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**Near East and  
South Asia Review**

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8 November 1985

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8 November 1985*

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**Near East and  
South Asia Review**

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**Articles****Morocco-Libya: Prospects for the Union**

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King Hassan and Colonel Qadhafi believe they have secured enough economic and political benefits from the Moroccan-Libyan union to encourage them to continue and even enlarge their association, but mutual suspicions and widely divergent foreign policies will prevent the integration envisioned by the treaty.

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**Palestinians: An Update on Abu Nidal Terrorism**

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The terrorist capabilities of the radical Palestinian Abu Nidal group remain strong despite conflicting reports on whether the group's leader, Sabri al-Banna, is dead or alive, and it continues to target PLO and other Arab leaders working toward a settlement of the dispute with Israel.

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**Israel-West Bank: Profile of Palestinians  
Under the Occupation**

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Israel's occupation of the West Bank has fostered major changes in lifestyle for the territory's Palestinians. There are indications that the population could increase dramatically if the West Bank's increasingly urban, college-educated males decide to seek economic opportunities at home rather than in the Arab states.

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**Lebanon: Amal and Hizballah—The Line  
Between Politics and Terrorism**

13

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Lebanon's political dissolution has opened the door to Shia political activism and at the same time created an environment of chaos in which Shia political demands cannot be satisfied. Rivalry between Amal and Hizballah may impel both toward greater participation in terrorist acts to prove their commitment to the Shia cause.

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[Redacted]

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**The Shia Amal Militia: Syria's Trump Card in Lebanon?** [Redacted] 19

[Redacted]

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Syrian efforts to gain influence with Nabih Barri's Amal militia by providing arms and training seem to be intended to preserve Syria's options while parallel political moves are made to restore stability in the greater Beirut area and foster political reform [Redacted]

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**SSNP: New Role in Lebanese Affairs** [Redacted] 23

[Redacted]

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Although the Syrian Social Nationalist Party is a minor Lebanese party in terms of its geographic and political base, it stands to enhance its influence significantly through close attachment to Syrian policy objectives in Lebanon. [Redacted]

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**Muhammad al-Imadi: Syria's Economic Reformist** [Redacted] 27

[Redacted]

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The recently appointed Minister of Economy and Foreign Trade, Muhammad al-Imadi, gives Syria its best hope to pull out of its Arab socialist economic morass, but his economic philosophy and initial reforms have stirred up opposition because they challenge the role of entrenched ideologues in the Ba'th Party and public sector.

[Redacted]

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**Egypt: Financing the Muslim Brotherhood** [Redacted] 29

[Redacted]

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The Muslim Brotherhood in Egypt is primarily financed through its legitimate local business, with additional funds received from sympathizers and expatriate brothers in Saudi Arabia, the Arab Gulf states, and Western Europe, and some funding obtained through the exchange of US dollars in the black market. [Redacted]

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**Iraq: Rivalry for Control of the Intelligence Establishment**

35

[Redacted]

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The struggle to control Iraq's intelligence services has tested the political influence of President Saddam Husayn and created rifts within his own clan, the Tikritis. A central figure in the contest has been Saddam's half brother, Barzan al-Tikriti, ousted from the directorship of the elite intelligence organization, Mukhabarat, in 1983.

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**Iraq's Dependence on Foreign Labor**

37

[Redacted]

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Iraq will remain dependent on foreign laborers during the next few years regardless of whether the war with Iran ends. The number of foreign workers in Iraq is likely to decrease sharply only if oil revenues fall precipitously and foreign payments pressures force Baghdad to sharply curtail domestic spending and economic activity.

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**Iran: The Politics of Land Reform**

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[Redacted]

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Disagreements between radical and conservative factions have stymied efforts to implement a major land reform program, and the government's determination to increase agricultural productivity also conflicts with the objective of giving peasants their own plots of land.

