of Public Works to pave the international highways which had been opened. One runs from 'Alayh

to Beirut and passes by Galerie Sam'an and al-Ghubayrah, and the other runs from al-Shuwayfat to the southern suburbs.

Despite remarks made by some about the obvious attention given by the minister of public works to his areas in al-Jabal, where a noticeable revival of tourism and a development boom were experienced during that period, the minister affirmed in an address days before the cabinet submitted its resignation that his policy on all areas was equitable.

Financial Revenues

Sources close to the party indicate that after the plan for Greater Beirut was implemented and after the civilian administration's money collection operations on the roads of al-Jabal were suspended, the port of al-Jiyah became the party's only financial source of revenue. The port is now under the control of one unit from customs and another from public security. The party is involved in running the port by having a few of its specialists there. According to party sources the standard of services which were offered to residents in the area of al-Jabal fell because of the shortfall in the party's treasury.

The Party's Organizations

One characteristic which sets the PSP apart from other parties is the fact that it sets up its own institutions to manage and organize its areas. These institutions have been so noticeably effective, they came close to replacing the government in many instances. These institutions are:

- The People's Liberation Army: This army was established in 1978. It has been developing since 1984, and the number of its fighters is approximately 5,000 fighters.
- The Civilian Administration: This institution's field of operations is limited to the areas of al-Jabal. The health and social services it provided filled a vacuum which had resulted from the fact that the state was not offering any of these services. Established in 1984, it continues to perform a partial function, a function it has been performing ever since the party's financial revenues fell after Greater Beirut. Its most important function to date has been that of covering salaries and travel allowances for 773 teachers in the schools of al-Jabal. The Civilian Administration also provided some water and power services, and it streamlined telephone lines inside al-Jabal.
- The Progressive Scout: This is an institution of 5,000 members made up of very young boys as well as young boys and girls. The Progressive Scout offers several educational, artistic, and sports activities.
- The Progressive Women's Association: This is an association for women and girls. It offers its members several social as well as women's activities.
- The Progressive Youth Organization: This is an organization for students who support the party. Its field of activity is limited to universities and secondary schools.

MOROCCO

Article Blames Unemployment on Foreign Competition*91AA0282C Rabat AL-'ALAM in Arabic 22 Mar 91 p 7*

[Article by Abderrehime Boualam: "Employment Sector in al-Bayda": Concern About Employment of Individuals Who Have Degrees Must Be Accompanied by Effort To Protect Existing Jobs; Causes, Reasons for Closing Factories, Laying Off Workers, Reducing Number of Work Hours To Be Investigated; Protective Measures for National Products Approved; Purchasing Power To Be Strengthened To Expand Employment Market"]

[Text] Attempts to create new employment opportunities so that people who have degrees can be hired must be accompanied by concern about protecting existing jobs. A reduction in the number of existing jobs is being determined by various factors which control the job market on the one hand and production sectors on the other. If we were to take Casablanca as an example of this, we will find that this city is now unable to provide its residents with employment opportunities. Residents of Casablanca are no longer entitled to jobs in the city based on their residence status even though Casablanca used to be not only the primary job market in Morocco but also a city that attracted thousands of workers. This situation has created social problems which cannot be overcome at all without a total review of the employment situation. Something must also be done by way of attempting to put people with various capabilities to work so that the country's development objectives can be served. The economic, social, and industrial functions which are carried out by Casablanca must also be safeguarded, and that can only be achieved under integrated plans which are associated with the various sectors that are linked to each other.

Paying attention to one aspect [of this problem] and ignoring scores of other aspects will not serve the declared aims. For example, it would not be reasonable for those who are in charge to investigate possibilities for expanding employment opportunities by looking for new positions to hire a group of unemployed persons who have degrees. Nor would it be reasonable to do this when existing plants in the city are being shut down, when work hours for hundreds of workers are being cut, and when other groups are being laid off. It would not be reasonable to do this in the absence of clear-cut laws that can protect working citizens from exploitation, negligence, and disregard of the power of the law.

One must look for the main causes behind the employment crisis in Morocco in general and in Casablanca in particular. The real reasons why some establishments were shut down or why workers were laid off must be determined. Although some of these reasons may be known to us, others are not. It is that assortment of reasons which are unknown to us that is behind the many

social problems which are being produced by transgressions in this area. These include, for example, some plants that at certain times of the year employ three alternating shifts to operate around the clock. But as soon as they can safeguard a reserve supply of goods and assure themselves that their commercial network is covered for the remainder of the year, they start making plans to shut down operations and to lay off workers temporarily. They use flimsy excuses to close their doors and evade taxes. Some of these institutions might get some of their clients to create an atmosphere of controversy regarding certain demands or other problems to justify closing the doors of a plant.

There is another factor. Some industrial institutions are actually forced to close their doors or cut down their operating hours because they are being exposed to unfair competition from foreign products, especially foreign goods that are smuggled into the country. One sector which is being threatened by such competition from the standpoint of quality as well as price is the textiles sector which is being squeezed by millions of meters of fabric smuggled on bolts. Other sectors which are being squeezed by competition from smuggled products that have flooded the market are the shoes sector and the sector which produces cleaning materials of all kinds, such as soap, shampoo, and toothpaste. Reference may also be made to the hardship that cosmetics and perfume plants as well as plants which manufacture blankets and household goods are experiencing. These plants and others find themselves unable to compete with foreign products. Consequently, they are compelled to shut down those plants or lay off a number of workers because local sales of their products cannot support operations at those firms which, therefore, cannot expand employment opportunities and instead do the opposite.

Production can be increased and employment opportunities expanded merely by putting protective measures for local production in place and limiting the number of smuggled or legally imported goods if they represent competition for local products. This will boost the buying power of workers and civil servants and, accordingly, their consumption capabilities, and that alone can stimulate the sectors of production. But it is unlikely that under these conditions the dream of increasing the number of jobs will be realized.

Jan, Feb Port Traffic Up From 1990*91AA0318A Casablanca MAROC SOIR in French 3 Apr 91 p 8*

[Article: "Status of Port Traffic at End of February"]

[Text] Port traffic for the first two months of 1991 amounted to 5,955,249 tons, 56 percent of it in debarcations and 44 percent in embarkations (3,352,242 and 2,603,000 tons, respectively).

Compared to the same period of 1990, overall traffic showed a slight increase (1 percent) and made up for the 5-percent decline noted in the month of January.

With regard to traffic in phosphates and phosphate products, despite the mild upturn that began in February, cumulative traffic by the end of February was 33 percent below the amount logged for the same period of 1990.

The 20-percent decline in imports was due primarily to sulfur (-38 percent) and ammonia (-21 percent), while the 32-percent drop in exports—despite a 18-percent increase in TSP [expansion not given]—was attributable to phosphates (-24 percent) and phosphoric acid (-86 percent), since aside from these products (phosphates and derivatives), other traffic categories were up 32.7 percent overall (embarkations 20 percent and debarkations 38.3 percent).

Worthy of special note was the very high level of cereal imports (+86 percent). Significant increases were also recorded in hydrocarbons (1,550,916 tons, up 46 percent), coal (164,219 tons, up 36 percent) and industrial products, mostly "TIR" [expansion not given] and containers (412,616 tons, up 23 percent) and citrus fruits and early vegetables (219,916 tons, up 27 percent).

Packaging

This analysis shows that bulk solids, with a tonnage of 2,848,297, declined by 7.8 percent from February 1990: a consequence of the reduced traffic in phosphates and sulfur.

Bulk liquids amounted to 1,688,836 tons, or 28.4 percent of total traffic, with a 12.2-percent increase, mainly due to hydrocarbon traffic.

Containers, at 251,611 tons, continued their climb (+32.4 percent), with imports up more than exports (53.1 percent versus 7.0).

TIR had overall growth of 10.7 percent, with a total volume of 161,005 tons. Finally, miscellaneous traffic increased 5.5 percent to 1,005,700 tons.

Ports

A breakdown by ports yields the following facts: The greatest increase was in the port of Agadir, with growth of 70.7 percent, resulting from higher volume of cereals, hydrocarbons, citrus fruits, and early vegetables.

In second place, the port of Mohammedia had a 49.2-percent increase, primarily based on crude oil traffic.

In third place, the port of Tangier had 22.2-percent growth.

The port of Casablanca, which handled 44.8 percent of total imports and exports, showed a 10-percent augmentation in traffic.

There was also a 15.9-percent upturn at the port of Nador, the result of increased traffic in cereals, barium sulphate and lead.

The volume of traffic in the ports of Safi and Jorf Lasfar declined, by 49 and 29 percent, respectively, owing

mostly to the slump in phosphate activity. Activity at the port of Kenitra dropped by 23.2 percent.

Passenger Traffic

The number of passengers transiting the port of Tangier was 81,170 compared to 102,903 resulting in a 21.1-percent decline that was attributed to the general drop in tourist activity.

Of these travelers, 22.3 percent or 31,157 were returning passengers, while 18 percent or 48,194 were departing, and 55.2 percent or 1,819 [as published] were cruise passengers.

Editorial Urges King To Allow Saharan Independence

91AA0282A Rabat AL-'ALAM in Arabic 1 Mar 91 p 10

[Article by Taher Boudifah: "Will International Law Be Honored on the Anniversary of the Saharan Republic?"]

[Text] The 15th anniversary of the birth of the Arab Republic of the Sahara was celebrated by the fraternal people of the Sahara on 27 February. This year's celebrations coincide with an important event whose impact on the course of the Saharan people's struggle for freedom and independence will undoubtedly be significant. This event is the war of aggression which is being fought in the Gulf against the fraternal people of Iraq. This war is being waged in the name of international law by the forces of the American, western, and Zionist coalition and the forces of some of their client Arab regimes who do the bidding of that coalition. Once this war is over, the international community, including the forces of the anti-Iraq coalition, will have to honor international law. It will have to see to it that all laws, resolutions, and recommendations issued by the international organization on a variety of standing issues and disputes are complied with. The international organization will have to act with the same decisiveness and speed. Otherwise, it will lose its credibility and integrity as an international organization working without favoritism or discrimination for the establishment of security and stability throughout the world.

