



Director of
Central
Intelligence

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National Intelligence Daily (Cable)

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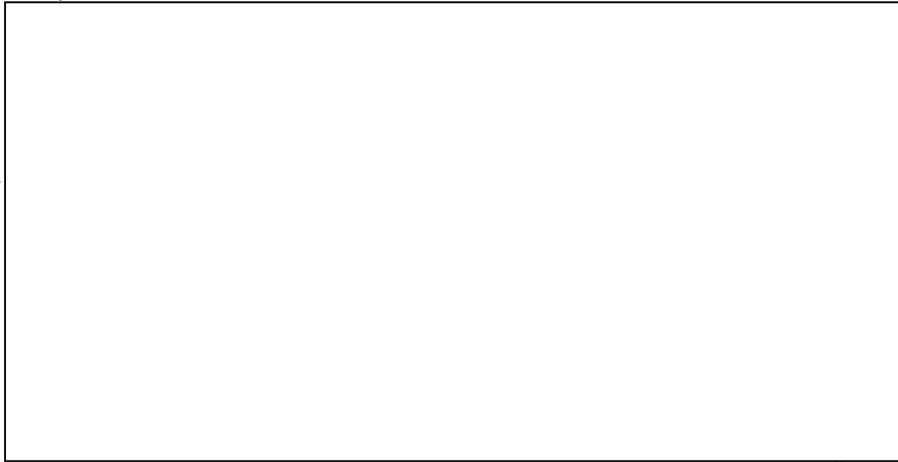
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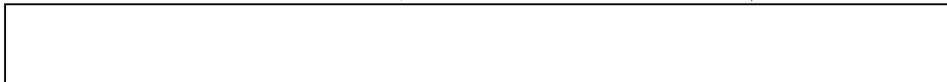


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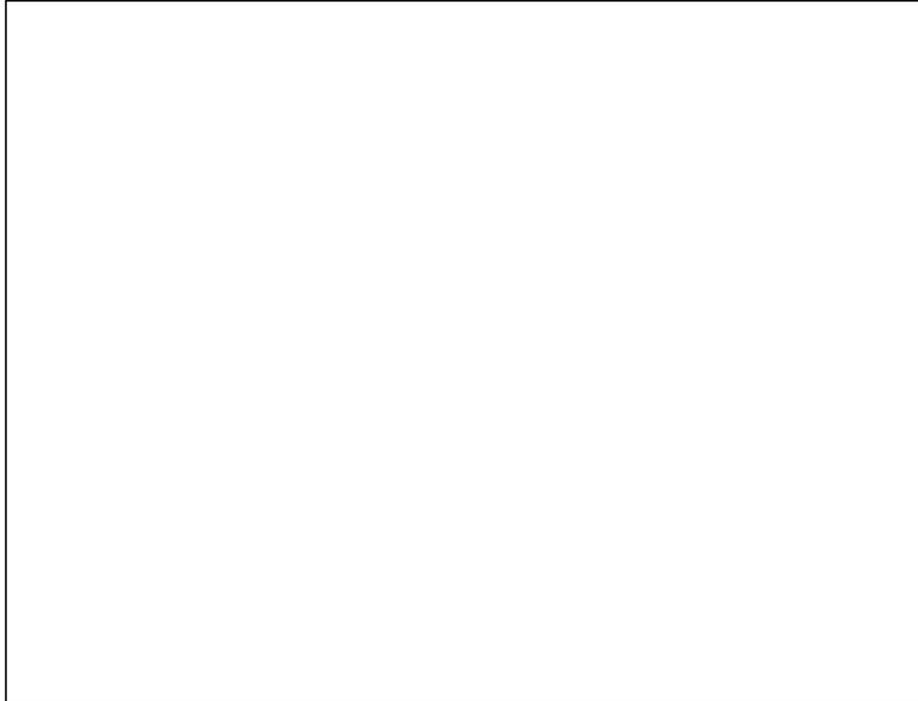


Special Analysis



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IRAQ: Cuts in Military Pay

 Baghdad ended combat pay and allowances for military personnel as of 1 October to help ease its financial situation. To save cash, the regime had already eliminated several other benefits for military personnel and dependents. Since the middle of last month, Baghdad also has sold \$66 million in gold.



Comment: //The termination of combat pay almost certainly will lower morale further and perhaps cause some increase in the desertion rate. Baghdad, however, probably is counting on the professionalism of its officer corps and fear of punishment to deter a major increase in desertions. The gold sales indicate that foreign exchange reserves are nearly depleted 

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