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**India: Rajiv Gandhi as Defense Minister**

45

[Redacted]

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Rajiv Gandhi has signaled his intention to give security issues a high priority by assuming the defense portfolio and by appointing key aides to oversee defense procurement and internal security. He probably will attempt to rehabilitate the police forces, reform the arms procurement process, and reorganize the armed services.

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**India: Foreign Military Assistance**

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India has engaged in a wide range of foreign military assistance during 1985, including selling arms and equipment, providing technical support to foreign militaries, and training foreign military students, but its potential for expansion is limited by India's nonaligned foreign policy and strong competition from established suppliers.

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**India's Key Nuclear Advisers**

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The Indian Government's long familiarity with the nuclear weapons issue and with the well-developed public debate on the subject gives India a pool of influential nuclear experts who, while offering the Prime Minister divergent points of view, differ more on the question of when rather than whether India should embark on a weapons program.

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**The Biharis: The "Lost Tribe" of South Asia**

57

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A group of 250,000 to 300,000 Biharis, Muslims stranded in Bangladesh since the War of Independence in 1971 who consider themselves Pakistanis, have been prevented from migrating to Pakistan by a lack of money and other bureaucratic hurdles, and a general lack of interest on the part of potential donors will probably force the Biharis to remain in Bangladesh.

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[Redacted]

*Some articles are preliminary views of a subject or speculative, but the contents normally will be coordinated as appropriate with other offices within CIA. Occasionally an article will represent the views of a single analyst; these items will be designated as noncoordinated views.*

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## Articles

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### Morocco-Libya: Prospects for the Union

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King Hassan and Colonel Qadhafi believe they have secured enough political and economic benefits from the Moroccan-Libyan union to encourage them to continue and even enlarge their association. Both derive advantage from the union in their efforts to balance Algeria's power in the region. Hassan almost certainly will continue the union as long as Qadhafi backs Morocco on the Western Sahara question and does not interfere in Morocco's internal affairs. He will also expect Libyan economic support to help keep a lid on Rabat's financial problems and to provide jobs for Moroccan workers. The Libyan leader, for his part, will look to Morocco to continue to withhold support from Libyan dissidents and will encourage Hassan to put distance between himself and Washington. Mutual suspicions and widely divergent foreign policies, however, will prevent the integration envisioned by the treaty.

#### Shades of Things To Come?

There are some aspects of the union that still can be implemented. Heading the list is defense cooperation. So far Hassan has not approved establishment of the Defense Council, as stipulated in the Oujda Accord. Nevertheless, if Morocco fails to acquire new ground force materiel from Western sources to replace aging US- and French-made equipment, we believe Hassan would turn to Libya for financing or weapons. Moreover, direct hostilities between Algeria and Morocco probably would prompt Hassan to seek Libyan intervention—or at least a show of force—along the Libyan-Algerian border. Hassan, in our view, would probably stop short of asking that Libyan soldiers fight alongside Moroccans.

Continuation of the union offers some potentially significant benefits for Qadhafi. For example, Rabat may agree to represent Tripoli in countries where Libya has no official presence. Qadhafi would try to

use this access to establish links with local opposition groups. Despite Moroccan assurances to the contrary, Rabat could decide to be a conduit for passing US embargoed goods to Libya, particularly spare parts for Libyan aircraft. We believe, however, that this is unlikely unless Morocco's ties to the United States deteriorate significantly and Hassan believed he had little to lose from such a move.

In addition, Morocco may be persuaded to serve as a transit point for Qadhafi's efforts to strengthen Libya's military presence in Latin America. Although Rabat allegedly has turned aside numerous Libyan requests for air transit rights, some Moroccan officials claim Hassan has allowed at least one civilian plane to transit en route to Suriname. Hassan would have to weigh potential risks to his ties to the United States if he were to sanction additional flights.