There is no doubt that Morocco's presence in the Western Sahara represents nothing but colonialism and expansionism. This was confirmed to the UN Fourth Commission for the Elimination of Colonialism by the General Assembly in its motions 14-15; in the motion 40/50, which was ratified by the UN General Assembly; in the African Organization's motion 104; in the decision handed down by the International Tribunal at The Hague; and in the laws that were enacted by the Security Council. All these documents affirmed that the people of the Sahara have the right to determine their own destiny and to become independent. Today, over 74 countries recognize that right and support the legitimate struggle of the people of the Sahara whose land was seized from them by force of arms. Today, therefore, more than at any other time in the past, the international community

is being called upon to make it incumbent upon others to respect international law, to put international laws and resolutions into effect, and to compel Morocco to comply with this international law so as to make it possible for the people of the Sahara to achieve their right to determine their own destiny without any pressure or mandate.

In his address to the people of Morocco on 16 February King Hasan the Second dealt with Morocco's position on the Gulf war and with the nature of the presence of the Royal Moroccan armed forces in the Kingdom of Saudi Arabia. The king's speech revealed once again that he was still ignoring resolutions and recommendations made by regional and international organizations, including the United Nations and the Security Council. The king was ignoring these resolutions and recommendations when he talked about the fact that the Moroccan army was "defending its rights" in the Western Sahara. It appears from this address that King Hasan the Second is continuing with his stratagems to control the territory of the Sahara. Dispatching troops to fight with the western coalition in the Gulf is nothing but one of these obvious stratagems which he may be using to gain something, namely, having the coalition line up on his side in his continued occupation of the Western Sahara.

What is certain, however, and well known to the king of Morocco is that support and backing for the question of the Sahara today is both extensive and considerable. The support and backing comes from regional and international organizations and from all peaceful associations and organizations throughout the world because the question of the Sahara is a just one, and the people of the Sahara are determined to continue their just struggle. They made up their minds to seize their own independence and their own freedom. It would be wise, therefore, for King Hasan the Second to pursue a peaceful approach rather than continue with the war so that further bloodshed can be avoided. Choosing this approach to settle the conflict peacefully and justly would be wise, and the people of the Sahara would be given an opportunity to express their wishes freely and democratically. Only by using this approach can this dispute, which is threatening the security of the Arab Maghreb region, be brought to an end. The people of the Arab Maghreb region are striving for the day when their countries can merge together and become a union that is strong and effective. All the citizens of that union would contribute their labor so that their country can become an impregnable stronghold against the ambitions of the enemies of our Arab nation who are lying in wait for us. But this noble aspiration on the part of the people of the Arab Maghreb can only be achieved in the context of peace and stability. It can only be achieved on the bases of understanding and dialogue, and that dialogue must take into account the people's wishes and their common history and destiny. The people of the Sahara are an integral part of the people of the Maghreb, and their wishes must be respected. Developing an Arab Maghreb cannot be done by overlooking the wishes of the people

of the Sahara. Nor can an Arab Maghreb be developed at their expense. Therefore, a settlement of the Western Sahara-Moroccan dispute would be considered a prelude and a serious starting point toward establishing a climate of cooperation, stability, and confidence in the region. Such a climate would become a solid foundation for that Arab Maghreb, if there is in fact a desire for such a major achievement to continue and to grow to benefit the peoples of the region. Otherwise, anything that is said about the unity of the Maghreb region is nothing but words, demagoguery, and political hypocrisy.

Labor Union Releases Anniversary Statement

91AA0282D Rabat AL-'ALAM in Arabic 21 mar 91 p 7

[Article: "Statement from Executive Office on 31st Anniversary of General Union of Moroccan Workers: Real Democracy and Social Justice Will Be Prescribed by Our Steadfastness and Our Unity"]

[Text] As we celebrate the 31st anniversary of the General Union of Moroccan Workers [UGTM], we celebrate a revolution against diverting the supreme interests of workers from their true and noble national goals. We celebrate a revolution against the falsehood which the enemies of the national and labor union movement had planned for when they decided they would divest the unions' activities of their real substance by separating the unions' struggle from the political struggle so they can serve personal interests and feudalism at the expense of workers' toil and labor. The enemies of the national and labor union movement did what they did to enslave and exploit workers. Today, 31 years later, they are trying to correct the situation by recognizing that the political struggle and the labor union struggle are inseparable parts of the same struggle.

After almost 33 years, we celebrate this anniversary of establishing this union after a very high price was paid by those who fought for it. We celebrate this anniversary after 33 years of struggle, commitment, and credibility. We feel proud and we fully recognize our feelings of pride for having been true to the principles for which the UGTM was established. We will always be true to those principles which recognize true, total democracy; social justice; equity; mutual responsibility; and equal rights and responsibilities. We will always be true to those principles so that what the masses fought for, and primarily the notion that workers are "free citizens in a free country," can be realized.

Brothers and sisters: The UGTM believes that the principles and goals of the Istiqlal Party are the best tools by means of which equality can be achieved and flagrant differences destroyed. It regards serious, patriotic conduct, properly schooled in the party's principles, to be capable of creating an atmosphere of mutual understanding and mutual respect between workers and the remaining members of society. Thanks to your struggle and your steadfastness this year the UGTM has embarked on a campaign to defend the rights that we

gained: the right to have freedom in our labor unions and the right to exercise this freedom so that workers can be spared all kinds of tyrannical conduct and transgressions which are committed against them such as being fired, harassed, humiliated, and denied their rights.

We became embroiled in this struggle so that the principle we have been striving for can be honored. That principle, which is that of having a balance between needs and wages, is not being applied in Morocco. Because costs continue to rise and because the cost of all the requirements of daily life (housing, living [expenses], and services) continue to rise without control, wages earned by powerless toilers can no longer meet those simplest of needs.

We became embroiled in this battle so that wages earned by workers and civil servants can be reconsidered and raised. This was done to defend a declining purchasing power, which is the actual gauge by means of which all concrete, real progress can be measured. It was also done to defend social services which have been declining and shrinking because support and backing for them has also been declining and shrinking.

We fought for an increase in workers' wages to make those wages compatible with what is required for living expenses. After all, wages are the key to development and to the stability of the family. They are also the key to the growth of production because they support it and strengthen it.

We fought for an increase in the wages of all civil servants, especially after they were subjected to the injustice which widened the gap between the lower and upper echelons. Large segments of junior workers were affected by this injustice after allowances were increased. These allowances do nothing but exacerbate differences and intensify feelings of injustice and frustration among these groups.

We fought for an increase in family allowances to bring them closer to meeting some of the needs. We also fought for an increase in salaries. Everything which appears on our list of demands which was presented to the government would restore to groups of workers some of the rights to which they are entitled after many years of having to make sacrifices and being denied their human right to a decent living.

A respectful salute to all workers who observed the general strike and who steadfastly defended the list of demands which have not yet been met by the government. The measures which have been taken by the government have not yet come close to meeting the workers' just demands. We will continue our struggle to achieve those demands because we believe that reforming the conditions of production depends upon improving conditions for workers and boosting their purchasing power. We believe this because boosting consumption strengthens production and because real development is what benefits everybody: workers, employers, and the state. We also believe this because

strengthening the domestic market will do more to solve problems than following a policy of increased reliance on outside markets will. Such a policy will yield nothing but subordination and exploitation.

Brothers and sisters: Our pursuit of pro-unity activity with the Democratic Labor Confederation [CDT] stems from the faith we now have in the need for unity of action among politicians and labor union members. This unity of action is necessary to get the country out of the predicament which has afflicted and burdened the popular classes. It is a predicament which manifests itself in the absence of real democracy, in unemployment, in rampant injustice, and in human rights violations.

This pro-unity action will continue until the equality, democracy, and social justice which the popular masses are yearning for is achieved. Let's be more vigilant then; let's enhance the unity of our ranks; and let's be more steadfast.

Brothers and sisters: As we commemorate this 31st anniversary of our union, we salute the Iraqi people, against whom all the forces of evil have conspired, and we express our great esteem and appreciation for them. The forces of imperialism, led by the United States and its clients who do its bidding, have launched a new imperialist crusade against the brave people of Iraq to destroy their economic, technological, and military capabilities and to destroy the historic landmarks of their human civilization as well as their civilian institutions. This war is being waged to keep the imperialist, capitalist power controlling the region, to consolidate its hegemony, to tighten its hold on the region's resources, and to suppress Arab aspirations to a life of dignity and integrity.

It were as though international law was a single edged sword not to be used to force Israel to comply with numerous UN and Security Council resolutions. For scores of years Israel has been engaged every day in exterminating an entire nation. This being the case, it is the Zionist occupation which is the real cause of all the tension in the Middle East region.

Moroccan workers and the Moroccan people will continue to be true to the Palestinian cause until a just peace is achieved with the establishment of a Palestinian state on liberated Palestine. That state will be led by the PLO, the sole, legitimate representative of the Palestinian people.

The UGTM, an organization which is adhering faithfully to true democracy, is struggling for its instatement because true democracy is the key to solving all problems. The UGTM states for the record on this occasion what was mentioned in the most recent royal address: "The next elections will be free and honest as required by the rules of true democracy." The UGTM states this with devotion and sincerity: Having always struggled for our fundamental cause, namely that of regaining our Sahara provinces, the UGTM mourns for those who died for our territorial unity and states for the record that

"Our unity has been achieved and is now a matter of history," as mentioned in the royal address as well.

Brothers and Sisters: By continuing our struggle and our loyal devotion to our noble national principles, to the unity of our ranks, and to our awareness and perception, we will bring about social justice, true democracy, and respect for rights in the context of an Islamic, egalitarian society. We will bring this about by being aware and perceptive and by becoming more steadfast. May God's peace and mercy be upon you. Long live the Istiqlal Party. Long live the General Union of Moroccan Workers. Long live the working masses.

Editorial Calls for Adherence to Liquor Prohibition Law

91AA0282B Rabat AL-'ALAM in Arabic 22 Mar 91 p 7

[Article: "Is Ramadan the Only Month During Which the Line Between What Is and Is Not Permissible May Be Drawn? Seasonal Bulletin To Bar the Sale of Alcoholic Beverages to Muslims Until the End of Ramadan"]

[Text] Provincial security departments in Casablanca sent a bulletin recently to stores where alcoholic beverages are sold affirming the decree which bars the sale of alcoholic beverages to Muslims. Starting on 11 March 1991 and until the end of the month of Ramadan, these stores are to refrain from selling alcoholic beverages to Muslims. Only foreigners who are not Muslim may receive service at these stores. What has been noticed is that this seasonal measure implicitly permits the sale of alcoholic beverages to Muslims at other times. This is contrary to what is required by the decree which regulates the sale of alcoholic beverages in Morocco. That decree, Decree No. 66/177/3, was issued by the general director of the Royal Office. Sections of it bar workers from selling alcoholic beverages to Muslim Moroccans or giving away those beverages to them. The decree emphasizes that anyone who does not honor this decree will be punished by a prison term that is between one and six months or a monetary fine that is between 300 and 1,500 dirhams, or both. These penalties are doubled for repeat offenders. Section 32 of the same decree bars workers decisively from serving any customer who is [already] intoxicated when he comes to their place of business, even if that customer is a foreigner. Violators of this provision must pay between 150 and 500 dirhams in fines. In addition, the decree indicates that an establishment which violates the provisions of this decree may be temporarily or permanently closed. One of the important conditions spelled out in this decree also prohibits permits for setting up such stores near religious facilities where respect and respectable behavior are required, such as mosques, educational and cultural institutions, and other such establishments.

Is this decree being enforced? Are authorized circles honoring its provisions? A brief tour through the center of the city shows there are flagrant violations of the provisions of this law. The aforementioned bulletin is

the best indicator of that because it confirms that the substance of the decree is taken out of context and ignored until a few days before the month of Ramadan. We don't know how to explain the fact that the sale of alcoholic beverages is permitted, even to foreigners, in an Islamic country during the month of fasting. It is either folly or a reliance on laws which have nothing to do with what Islam says.

SAUDI ARABIA

Trade Official on Crisis Impact on Arab Cooperation

91AE0330A London AL-SHARQ AL-AWSAT in Arabic 21 Mar 91 p 10

[Interview with Dr. 'Abd-al-Rahman al-Zamil, Undersecretary of Saudi Ministry of Commerce, by Hasin al-Bunyan; place and date not given: "Saudi Commerce Undersecretary al-Zamil in Interview With AL-SHARQ AL-AWSAT: Gulf Crisis Has Dealt Joint Arab Action Strong Blow; GCC States Have Come to Favor Bilateral Cooperation Formula; Saudi Production Institutions Have Filled Gap Created by Diminishing Imports and Have Taken Advantage of Situation to Enlarge Their Domestic Market and to Repay Their Debts; Saudi Arabia Is Very Interested in Rebuilding Kuwait; There Is Agreement to Give Priority to Gulf Institutions"]

[Text] Dr. 'Abd-al-Rahman al-Zamil, undersecretary of the Saudi Ministry of Commerce, has said that the storm that has swept the Gulf states and the ramifications of Iraq's occupation of Kuwait have dealt the Arab cooperation relations a painful blow and have required the Gulf states, led by Saudi Arabia, to reconsider the philosophy that has governed these countries' relations with the other Arab countries, as well as the concept of Arab cooperation.

In an interview which evaluates the Saudi and Arab economic position in wake of the Gulf crisis, al-Zamil stressed that Saudi Arabia, and perhaps the Gulf states, will prefer in the future to develop relations of bilateral cooperation and to channel their aid to projects beneficial to and connected directly with the citizens of the Arab aid-receiving countries.

Al-Zamil also stressed that Saudi Arabia is very interested in rebuilding Kuwait and that it hopes that this mighty task will constitute an opportunity to strengthen the bonds of Gulf cooperation by giving priority in awarding contracts and projects to Gulf institutions that meet the technical standards and prerequisites.

Al-Zamil added that the Saudi economy has gone through the crisis without noteworthy effects and that the world's confidence in Saudi Arabia's and the Gulf's long-range security has enhanced the interests of international companies and consortia in investment in these areas.

Here is the interview with Dr. al-Zamil:

[Bunyan] How do you see the Saudi economy proceeding after the crisis?

[Zamil] First, we thank God for the swift and decisive outcome of the battle to liberate Kuwait and for the kingdom's emergence from this battle without losses or damage to its infrastructure. The credit for this goes first to God and then to the preparations that had been made to confront this crisis.

While surging forward toward a new phase of construction, we find now that the first effects of this phase have reflected very positively on the kingdom's stock market and that some stock prices have surpassed their levels prior to 2 August. This price rise is not haphazard but emanates from the conditions of the companies themselves, considering that their reserves, assets, and profits have increased because they have benefited from, and have not been hurt by, the crisis.

The other thing that calls for optimism over the future is that the crisis has given economic production institutions, such as factories, farms, and firms operating in the services sector, the opportunity to take a breather and expand, thus giving them the opportunity to repay all their debts. This has led to a reduction of these firms' financial burdens and, subsequently, to an increase in their profitability. This is the climate in which most of the Saudi economic institutions that have benefited from the crisis now live. With their activities, these firms will move to a more competitive position because they have been able to enlarge their market during the crisis.

Since the months of the crisis, the market has become more capable of accepting the domestic product. The crisis has given the public a good opportunity to get acquainted with the market because, as it is well known, there was a maritime shipping and insurance crisis during the last seven months. This is why the national factories have been able to increase their production and enlarge their market base.

I expect this trend to continue because when an institution increases its production, it is difficult for it to cut back. Consequently, it will try with all its capabilities to maintain its market in all possible ways. It will then aspire to export. Therefore, I find that the future situation will be positive, provided that economic institutions move actively to exploit the opportunity now available.

[Bunyan] What about participating in rebuilding and developing Kuwait?

[Zamil] General rules have been laid down regarding this issue. They include giving priority to Gulf products. This is something agreed upon. Moreover, we are fully confident that the Saudi businessman, the Saudi producer, and the Saudi service firms will be highly competitive and capable of providing the required services in the best manner possible.

I am hopeful that this feeling, generated by the crisis among the citizens of the GCC member states, will be transformed from inevitable integration and cohesion among the member states into reality in the minds of our Kuwaiti brothers and that while rebuilding their country and establishing their priorities, these brothers will take into their account Gulf businessmen, producers, contractors, and services.

I can assert that nobody can offer Kuwait better services than those that can be offered by Kuwait's brothers in the GCC states. In this regard, I wish to express thanks and appreciation to the Kuwaiti Council of Ministers which has instructed that priority be given to Gulf products and services. I am hopeful that this attitude will extend, with conviction, to every Kuwaiti decision maker. I believe that this will happen, God willing, as a result of the Kuwaiti brothers' convictions on this matter. We in the kingdom are very interested in and are prepared for the reconstruction of Kuwait. I hope that the Kuwaiti brothers will give this point special consideration.

[Bunyan] How do you view the effect of the crisis on the foreign investor?

[Zamil] The kingdom always devotes a great measure of attention to foreign investors because it realizes and strongly believes that joint investment is the best investment method for turning out the best products and creating the broadest markets. The [soundness of the] kingdom's experiment in this area has been confirmed by developments and has turned into a model to be emulated. As for the impact of the crisis on the foreign investor, I can say as a result of a number of letters and calls that I have received that the foreign investor is now more confident of his investments in the kingdom than he was prior to 2 August. This is because the investor is convinced of the sound conditions of the kingdom and of market.

It has now become evident to us that the Gulf region's stability concerns not only the region's states but also the entire world. This is what has been reflected by the interest of the world's countries and by their readiness to participate in defending this region. This position has emanated not just from common international interests but also from conviction in the sound tendencies of the region's governments which are based on respect for all and on positivism in dealing with and aiding everybody. All these are principles that distinguish our foreign and regional policy. These policies have helped us build bridges of trust with the world which moved to help us during the crisis. This movement has, in turn, convinced investors who are citizens of these countries that their governments are defending this region out of principled conviction first and then out of a desire to defend international interests in the region.

[Bunyan] What is the impact of the crisis on the GCC?

[Zamil] One of the positive features of this crisis is that it has proven beyond the shadow of a doubt to all

citizens of the GCC member states that their unity and their cooperation at the economic, social, security, political, and military levels is inevitable if they are to survive. For the first time, this conviction has reached the popular level whereas it was previously at the official level only. This is the first time that the political decision-making has reached the phase of popular conviction and that citizens of the GCC member states realize the importance of cooperation, solidarity, and intermarriage with each other.

[Bunyan] What about the consequences and ramifications of the crisis with regard to the process of Arab economic cooperation?

[Zamil] There is no doubt that the experience the area has undergone as a result of the Iraqi aggression against Kuwait is a harsh and cruel experience which will certainly leave its impact on the entire process of common Arab action.

If we consider the process of common Arab economic action, we find that it has been faltering from the time it started to the present. Therefore, I believe from my viewpoint that the best method for cooperation at present is bilateral agreements, joint bilateral cooperation, and the creation of joint committees. The Joint Saudi-Egyptian Committee, the Syrian-Saudi Committee, and other such committees are a good way to demolish customs barriers and overcome obstacles that impede cooperation. As I have already said, I believe that this is the best method of cooperation in this phase.

In this context, there is a point or a question which I wish to discuss. It concerns the economic aid which the region's states, led by the kingdom, have provided to numerous sisterly countries. Here, I mean four parties in particular, namely: Iraq, Jordan, Yemen, and the PLO. Hundreds of millions, rather billions, have been given to these parties. Everybody is aware of this. But very regrettably, the peoples of these countries have not been aware of what was being given to them. Had they known, they would not have taken this negative position under the influence of their regimes' guided and negative media.