On balance, we believe that Morocco would be the more likely party to end the pact. Hassan might allow the treaty to atrophy if Qadhafi were to discontinue economic aid, and more particularly if Libyan assistance were to become a major political issue in Morocco. The King might even break openly with Libya if Qadhafi insisted on closer military cooperation or on Rabat's adopting a more anti-US and anti-Israeli stand. Hassan almost certainly would denounce the union if Moroccan security uncovered clear evidence of Libyan-sponsored threats to his regime or if Qadhafi resumed supplying the Polisario. If Rabat abrogated the pact, Qadhafi would turn sharply on Hassan and seek to overthrow him.

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**Secret****Implications for the United States**

Hassan almost certainly calculated that the agreement would cause some cooling in his relationship with the United States, but he underestimated the depth of Washington's negative reaction to the union. We believe that Hassan is sincere in his statements to US officials that he wants to maintain close relations with Washington. He will use any sign that Libya has turned over a new leaf—an unlikely occurrence in our view—to remind US officials that dialogue is the only way to tame Qadhafi and that the United States should join the effort.

For his part, Qadhafi will continue to use cooperation with Morocco to enhance his international standing, to encourage other moderate governments to improve relations with Tripoli, and to persuade other Arab states to join the union. He may also hope the agreement will lessen US pressure on Libya.

Hassan will be watching closely for indications that the United States wants to redefine its relationship with Morocco. He will remain sensitive to Washington's continued refusal to send senior US officials to Rabat or to extend what he views as appropriate courtesies to himself and other Moroccan leaders. His wish to limit the damage to relations with Washington gives the United States some leverage on such issues as technology transfer and intelligence matters. On the other hand, Hassan's personal prestige is so heavily engaged in the union that—as he has amply demonstrated—he will strongly resist external pressures to abrogate it. Indeed, he may even use the Libyan deal as a bargaining chip to obtain new aid from the West. Hassan will consider any cutback in bilateral programs by Washington as a punitive action.

In the face of deteriorating bilateral relations and growing domestic instability, Hassan could radically reassess his overall ties to the United States. Under these circumstances, he could:

- Refuse to allow US forces to use Moroccan facilities under the US-Moroccan access and transit agreement.
- Stop Voice of America operations in Morocco.
- Adopt a more radical stand on Middle East issues.
- Turn to Libya and the Soviet Union for military assistance.

In addition to the union with Libya, Hassan could make other shifts in Moroccan foreign policy if Rabat does not receive what it regards as adequate aid from its traditional supporters—particularly the United States and France. We believe that these shifts could include expanded commercial and economic ties to Eastern Europe and the Soviet Union. Moscow already has a substantial investment in Morocco's phosphate industry. The ample publicity accorded by Morocco to new trade accords with the Soviets in September 1984, coupled with repeated favorable comments of key Moroccan officials toward Moscow, suggests a willingness to consider, if not undertake, closer ties to the USSR and its allies. Hassan courted the Soviets in the 1960s and knows that aligning his policies with them would not solve Morocco's long-term problems, but it could help relieve pressures in the short term.

Continuation of the union will sharpen political differences in North Africa. For example, the Libyan expulsion of foreign workers—particularly Tunisians—has complicated Hassan's relationship with Tunis. Hassan's effort to mediate the dispute was perceived in Tunis as one sided and biased toward Libya. Moreover, the fact that Moroccan citizens—albeit in limited numbers—are the only ones so far allowed to replace the expelled workers almost certainly will be seen by other states as further indication of Hassan's acting on Qadhafi's behalf.

The agreement is particularly irritating to Algeria, which continues to view the union as a tactical move by Morocco to block Algerian efforts to end the Western Sahara conflict and to promote regional unity. Algeria probably hopes that personal incompatibilities between Qadhafi and Hassan will break up the pact. In the meantime, Algiers will continue to support Libyan dissidents and could allow the Polisario to attack Morocco directly from Algerian territory—where Moroccan troops cannot hit them without risking a major confrontation with Algeria.