This bitter fact has dictated that we reconsider our future aid from a different perspective. Foreign Minister Prince Sa'ud al-Faysal touched on this issue last September when he referred to the new approach which the kingdom and the region's states may embrace in advancing aid, namely the approach of financing major production projects or projects connected with the infrastructure, regardless of whether they belong to the public sector or the private sector, so that the citizens of these countries can benefit directly from this aid and feel the strength of the common interests that bind the Arab societies and the importance of safeguarding the fraternal relations. This awareness would serve the interest of these peoples before serving the interest of others.

[Bunyan] How has the Saudi private sector dealt with the crisis?

[Zamil] This is not the first time in which the Saudi private sector has encountered such a major challenge. It went through a similar experience in the 1985-86 period when oil prices dropped sharply. Many people expected the Saudi economy and its main institutions to collapse. But it then became evident that those who had these expectations did not know much about the Saudi private sector and the elements that move it. On our part, we have always underlined our faith in the sound and strong foundations and bases on which the private sector has been built. This sector has been able to avoid the critical crisis and to emerge stronger and more prepared to confront any problems that may arise in the future.

If we consider what has happened since 2 August, we find that despite the war, this sector has been able to coexist with the crisis and to deal with it very dynamically and actively. The proof of this is the new commercial activity that is being created in the kingdom and that is demonstrated by the ministry's trade dossiers. If we view these dossiers as a criterion reflecting the dimensions of trade activity, we would find that in 1990, half of which was consumed by the region's crisis which started on 2 August, the number of new dossiers opened amounted to 25,845 dossiers compared to 19,692 dossiers opened in 1989, meaning that there was an increase of 20 percent in the economic activity in 1990.

Some may say that the crisis lasted six months only. But if we consider the period from 2 August to the end of December 1990, we would find that 12,000 trade dossiers were registered in this period (the crisis period) and that the number in the corresponding period of 1989 was 10,000 trade dossiers.

There is a second and clearer criterion in this regard. It is connected with industrial activity in this period, i.e., in the second half of 1990, as compared to this activity in 1989. It is evident that in 1990, particularly during the crisis, the Ministry of Industry issued licenses (which are a reflection of the investor's wish to invest) for nearly 100 factories for which the planned investment totaled 5.7 billion riyals. Licenses have actually been issued for these factories. At the time of the crisis, foreign investment in these factories amounted to 27 percent.

If we compare these figures with the corresponding period of 1989, we would find that the licenses issued in this period totaled 94 licenses with a proposed total investment of 1.7 billion riyals. What this means is that the domestic and international private sector showed that it was willing to invest in the kingdom's market in the second half of 1990, i.e., in the crisis period, three-fold the sum it was willing to invest in the corresponding period of 1989. This reflects numerous points, the first of which is that the Saudi private sector, which is the main dynamo of investment in the kingdom, was not affected

greatly by the crisis and by its elements. It also reflects the Saudi businessman's conviction that investment in his own country is much better than investment in any other part of the world, regardless of the circumstances. It further reflects confidence in the domestic market and in the numerous incentives offered by the government.

If we consider the import criterion, we would find that no less than 1.5 million metric tons of goods were imported in the final two months of 1990 compared to 1.2 million tons imported in the two corresponding months of 1989, meaning that there was an increase of 23 percent in 1990.

INDIA

Evolution of Election Symbols Detailed

91P40228A *Bombay NAVBHARAT TIMES in Hindi*
1 Apr 91 p 7

[Press Trust item from New Delhi: "The Parties Keep Disintegrating and the Symbols Keep Changing"]

[Text] From the 'pair of oxen' to the 'hand,' and from the 'lamp' to the 'lotus'-the evolution of party election symbols is indicative of two decades of Indian political upheaval.

How many of the present voters will recognize the pair of oxen as the original symbol of the undivided Indian National Congress? Or, how many of today's youth will be able to promptly recognize the lamp as Jansangh's (now Bharatiya Janata Party) symbol?

The pair of oxen and the lamp symbols, only too familiar to voters in the 1950's and 1960's are among the many election symbols that have been discarded and forgotten after the 'battle of symbols.' This probably happens with every election in the country.

Consider the fact that at the time when the nation is getting ready for the 10th Lok Sabha election, Janata Dal and Janata Dal (S) have started quibbling over the party symbol. The actual fight over the 'wheel' symbol in Janata Dal started after the rift within the party.

In Indian elections, the election symbols are especially significant because the majority of the electorate is uneducated and casts its valuable vote by recognizing and associating a symbol with a hopeful candidate. The politicians are especially alert to this and this is why there are so many fights for certain well-known symbols.

The first attack on Congress' well-recognized pair of oxen symbol came after the division within that party in 1969 and the Election Commission had to suspend it. After the breaking up of Congress, in the 1971 election, Congress was given the 'cow and calf' symbol and the Nijalingappa faction got the 'lady with the spinning wheel' symbol. In 1978 yet another rift within Congress caused them to lose the cow and calf symbol as well. In 1980 Congress (I) stunned everyone by contesting the election with the 'hand' symbol. Congress (Urs) had been granted the symbol of the 'spinning wheel.'

The Communist Party also has broken into factions. After the disintegration of many non-Communist parties as well, it has formed into the Janata Party. Later this party also split up into many factions and fought over election symbols. Parties kept forming and the fight for the appropriate symbols has been on. It seems that it will be continuing into the future also.

Need for Election Commissioner To Be Impeccable Stressed

91P40250A *Madras DINAMANI in Tamil*
18 Apr 91 p 6

[Editorial: "Controversial Seshan"]

[Text] Chief Election Commissioner T.N. Seshan continues to be controversial. Even Chandra Shekhar's appointing him to this position, instead of continuing with the commissioner from V.P. Singh's time, was debatable. The opposition parties critically contended that he was appointed to this position only because he is close to Rajiv Gandhi. Although Rajiv Gandhi has denied this, some of Seshan's actions are said to have favored the Congress (I) Party.

Seshan procrastinated, rather than give a prompt ruling when a Congress (I) Party leader insisted on disqualifying Bharatiya Janata Party's [BJP] election symbol. BJP leader L.K. Advani had affixed a lotus to his chariot during the procession in connection with the Rama Janma Bhoomi issue. The lotus also happens to be the BJP's election symbol. Using an election symbol for a totally religious cause was condemned by Arjun Singh as irregular and he had petitioned the election commissioner to not only disqualify the use of the symbol, but also to bar the BJP from contesting the elections.

If Seshan had followed set precedents, he would not have allowed an outsider to interfere in matters of approving or disapproving symbols and admitting or dismissing parties. Seshan, however, simply declared that a third person could intervene and postponed giving a ruling on the matter. This angered the BJP leaders and workers. There were uprisings against the election commissioner and many leaders were arrested. Finally, Seshan has decided to postpone investigating this matter until after the elections. He has also announced that the BJP may continue to use the lotus as its election symbol until that time.

The issue is not over yet. The election commissioner indicated that he is looking into a similar request against the popular ruling party Shivsena of Maharashtra, which has been successively victorious in elections. Sharad Joshi, the leader of a party consisting of Maharashtrian farmers and called Chetkari Sangh, had filed that complaint against Shivsena. Seshan indicated that there is no change in his ruling that third-person involvement in matters like these is allowable. This case will also be investigated only after the elections.

The inordinate delay by Seshan in resolving the election symbol dispute between Janata Dal and Janata Dal (S) has also caused much needless friction. After keeping everyone concerned in suspense and frustration until the election dates were announced, he has ruled that Janata Dal may continue to use its own symbol, the wheel, and Janata Dal (S) may do the same with its symbol, the wheel and the farmer with a tiller. If only he had

announced this ruling slightly earlier, it would not have caused the concerned parties to delay their election campaigns.

The Chandra Shekhar government decided to hold the elections in Punjab and Assam. Seshan had said that the Commission would follow with announcements of plans for the same. He has opened this up to controversy now by declaring that since the important political parties are opposed to elections in certain states, all aspects of the matter will be considered and only then the dates for elections will be announced. There was also talk that he had forecast widespread violence in the coming elections. However, in his own defense, Seshan said his words were misinterpreted.

Seshan has said repeatedly that it is his responsibility to conduct fair and peaceful elections. It is his duty to see to it that his responsible position does not become compromised. He must not allow any reason for suspicions such as favoring one party over another.

IRAN

Revolution Guard Ranks, Appointment Announced

Explanation of Ranks

91AS0653A London KEYHAN in Persian 7 Mar 91 p 2

[Text] The forms of the insignias and names of six ranks granted to Guards Corps members were announced in Tehran.

These ranks include the following six levels:

Private [Sarbaz]; Sergeant [Razmavar (combatant)]; Warrant Officer [Razmdar (combat commander)]; Junior Officer; Senior Officer; and Commander [Sardar]. There are a total of 21 ranks as follows:

Privates: Private; Private Second Class; Private First Class; Corporal [Razmyar (assistant combatant)].

Sergeants: Sergeant Third Class [Pasdar Razmavar Sevvom (Combatant Guard Third Class)]; Sergeant Second Class [Pasdar Razmavar Dovvom (Combatant Guard Second Class)]; Sergeant First Class [Pasdar Razmavar Yekom (Combatant Guard First Class)].

Warrant Officers: Warrant Officer Junior Grade [Pasdar Razmdar Dovvom (Combat Commander Guard Second Class)]; Chief Warrant Officer [Pasdar Razmdar Yekom (Combat Commander Guard First Class)].

Junior Officers: Third Lieutenant Guard [Sotvan Sevvom Pasdar]; Second Lieutenant Guard [Sotvan Dovvom Pasdar]; First Lieutenant Guard [Sotvan Yekom Pasdar]; and Guard Captain [Sarvan Pasdar].

Senior Officers: Major Guard [Sargord Pasdar]; Lieutenant Colonel Guard [Sarhang Dovvom Pasdar]; and Colonel Guard [Sarhang Pasdar].

Commanders: Second Brigadier General Guard Commander [Sardar Sartip Dovvom Pasdar]; Brigadier General Guard Commander [Sardar Sartip Pasdar]; Major General Guard Commander [Sardar Sarlashkar Pasdar]; Lieutenant General Guard Commander [Sardar Sepahbod Pasdar]; General Guard Commander [Sardar Arteshbod Pasdar].

The Guards Corps does not yet have [commanders with] the ranks of lieutenant general and general, but the ranks of major general guard and brigadier general guard were granted to a number of the Guards Corps members two weeks ago.

The qualifications for obtaining these ranks have not yet been announced.

Rank Configurations

91AS0653B Tehran ABRAR in Persian 24 Feb 91 p 9

[Text]

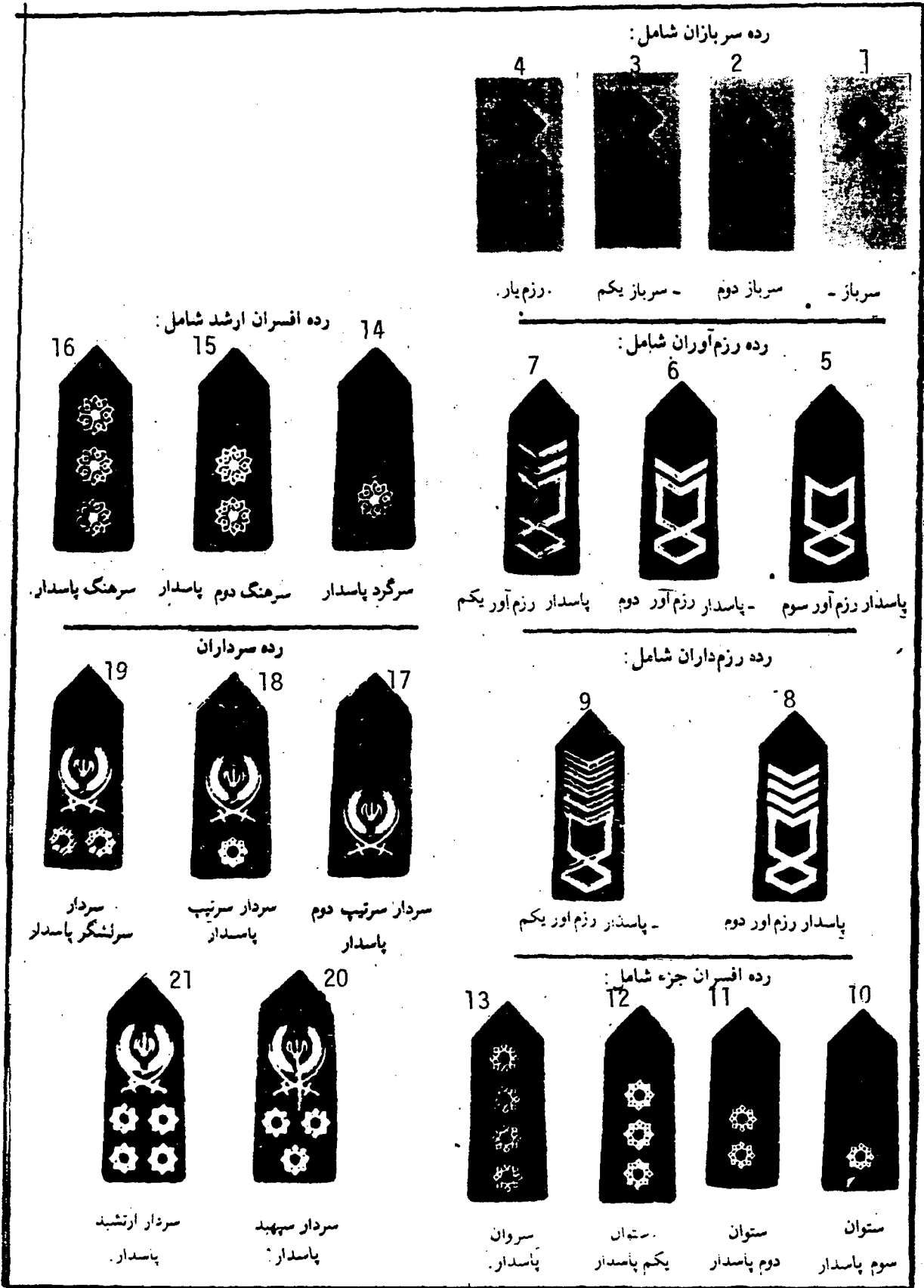
Insignias of the Military Ranks of the Guards Corps

Military ranks of the Guards Corps have been designated in 21 ranks and 6 levels.

News service:

The insignias of the military ranks of the Guards Corps have been verified by the commander-in-chief of the armed forces after a long time of hard work on the part of the experts in the deputy director's office for manpower of the Guards Corps.

According to a report by our ABRAR correspondent, the military ranks of the Guards Corps, which were granted last week by the leader of the Islamic revolution and the commander-in-chief of the armed forces to the commanders of the Guards Corps, have been designated in 21 ranks, from "private" to "general guard commander." These ranks are for six levels: Private, combatant, combat commander, junior officer, senior officer and commander, and are as follows:



KEY:

Private ranks include:

1. Private
2. Private Second Class
3. Private First Class
4. Corporal

Combatant ranks include:

5. sergeant Third Class
6. sergeant Second Class
7. sergeant First Class

Combat Commanders include:

8. Warrant Officer Junior Grade
9. Chief Warrant Officer

Junior Officer ranks include:

10. Third Lieutenant Guard
11. Second Lieutenant Guard
12. First Lieutenant Guard
13. Guard Captain

Senior officer ranks include:

14. Major Guard
15. Lieutenant Colonel Guard
16. Colonel Guard

Commander ranks:

17. Second Brigadier General Guard Commander
18. Brigadier General Guard Commander
19. Major General Guard Commander
20. Lieutenant General Guard Commander
21. General Guard Commander

New Appointment

91AS0653C London KEYHAN in Persian 7 Mar 91 p 2

[Text]

"Committee Guard" Becomes Brigadier General

Last Saturday, Seyyed 'Ali Khamene'i, in ceremonies in the Jamaran religious center, placed for the first time the insignia marking the rank of brigadier general commander on the shoulder of a guard of the revolution committee. In these ceremonies, held on the occasion of the anniversary of the birthday of the 12th imam of Shi'ites, in addition to this committee official, 21 military commanders and 19 members of the Guards Corps were bestowed ranks of brigadier general.

These ranks are granted following the granting of the rank of major general to "Mohsen Reza'i," which encountered widespread negative reaction on the part of the military and public opinion.

The collective and frequent granting of military and Guards Corps commander ranks by the regime is apparently done to appease the discontented armed forces and strengthen the morale of the privates and security agents with regard to the changes that may occur in Iran following the regional events in Iran. The regime needs

the armed forces, especially the Guards Corps and the revolution committees, more than ever before in order to defend itself.

Cost of Flights Abroad Forced Down

91AS0812F London KEYHAN in Persian
11 Apr 91 pp 1, 3

[Text] In the wake of increasing public dissatisfaction with the eightfold increase in the price of airline tickets for foreign travel by National Iranian Airline (Homa), the Economic Council ordered the Homa company to lower the designated price by 40 percent. This 40 percent will apply to all Iranians. In addition, government employees, students, and their dependents will receive an additional 40 percent discount, and the families of martyrs, prisoners of war, lost in action, and invalids from the war will have a special 50 percent discount.

Mas'ud Rowghani-Zanjani, Deputy President of the republic and supervisor of the Plan and Budget Organization, told reporters: In view of the fact that the prices for foreign air travel also adhere to international regulations, it was decided at a meeting of the Economic Council that prices would increase a maximum of 2.5 times the former price.

Following the intervention by the Economic Council to prevent uncontrolled increases in the price of airline tickets, Derafsheh, Homa's general sales manager, told reporters: The reduction in the price of tickets for Homa international flights, announced by the chief of the Plan and Budget Organization, will actually include travelers whose stay will be no less than ten days and no more than 25 days.

However, the public relations office of the Plan and Budget Organization emphasized again that the decision by the Economic Council includes all tickets, whether for a one-month period or otherwise, and that this price reduction should not be seen as a "discount." Rather, this decision is to decrease the price.

The struggle between the Plan and Budget Organization and the National Iranian Airline has left Homa's passengers at loose ends and there have been conflicts between passengers and ticket sales offices.

The differences between the Economic Council and Homa are to be settled at a joint meeting this very week.

SRI LANKA

Policy Suggested To Solve Debt Issues

91AS0824A Colombo THE ISLAND in English
26 Mar 91 pp 1, 3

[Article by Suresh Mohamed reporting from Kurunegala: "Country Should Free Itself From Grip of External Debt"]

[Text] President Ranasinghe Premadasa declared that the country should free itself from the grip of external debt and march towards progress and prosperity with greater emphasis of the utilisation of assistance the world was prepared to extend to develop and expand human talents and skills. Today the country was in debt to the world. That situation should be changed.

Addressing a meeting shortly after declaring open the Wayamba (North Western Province) Jana Kala Kendraya in Kurunegala on Sunday evening, the President said that if human resources were properly developed and satisfactorily utilised then there was no need for any country to be in debt to another. The people should be an asset and not a burden in any country.

He said that today the world was willing to extend assistance, more than giving loans, to develop human talents skills and aptitudes. Friendly countries were helping Sri Lanka. It was not merely because the country asked for such assistance. "After I assumed office as President I have still not gone overseas. Our Finance Minister is making every endeavour to secure the resources the country needs. When he seeks 800 he gets 1000! That is because the world has endorsed the development work being carried out in Sri Lanka under this government," he added.