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**Palestinians: An Update on Abu Nidal Terrorism**

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The terrorist capabilities of the radical Palestinian Abu Nidal group remain strong, in our opinion, despite conflicting reports on whether the group's leader, Sabri al-Banna (Abu Nidal) is dead or alive. The Abu Nidal group, which has long rejected any political solution to the Arab-Israeli dispute, in the past year has intensified attacks on pro-Arafat Palestinians and those moderate Arab countries that support them, particularly Jordan. The group has threatened further attacks on West European and US interests for their involvement in the Middle East peace process.



Sabri al-Banna (Abu Nidal)

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Abu Nidal senior officials apparently have recently tightened what we believe was an already taut, compartmented structure and, as part of this process, may have transferred more of its elements from Syria to Lebanon. Along with strengthening the group's capabilities, we believe these changes reflect an underlying concern among Abu Nidal leaders about the reliability of Syria, their host since October 1983. The group strives to maintain its independence, but we believe it has accepted some terrorist tasking from Damascus.

claimed to have talked with him in Tripoli, Libya. The journalist later admitted that he could not be certain that the man with whom he spoke was al-Banna. A Kuwaiti journalist also claims to have interviewed al-Banna in Tripoli in September. The most recent alleged dialogue with Abu Nidal appeared in October, in the West German magazine *Der Spiegel*. No date and place of the meeting were cited.

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**Al-Banna: Elusion or Illusion?**

Sabri al-Banna, the group's founder, was rumored dead and buried in Iraq in mid-1984, but over the last few months, various reports—including alleged interviews—claimed that he is alive and well in Libya. At a minimum, we believe that the group's leaders are trying to revive the aura of al-Banna to recoup the losses in membership that followed rumors of his death.

We believe that most of the Abu Nidal group's operations have been planned and directed for some time by al-Banna's two top deputies, Mustafa Murad and Abd al-Rahman Issa. Dead or alive, we believe the fate of al-Banna has no effect on

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Three alleged interviews with al-Banna have appeared so far in 1985. No photographs, however, have accompanied these interviews, and explanations and details are lacking or weak. The first interview appeared last February when a French journalist

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**Major Attacks Claimed by Abu Nidal Group <sup>a</sup>**  
**December 1984–November 1985**

**1984**

- 4 December** Deputy Chief of Mission, Jordanian Embassy, killed in Bucharest (Black September).
- 14 December** Leading Fatah military figure killed in Rome (Arab Revolutionary Brigades).
- 29 December** Fahd Qawasmah, PLO Executive Committee member, killed in Amman (Black September).

**1985**

- 21 March** Handgrenade attacks on Jordanian airline offices, Athens, Nicosia, Rome (Black September).
- 26 March** Kidnaping of British journalist in Lebanon (ROSM).
- 3 April** Rocket fired and narrowly missed Jordanian Embassy office, Rome (Black September).
- 4 April** Rocket fired at Jordanian airliner during takeoff, Athens, but did not explode (Black September).
- 1 July** Bomb attack at British Airways office; grenade attack at Jordanian airline office, Madrid (ROSM, Black September).
- 24 July** First Secretary, Jordanian Embassy, killed in Ankara (Black September).
- 8 August** Bomb exploded at hotel used by British tourists, Athens (ROSM).
- 31 August** Heavily armed man arrested near Jordanian Embassy, Athens who claimed Black September membership and plan to kill Jordanian Ambassador.
- 3 September** Handgrenade attack at hotel in Athens to press Greeks to release above suspect (Black September).
- 16 September** Grenade attack on Rome sidewalk cafe (ROSM).
- 18 September** Jordanian publisher and reported friend of Arafat killed in Athens (Black September).
- 25 September** Bomb exploded at British Airways office, Rome (ROSM).

<sup>a</sup> The Abu Nidal group generally claims credit for its operations in other names, that is, Arab Revolutionary Brigades, Black September, and the Revolutionary Organization of Socialist Muslims (ROSM).