President Premadasa observed that he perceived the "Janakala" concept when he visited Thailand a few years ago. It was an ideal conception for Sri Lanka. In Thailand the king of Siam visited rural areas and made a determined and concerted effort to stamp out poverty. "During his young days he had visited Sri Lanka also. I met the king of Siam in Bangkok and even then he was on a visit to a far-flung rural area. He had set up 'Janakala' centres in every area. The first Janakala center was established in Sri Lanka in October 1988 at Sri Jayawardenepura, Kotte. At that time I asked Provincial Councils to set up such centres," he said.

The President said that wayymba [as published]. Chief Minister Gamini Jayawickrema Perera lost no time in promptly setting up a 'Janakala Kendraya'. He had set a fine example and by his actions he had always proved to be a good leader. His profound commitment and deep dedication to the cause of serving the masses was worthy of emulation. Gamini Jayawickrema Perera should be congratulated for all what he had achieved. "I have asked the Kotte Janakala Kendraya also to follow the example set by the Wayamba Janakala Kendraya and develop theirs accordingly. The NWP Provincial Council is well managed and is functioning smoothly. To another PC I offered a plot of land also to set up a Janakala centre but it had still not done anything about it."

Mr. Premadasa added that some people came up with thousand and one excuses when they were asked to do something. They took great pains to find various pretexts to avoid doing the job. In such an atmosphere Chief Minister Gamini Jayawickrema Perera had set a classic example and proved that anything could be done

if there was the interest, initiative, determination and courage. The Chief Minister didn't even ask for funds to get up this centre. He found the money and did the job. That was great.

The President noted that there was nothing to be discarded and wasted in Sri Lanka. Everything should be made use of. Our country had become poor not because it lacked talents, skills and human resources but because of some who thought poorly. Words like "no" and "can't" had also contributed to this situation. Even foreigners were amazed by the talents in Sri Lanka. Wealth was not measured by rupees and cents. The wealth of a country was in the people. If the people decide that sovereigns were of no value then nobody would want them. If were [as published] the people who decided and determined. The people were the greatest asset one must learn to learn something good from anybody at any place.

He said that the policy of the government was to recognise talents, ability and competence.

His name, the power he wielded and relationships were all immaterial. So were the party he belonged to and his caste, creed and religion. One must always strive for better results through greater effort he added.

The President said that the government hoped to establish Janakala Centres in several other areas as well. Poverty and want should be rooted out. No other government had faced threats and challenges as the present government did. The country forged ahead despite all those obstacles and hindrances.

Article Ties Lack of Education to National Problems

91AS0824C Colombo *THE ISLAND* in English
27 Mar 91 pp 8, 9

[Article by Dr. Priyan Dias: "Problems Faced by the Nation Are Tied to Education"; only tables 4 and 5 are shown as published]

[Text] We are familiar with the 3 Rs required for a basic education—Reading, 'Riting and 'Rithmetic. Currently we hear a great deal of the 3 Cs. required for political co-existence—Consultation, Concensus and Compromise.

The future of our country, however, especially that of the youth of our country, will probably be determined by the attention we pay to the 3 Es of Education, Employment and English.

At the outset of this discussion, I would like to emphasise that there is a great deal of interconnection between these three Es.

In fact, any attempt to think of them in an isolated fashion may only serve to increase and not decrease

youth frustration and disappointment. Therefore, the very structure of this article will reflect the above inter-connection.

I would also like to point to the Report of the Presidential Commission on Youth as a most pertinent document for our times—one that is, in my opinion, mandatory reading for anyone interested in the well being of Sri Lanka's future generations.

Although I am not in complete agreement with all of its recommendations (and in fact disagree considerably with some), it serves, nevertheless, to highlight some of the real problems faced by the youth of our land. Many

of the issues raised in this article have also been considered by the Commission, and hence, occasional references will be made to its Report.

Forty out of the ninety six pages of the Youth Commission Report discuss the issues of education and employment. Not only has the Commission realized the importance of these areas, but it has also pinpointed the crux of the problem—i.e. one of a mismatch.

Tables 4 and 5 corresponding to Chapter 5 of the Report show that while the country's greatest need and the avenue of greatest employment is in the Agricultural Sector, it is this sector that is least aspired to by the youth of our land.

Table 4. Structure of Employment and Aspirations of the Unemployed
Structure of Employment

Source Period	Censuses		Labour Force	Surveys	Aspirations of the Unemployed CFS Survey
	1971	1981	1980/81	1985/86	1981/82
	%	%	%	%	%
Occupational Sector					
Professional Managerial					
Technical	5.3	7.4	6.2	5.8	21.1
Clerical	5.1	6.3	5.8	5.5	22.1
Sales and Services	12.9	13.4	14.1	13.3	11.0
Agricultural	48.8	44.7	43.7	47.5	8.4
Industrial	25.4	26.2	29.9	27.7	37.2
Other	2.5	2.0	0.3	0.2	0.0
Total	100.0	100.0	100.0	100.0	99.8

Source—Gunatilleke, G. (1988). The Extent and Nature of Structural Mismatch in the Domestic Labour Market (Table 3 and 10) Marga Institute.

Table 5. Unemployed of Population by Expected Occupation and Level of Education

Expected Occupation	No Schooling Illiterate	No Schooling Literate	Primary	Secondary	Passed GCE O' Level	Passed GCE A' Level	Under Graduate	Graduate	Other	Percentages All Levels
Professional, Technical and Managerial	0.0	0.0	3.0	10.5	34.7	46.9	85.7	75.00	0.0	21.1
Clerical & Related	2.4	0.0	2.1	10.2	40.9	44.9	14.3	0.0	0.0	22.2
Sales & Services	7.1	0.0	9.3	17.2	7.4	2.7	0.0	25	0.0	11.0
Agricultural Workers	69.0	100	28.3	5.0	1.5	0.0	0.0	0.0	0.0	8.4
Industrial Workers	21.5	0.0	57.3	57.2	15.7	5.5	0.0	0.0	0.0	37.2
TOTAL	100	100	100	100	100	100	100	100	0.0	100
Total Number of Persons	42	2	237	664	543	147	7	16	0.0	1,658

Furthermore, Table 5 indicates that such aspiration to this sector is drastically reduced with increasing educational qualifications. In this context, treating the Educational system as a scapegoat for all the ills of the land and attempting to provide more educational facilities (especially tertiary educational facilities) may be counterproductive.

It may heighten youth aspirations in directions other than the avenue of greatest available employment and create an even greater mismatch between education and employment.

Of course, lack of opportunity for tertiary education is itself a cause of youth unrest. The above contradiction

can be resolved if the tertiary education offered concentrates largely on training youth for the agricultural sector, or other sectors where subsequent employment will be assured.

I wish to highlight this, because when changes are introduced in our country, they are often made without much thought regarding future repercussions and using the path of least resistance. The educational system in our country has been the favourite target of change; a much more difficult and important area requiring attention today is the creation of employment for our youth—and not much is being said about this!

Another question that needs to be asked is regarding the kind of education we impart to our youth. Sri Lanka has been cited by a researcher at the Institute of Development Studies in Sussex, U.K. as one of the countries that suffers from a "Diploma Disease."

There is a great demand to obtain some sort of certificate, generally to secure "white collar" employment, even though such employment may be more scarce and less lucrative than employment as a skilled worker. The educational system of the country has, by and large, pandered to this demand, instead of trying to change attitudes.

There is a great need today for vocational education, and such courses must be introduced and given due priority at early secondary school level, when a young person's mind is not averse to manual work.

The other great need in the country today is the development of entrepreneurship in our people. In this context, once again, our system of education, with its emphasis on rote learning and assessment purely by examination, probably discourages entrepreneurship instead of encouraging it.

The private tuition industry also contributes a great deal towards killing creativity, because, among other things, it prevents students from doing any extracurricular activities, resulting in "all work and no play" making "Jack a dull boy."

There is a greater need to encourage student creativity when reviewing curricula. At the secondary school level, a very simple technique that could be adopted, at least in the Science based subjects, would be to make practicals examinable again; this would immediately focus greater attention on practicals in schools—and practicals do require a certain degree of initiative and independent thinking and judgement on the part of a student.

At the university level, much greater emphasis needs to be placed on "project type" assignments where students have to work on their own. Most faculties probably do have provision for assignments of this nature, but because many of them do not directly count towards a student's final class average, these assignments do not get the priority they deserve.

Finally, in the interplay of education and employment, the State in Sri Lanka must show a commitment to providing employment for its citizens, especially in the agricultural and industrial sectors.

This would imply tax concessions and market protection to local manufacturers and easy terms of credit to entrepreneurs. Without this commitment, all the vocationally oriented educational programmes (and also Janasaviya self employment schemes) are doomed to failure.

It is not clear whether the government of today is in fact prepared to make the above commitment, because of its continuing emphasis on an open economy and foreign aid, which is resulting in imports flooding the market and expatriate expertise grabbing all the employment—a case in point being the Construction Sector.

Education and English

The importance of English for a complete education is indisputable, primarily because it is an international language that is a window to the world. Anyone who closes his or her mind to English will lose out on a wealth of scientific and cultural knowledge.

The majority of rural young people in our country, however, have a deep resentment against this language, epitomized by the popular term given to it—i.e. "kaduwa"—a sword which is wielded by those who are proficient in it to cut down or subjugate those who are not, as explained in the Youth Commission Report.

It is instructive to explore this antipathy. The primary cause of it is that English has in fact been used by the social elite as a "kaduwa," in order to maintain certain social barriers.

In Sri Lanka, English is not primarily a means whereby knowledge or information can be exchanged; it is rather a measure of a person's background and class. Hence there is a great premium placed on the correctness of its use, reflected perhaps in the middle class practice of sending their children for elocution classes.

There is also a tendency to look down on those whose usage is less than perfect as those who are socially inferior. I am not advocating the deliberate encouragement of bad English. However, I am suggesting that there be a change in attitude towards those who have not perfected their grasp of the language.

Why is it that an Italian's or Frenchman's imperfect English is considered "charming," while a Sri Lanka's imperfect English is considered "godey?"

There is, probably, an awareness among our young people about the importance of English. The reported popularity of Spoken English classes is perhaps evidence of this.

However, until the social elite of our country change their attitude, the opportunity to practice and improve in English language skills will be denied to the majority

in our land—they will be subjugated into silence, and continue to harbour resentment against the system.

The government has paid lip service to the place of English in Primary and Secondary School education. It is left to be seen whether this will be translated into practice.

One of the major practical problems will be to find an adequate number of equipped teachers, especially in rural areas.

There may be a case for enlisting the support of government servants, who are scattered far and wide in every administrative district, in an informal way.

The "English barrier" is one of the most significant factors that contribute to the urban-rural divide as well as the class divisions in our country.

In fact, when we talk about language divisions, the division between the English-speaking and non-English-speaking may be much deeper than that between the Sinhala-speaking and Tamil-speaking.

Education and Social Justice

Education in Sri Lanka has the potential of being a significant factor in the equation of social justice, because of the high premium placed on it and the social mobility it brings.

I would, at this stage, like to highlight some of the ways it can either heal or open the wounds of some divisions in our society.

There are many factors that contribute to the urban-rural divide in our country. However, if we are to deal with it in a significant way, we shall have to identify the key factor. To my mind, that key factor is the paucity of educational facilities in the peripheries.

Many government servants and other professionals are quite prepared to live in peripheral areas (or at least in District capitals), if only for the easier pace of life and the less crowded streets, until it comes to the time when their children need to go to school.

At this point, there is a marked tendency to get transfers to urban centres such as Colombo and Kandy, because of the so called better schools there. When this happens, not only is the peripheral school deprived of the government servant's child, but the entire peripheral society is perhaps poorer for losing an educated and hopefully responsible family, thus deepening the urban-rural rift. The only way that this can be remedied is for attractive and almost artificial allowances to be paid to capable and motivated teachers who are willing to serve in outstation schools. Most middle class professionals, I think, will eventually be prepared to stay and serve in rural areas, if they are convinced that their children will get a reasonably good education. The sad fact today is that no teacher can be the principal bread winner in an average

middle class family, whether urban or rural, because of their atrociously low salaries.

If we, as a society, wish to do more than to mouth platitudes where our future generations are concerned, we will have to find ways to pay our teachers more and attract people of good quality back to the teaching profession.

This is especially so if we are to deal realistically with the overall improvement of rural resources.

The only teachers who are paid adequately are those in the new International Schools.

However, these teachers are available only to a minority who can afford this kind of education, thus opening another kind of division—i.e. the class division.

We may soon find that good teachers are found only in these International Schools, which cater only to the upper and middle classes. This will be tragic, however, because one of the few things that has diminished our class divisions, even marginally, has been our system of free education.

The district quota entry system into universities has also been a levelling influence in our society, breaking as it has done, the virtual monopoly on university education previously enjoyed by the urban elite.

This levelling influence is also in danger of being removed now, with the gradual introduction of fee levying private universities. There are of course, good arguments both for and against the existence of such institutes. Unfortunately, there has never been any significant public debate on the issue, perhaps because it is too volatile. Space does not permit me to deal with this issue at length here.

Suffice it to say however, that these new universities are likely to increase class divisions by giving greater advantages to middle and upper class children, who in any case have many other avenues of advancement open to them, even if they are presently unable to enter the university system.

Employment and English

If we look at the greatest area of economic growth over the last decade or so, it is in the service sector, which is dominated by private enterprise.

Where the established private sector is concerned, proficiency or even fluency in English is a sine qua non for employment. Once again, if the majority of our youth are to be benefited by this economic growth, they must realize the importance of being able to communicate in English.

At the same time, there has to be a recognition on the part of employers that it is adequacy and not necessarily fluency in the language that is required. Many university

graduates in business, finance and economics are probably overlooked by the commercial world for secondary school leavers, whose only qualifications are the right connections and "the gift of the gab" in the "right lingo."

Not only is this frustrating to such graduates, but it must surely be detrimental to the country, since genuine ability is not being utilized, merely because the packaging is considered to be faulty.

There must also be the recognition, especially by the state, that concentration on the service sector alone will not solve all the problems of the country, nor generate sufficient employment for its people.

Sri Lanka is not a city state like Singapore, and attempts made in the past to use the latter as a model for our growth have been largely unhelpful. We must realize that our growth must come firstly from a strong agricultural and then industrial base, not only because it makes for a more stable economy, but also because it is only such a base that will be able to absorb our growing workforce.

Conclusion

Although the above analysis has been made primarily with respect to the future of youth in the South, similar considerations apply to those in the North as well, albeit compounded by other factors too.

In many ways, the major problems and issues that face us as a nation are tied to the three Es of Education, Employment and English, and the interplay between them. We need the collective wisdom of all our people, and not merely our politicians and planners, to make the right decisions in these areas, because more than ever before, we are living in a decisive age, with the task of nation building very much ahead of us.

One final danger remains—that is to think that the above issues can be soft-pedalled at the moment because there is the more pressing issue of a military campaign in the North and East.

The absolute futility of that kind of thinking has been amply demonstrated over the last couple of years. Left to itself, without corrective action by all of us, the disparities in our society will increase and not decrease, and we would then not have learnt anything from the nationwide youth uprisings over the last decade.

Editorial Lauds Treasury for Policy Liberalization

91AS0825A Colombo DAILY NEWS in English
26 Mar 91 p 8

[Article: "Treasury Sets a Good Example"]

[Text] The Ceylon Oxygen share issue is going great guns with 1.8 million shares offered to the public oversubscribed nearly threefold in five working days. The chances are that the issue will be closed early and the authorities will have to decide on an equitable basis of

distribution of the shares in a situation where demand far outstrips the available shares.

It was only a week ago that we urged that some of the clear weaknesses in share issues in the Colombo market be eliminated. We focussed on one particular aspect, well known both to the broking community as well as to those who invest in shares: that of making multiple applications in the names of nominees when there is a run on any particular issue.

After the allotments are made, it was very easy for the real buyer to get his nominee to renounce the shares allotted to (him or her) in the principal's favour. All it cost was a ten-rupee stamp. This was a very common practice in the Colombo share market and nobody had tried to stop it.

The day after we presented the case for closing that particular loophole, we found that the authorities had done just that where the Ceylon Oxygen share issue was concerned. It was a matter for great satisfaction that a valid proposition that had been previously urged in this column had attracted the attention of the concerned authorities who had acted on it.

That is not all. In the past, corporate bodies offering their shares on the Colombo market have asked for cheques drawn on Colombo clearing banks to cover share applications. The reason for this is obvious enough. Whoever was offering the shares wanted quick realisation of the payment cheques through the Colombo clearing. That was convenient.

But it certainly was not fair by people living in the outstations and maintaining bank accounts in the towns closest to them. They had either to forgo the opportunity of making an investment that they wanted to make or undergo the inconvenience of coming to Colombo or arrange through their bank to have a Colombo banker's draft to back their share application.

The Ceylon Oxygen share issue broke new ground on this, too. Payment was possible by either cheque or draft from any bank operating in Sri Lanka. The obnoxious "Colombo bank only" clause had been deleted. This is very much to the good, a demonstration of real progress: it conforms to the desire both of the President of the Government that the good things of life should not be reserved for the fortunate few living in or around the capital city.

It is particularly appropriate that both the "no renunciation" requirement as well as the payment by Colombo bank cheque proviso were done away with on the sale of a tranche of shares held by the Secretary to the Treasury. This means that the shares belonged to all the people of this country. It is but right and proper that no one citizen should have an advantage over another in acquiring a stake in a publicly-owned asset up for sale. We congratulate the Secretary to the Treasury and his officials for setting a fine example which the private sector too can follow in the future.

There has been a lot of effort devoted during the past several years to activating the Colombo share market and educating the public on how a Stock Exchange works. Much has been achieved but much more remains to be done. Our business pages today carry a report on the tie-up between a Colombo broking firm and a commercial bank to bring outstation investors into the Colombo Stock Exchange.

The Bank of Ceylon used its outstation branches to good effect when it promoted a subsidiary, Property Development Ltd. (PDL), which owns its headquarters building. The Sampath Bank has long been conscious of the investment potential outside Colombo and utilised this knowledge in marketing its own shares in the past.

The government is committed to making the private sector the major engine of economic growth in the country. Peopling of State-owned commercial undertakings, Ceylon Oxygen being one of them, is part of that strategy. Divesting of publicly-owned shares, particularly those where quick capital profits are possible, must be equitably done.

In this matter, Ceylon Oxygen has done very well. In making the share allotments, the authorities must now try to give as many shares as possible to the largest number of applicants. The old method of allotting the most shares to those who sent in the biggest cheques is unacceptable. The widest possible spread should be the objective.

Commentary Views Rural Nonfarm Sector Development

*91AS0825B Colombo DAILY NEWS in English
26 Mar 91 p 8*

[Article by Professor Buddhadasa Hewavitharana, published by the Institute of Policy Studies; reviewed by Dr. Ric Shand of the Australian National University: "Mechanisation or Labour Intensive Technology?"—first paragraph is DAILY NEWS introduction]

[Text] This is a very useful study which deserves the widest attention of policy makers. The proposed strategy is soundly based on data and logic. It is well constructed and argued and presented clearly and practically. It is a welcome country specific addition to the literature on the rural non-farm sector in the development process in Asia.

Proceeding to the policy implications of his study, one of Professor Hewavitharana's most interesting conclusions up to this point is that dualism exists in the rural non-farm sector.

There are capital intensive and high productivity units serving high income markets, and labour intensive and low productivity units serving poor markets. This is an important theme to which he returns later.

The author would receive widespread support from regional economists working on this significant topic in rejecting the argument that rural industries produce inferior goods and would lose their markets as agricultural development takes place.