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the current capabilities of the group to carry out terrorist operations. [redacted]

**Target: The Peace Process**

We believe the Abu Nidal group's major goal is to use terrorist tactics to derail efforts to reach a negotiated settlement of the Arab-Israeli dispute. Since al-Banna's rejection of the shift in PLO policy in 1974 toward a diplomatic solution, moderate PLO figures have been the primary targets of the Abu Nidal group; PLO Chairman Arafat almost certainly is the major target. Since the Palestine National Council met in Amman last November and King Hussein and Arafat signed a peace initiative in February, senior Jordanian officials and diplomats have been added to the Abu Nidal hit list. The group claimed credit for the assassination of moderate PLO Executive Committee member Fahd Qawasmah last December in Jordan and the assassination of a Jordanian diplomat in Romania that same month. The group is also believed to be responsible for the murder of another Jordanian diplomat in Turkey last July. [redacted]

The group recently threatened to murder two other Executive Committee moderates, Muhammad Milhim and Ilya Khuri, both of whom are prominent supporters of the Middle East peace process and possible participants in future talks between the PLO, Jordan, and the United States. [redacted]

[redacted]

The Abu Nidal group has claimed credit for bombing and grenade attacks in several West European countries this year. Great Britain has been the target of several Abu Nidal attacks designed to force the release of group members, including al-Banna's nephew, from British jails. The French Government also has been threatened with violent reprisals if it does not release two Abu Nidal members jailed there. In the alleged interview with al-Banna that appeared in *Der Spiegel*, Abu Nidal threatened the United States and Great Britain directly, as well as other

foreign governments indirectly, for their roles in the peace process and their efforts against international terrorism. In mid-1984 we believe the group was responsible for two bombs that exploded at a US Embassy warehouse in Amman and the Amman Intercontinental Hotel, located across the street from the US Embassy. It is not clear, however, that the group was targeting the Embassy. [redacted]

[redacted]

**Modus Operandi and Capabilities**

[redacted] we believe the Abu Nidal group is the best organized and most effective of the radical Palestinian terrorist groups. The Abu Nidal group appears to screen its recruits carefully, [redacted]

[redacted] Its practice of recruiting more than one member of the same family helps ensure a pool of steady recruits, maintains the exclusivity of the group, and provides a system of checks and balances to prevent disloyalty. [redacted]

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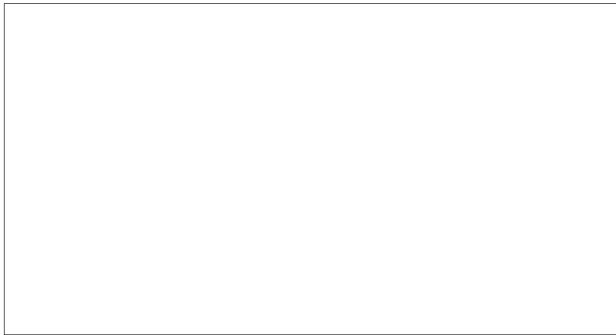
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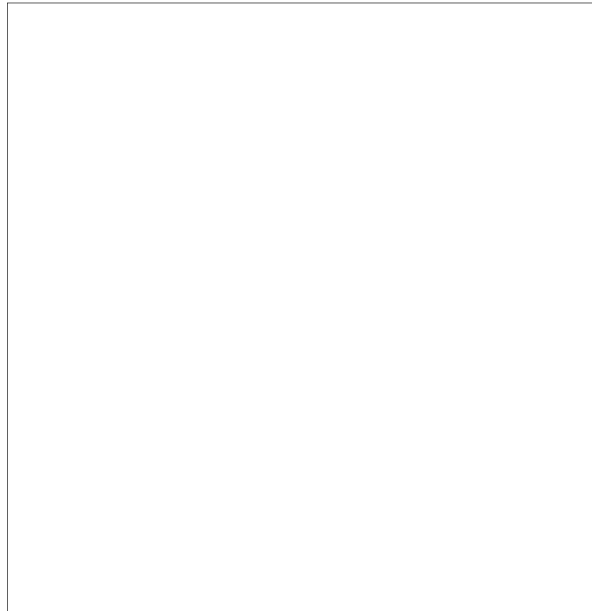
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we have no specific information as to what tasking takes place. [redacted]

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In 1985 the Abu Nidal organization turned to bombing and grenade attacks in addition to more precise assassination attempts against selected individuals. This may indicate that better security for senior-level PLO and Jordanian officials has made accessibility to them more difficult. It also may mean that the operatives are less experienced; bombing and grenade attacks require less training. [redacted]



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**Aliases and Fronts**



[redacted] we believe the Abu Nidal group uses various covernames to carry out terrorist operations. Although the group does not always appear to have a clear-cut pattern for using certain names, last year it appeared to conduct operations against Persian Gulf targets under the name "Arab Revolutionary Brigades." Following the meeting of the Palestine National Council in Jordan last November, the group used the name "Black September" in claiming responsibility for attacks against Jordanian and Palestinian targets. The name may have been a reference to the Sabra and Shatila massacres that took place in Lebanon during the Israeli invasion in September 1982. Use of the name may also be intended to mock and discredit the former Fatah Black September terrorist organization, defunct since 1974. We believe the group has used the name "Revolutionary Organization of Socialist Muslims" as its signature in attacks against targets primarily in Western Europe. [redacted]

Libyan hospitality toward the Abu Nidal organization appears to have grown this year, another indication that the group may be looking for alternatives to Syrian backing. [redacted]

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[redacted] the group is receiving "most" of its support from Libyan leader Qadhafi, but we do not have sufficient information to confirm the extent of Libyan support. [redacted]

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The Abu Nidal group's successful record in conducting terrorist operations is undoubtedly appealing to Qadhafi, given the ineptitude of many Libyan agents. In exchange for increased Libyan support and safehaven, Qadhafi may expect to play a role in selecting Abu Nidal targets. [redacted]

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**Bases of Operations and External Support**

The Abu Nidal group's central headquarters is in Damascus. We assume that much of its training has taken place at secret locations in Syria. We believe that Syria has used the Abu Nidal group, along with other radical Palestinians, to do its bidding, although

The Abu Nidal group probably has continued its contact with Iran established in recent years. We do not have adequate information to determine whether

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Tehran fulfilled its promise last year of more financial support. [redacted]

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**Conclusions**

We believe that problems in advancing the Middle East peace process will not halt the Abu Nidal group from targeting moderate PLO and other Arab leaders working toward a political settlement of the Arab-Israeli dispute. The group might even try to attack US officials involved in the peace process. We believe Syria will encourage terrorism by the Abu Nidal group when it believes its interests are not being considered. Syria probably also will want to maintain its support for the Abu Nidal group out of concern for growing Libyan influence in the group. [redacted]

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[redacted]

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**Israel-West Bank:  
Profile of Palestinians  
Under the Occupation**

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Israel's occupation of the West Bank, now 18 years old, has fostered major changes in lifestyle for the territory's nearly 1 million Palestinians.

As the job markets in the Arab Gulf states shrink, an increasing number of Palestinian workers are remaining home, seeking jobs in Israel. Officially about 40,000 workers commute into Israel, although unofficially there may be as many as twice that number entering Israel to work. This trend may lead to rapid, renewed population growth in the West Bank after nearly a generation of stability. The West Bank is also changing agriculturally as Israeli factories and construction sites lure West Bank Arabs away from their farms for better pay. Educational concerns, once practically nonexistent, have now become an important issue as Palestinians seek to improve their opportunities on the West Bank.