Evidence shows that rural industrial products are bought by the "rich" as well as by the poor so that, broadly, their inferiority argument cannot be sustained. Furthermore some of these industries adapt to markets and expand. They are dynamic and have development potential.

The author very correctly places emphasis on the demand for rural industrial products. In this the recent history in Sri Lanka is disappointing. Small rural industries have been dependent on household demand but between 1977 and 1988, these linkages have declined, and more discouragingly, up to two thirds of users were the poor.

But as the author argues, this can be put to advantage, by raising incomes of the rural and semiurban poor and the demand for rural industrial products. The key to this mutually dependent and beneficial process lies in prior development of agricultural and the elevation of agricultural incomes.

The creation of such a demand will be most beneficial economically and socially in the long term.

A transitional problem, however, is that if rural industries are upgraded, they will no longer sell to the poor. Thus appropriate technologies must be made available both to the dynamic rural industries and to those serving the poor.

As the incomes of the poor rise so too can technologies of industries serving them, e.g. in the pottery and blacksmith industries.

The author advocates:

- a) Synchronized government intervention (to assist technological change) with rural income increases through agricultural development, and
- b) Gradual technological improvements to match income increases.

Candidate rural non-farm industries can be components of a pre-factory or "proto" industrialisation. They can be traditionally organised but market oriented. Thus rural industrialisation can be viewed as a feasible transition stage in industrial development.

There can be added a dynamic non-traded sector comprising construction, commerce, transport, utilities and government services.

There are of course weaknesses in such a model. One of these is the leakages of household expenditure from higher incomes into modern urban and imported goods. This is significant in Sri Lanka.

Also, income distribution has become increasingly skewed, so that consumption patterns vary and complicate marketing of rural industry products.

Thus Prof. Hewavitharana advocates measures to improve the level and distribution of rural incomes to strengthen demand, and correction of policy which currently favours urban large scale industrial units. Policy should cater for infant industries and for the planned introduction of improved technology.

He notes the currently weak linkage between rural industries and farm inputs and argues for a more labour intensive technology. "All the mechanization and all the use of agro-chemicals taking place may not really be necessary for maintaining or raising productivity in agriculture."

In this area, this reviewer considers the author is on soft grounds. Mechanisation is usually adopted because the farmer wishes to save his labour for other purposes, e.g. non-farm rural activities.

Also, up till now, there have been no yield increasing substitutes for the use of agro-chemicals. Organic farming has promise if it is matched by price premium in the market but this will not significantly expand linkages with rural industries.

The author would be on firmer ground if he emphasised downstream linkages between agriculture and rural industry. Diversification of agriculture into high value products some of which could be processed for domestic and export markets is a key strategy readily recognised by policy makers. As he recognises, non-farm exports are another possibility, e.g. handicrafts.

Tourism has already stimulated growth in this area. Apart from artistic and ornamental products, household consumption goods, tools, implements and light equipment may find markets in developing countries. Sensibly, he also suggests that better facilities for rural outmigration could boost rural incomes for unskilled and semiskilled labour. Rural public works are a parallel measure.

Finally, the author develops a rural employment strategy which incorporates the rural non-farm sector. He recognises that the sector faces deep seated structural and institutional problems which have been described earlier in this review.

First and foremost the strategy must have both agricultural and rural non-farm development components. Farm size cannot be changed so income must rise from a combination of part time farming and rural non-farm activities as in East Asia.

For this strategy the author takes as his starting point a four-stage model of growth developed by a group of economists including this reviewer in Chiang Mai in 1983.

Stage 1: Agricultural productivity is low and technical change is slow, with no productivity breakthroughs. Once the land frontier is reached, man/land ratios increase and while this may lead to some increases in productivity of land though labour-investments in land improvements, per capita output and incomes are likely to decline over time.

In this stage off-farm incomes and supplementary rates of return are low, and non-farm employment is supply determined.

Stage 2: Agricultural productivity improves with changes in technology, cropping patterns and infrastructure.

Stage 3: A major transformation factor is enhanced agricultural incomes and production. They generate demand for consumer goods, services, agricultural inputs and new agricultural products for domestic and export markets.

This can have a major impact on rural based industries and services subject to policy caveats referred to earlier. The previously 'closed' rural economy becomes increasingly integrated with other sectors including the urban sector, with an accompanying demand for skilled labour.

Employment now becomes demand oriented and rural outmigration can develop. Wage levels in non-farm activities rise and can become competitive with those in agriculture.

Stage 4: The prospect arises for a mature advanced economy.

The author is concerned with the earlier stages and particularly with Stage 2 within which Sri Lanka appears to be. He argues that Sri Lanka differs a little from the East Asian model owing to the duality in the rural non-farm sector.

Thus there are three sectors: agriculture, a dynamic rural non-farm sector and a backward rural non-farm sector. As agriculture develops so too does the dynamic rural non-farm sector. Labour transfers from the backward sector to agriculture and this backward sector shrinks.

In stage 3 the more dynamic rural non-farm activities expand rapidly owing to their links with agriculture.

Sri Lanka is described as currently being between the "push" (labour supply dominated) and the "pull" (demand side dominated) stages.

There are attractive prospects for agriculture and relatively good prospects for the rural non-farm sector, provided policy is redirected towards stimulation of the demand side, to move through Stage 2.

The focal policy areas are agricultural development and demand generation in the rural non-farm sector. Currently policy is focussed on promotion of production (supply side).

In short the author's recommended strategy is to raise farm incomes by (a) promoting technology based agriculture, diversification into high value crops, mixed cropping, intercropping and integration of agriculture, livestock, fisheries and agriculture. (b) Strengthen linkages with the rural non-farm sector both industrially and through consumption.

He then explores the potential linkages in terms of elasticities of demand in the rural sector.

For rice, potential demand is limited except amongst the poor. It is higher for non-grain food crops such as pulses and for fruits, meat, eggs, milk and fish.

Amongst non-farm goods and services, the potential demand is very high for housing, clothing, education, and transport. It is high for non durables (clothing, linen, mats, footwear, laundry services), and even higher for durables such as radios, refrigerators, bicycles etc.

There is some potential demand for improved tools and equipment (better ploughs, mammoties, two-wheel tractors, irrigation pumps) and for intermediate goods.

Linkages should be encouraged with improved communications, infrastructure, distribution channels and with links to urban areas.

The strategy should reach down to micro level with identification of development possibilities in the rural non-farm sector and spatial planning, selection of growth poles (rural towns) and infrastructure needed. Assistance schemes should be diversified and implementing agencies identified.

This is a very useful study which deserves the widest attention of policy makers. The proposed strategy is soundly based on data and logic. It is well constructed and argued and presented clearly and practically.

It is a welcome country specific addition to the literature on the rural non-farm sector in the development process in Asia.

Editorial Views Grave Garbage Accumulation Problem

*91AS0824B Colombo THE ISLAND in English
26 Mar 91 p 6*

[Article: "Garbage"]

[Text] While environmentalists both here and abroad are justly concerned about esoteric problems such as the global warming effect, destruction of the ozone layer, desertification, nuclear power and the like, Sri Lankans are facing an environmental threat much more mundane but equally potent: Being choked by their own kitchen refuse.

Yesterday in our local news page we carried a report by our Kadugannawa Correspondent about garbage from the town of Peradeniya being thrown into the Mahaveli

river. Quite apart from it being no way to treat this river on which politicians and poets eulogise so much, it is the river that supplies water to Kandy town and its suburbs. The report quotes a medical officer specifically naming some local government bodies responsible for the dumping of this garbage which certainly is a health hazard to thousands of people in and around Kandy.

We have in the past regularly commented and spotlighted the problems of garbage disposal in Colombo and its environs.

Despite such publicity, there is no visible improvement and the streets are still strewn with garbage. While garbage on the streets of Colombo and other big towns attract public attention, it has to be realised that the problem is far more acute in smaller towns like Kadugannawa and Peradeniya although it goes unnoticed.

Garbage disposal has not been much of a problem in the distant past, particularly in villages and small towns because of the fewer number of people living in those areas. But today with the continuing urban sprawl into the villages, garbage disposal has indeed become a problem in most parts of the country. In the past the wide open spaces could have taken in the piles of garbage of small towns or even big cities such as Colombo. The scarcity of land is so great now, that even the Mahaveli is good enough to be a refuse dump.

With local government bodies having meagre financial resources, garbage disposal is not on the top of the list of priorities.

Today even in places like Colombo Fort, garbage piles can be seen in the backstreets, at times a few yards away from five star hotels. They may not be seen by the tourist eye but the flies and vermin that breed from these piles certainly are a threat to those living in humbler homes as well as tourists who are much more prone than us who have acquired natural resistance.

The garbage bins that the Colombo Municipal Council once had in every street corner have disappeared. Instead black bags were introduced but this has been found to be most impracticable with crows ripping the bags apart. In the suburbs such as Nawala and Mt. Lavinia residents by consensus dump their refuse at a particular spot. The only people in disagreement are those living opposite these garbage dumps.

The government has to study this entire question of garbage disposal. Should scavenging be done on a massive scale such as in Colombo where all the garbage collected is taken to one particular spot or incinerators be set up in different parts of towns?

In these times where people are considered as 'human resources' and the most valuable asset, can't such assets be induced not to choke themselves with their own garbage?

Some time ago a seminar was held on the disposal of garbage but what came out of it we are unaware of.

Public cooperation and support are necessary but the responsibility and lead have to be given by the local government bodies whose responsibility it is to set up an efficient scavenging system.

Scavenging should not receive low priority from the central government or local bodies. An investment in scavenging can reduce expenditure on other fields of public health as well and reap many votes.

With local government elections in the offing the people of this country have a right to ask their city fathers and aspirants what they hope to do with the piles of garbage that daily offend their senses.

The garbage problem today has assumed proportions of a national problem. There surely can be no paradise isle with garbage at every street corner?

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