**Migration/Population Trends**

The biggest factor affecting the West Bank other than war has been its migration history. During the period of Jordanian rule from 1948 to 1967, approximately 500,000 Palestinians left the West Bank for Jordan, mainly because government policies accelerating industrial growth and agricultural development on the East Bank offered better employment possibilities. The defeat of Jordan in the 1967 war and the Israeli seizure of the West Bank caused another 226,000 people to leave.

Since 1968 more than 136,000 people have left the West Bank, mainly because of lack of employment opportunities, political tensions, and clashes with Israeli authorities. Political and economic reasons still cause many to migrate, especially those with secondary or postsecondary educations, as most of the jobs open to them in Israel and the West Bank are for unskilled labor. Until recently the Arab population of the West Bank has been relatively stable because of the large number who have emigrated.

Since 1967 the West Bank Arab population has risen from about 675,000 to an estimated 780,000,

including approximately 352,000 refugees. Nineteen camps house 91,000 refugees, while the other 261,000 are registered as refugees and receive benefits but live outside the camps. There are approximately 41,000 Israeli settlers living on the West Bank, bringing the area's population to 821,000.

Currently, the Arab Gulf states provide enough jobs for emigrating West Bank workers. Because of the recession in the oil market, however, the job market is not expanding as fast as the number of workers. If this trend continues, West Bankers who would have emigrated, mostly to the Gulf, may be forced to remain in the West Bank and seek employment there or in Israel. If they remain, Israel may see a rapid increase in West Bank Arab population (the average birthrate is currently 45 births per 1,000 women).

**Where They Work**

In 1967, agriculture (including farming, processing, and marketing) engaged two-thirds of the Arab population. Today only about one-third of the people work in this sector both because of improved agricultural technologies introduced by the Israelis, reducing demand for labor, and because of the decrease in land available for farming as a result of land expropriations by the Israelis.

Although improved methods have caused productivity to increase, they have also caused reductions in manpower requirements and increased agricultural output in an already full market. Neither Israel nor Jordan is receptive to the increased supply because it competes with their own production. Workers who were once gainfully employed in the agricultural sector must now seek employment elsewhere as the demand for their skills has decreased.

On the other hand, Israel is providing work for more than 40,000 commuting West Bankers, who are mostly unskilled laborers working in construction. Many rise before dawn and travel to the main transportation centers where they catch buses to take them into Israel. While some have full-time jobs, others wait on street corners known to be frequented

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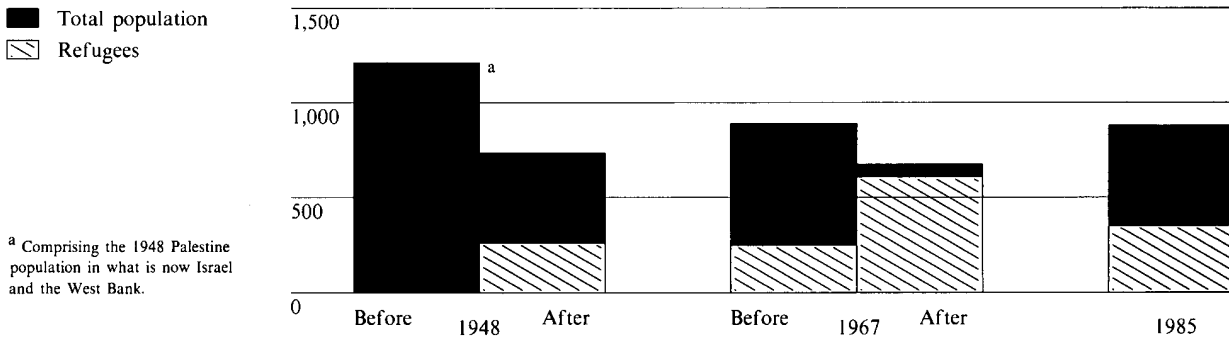
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### West Bank Demographics

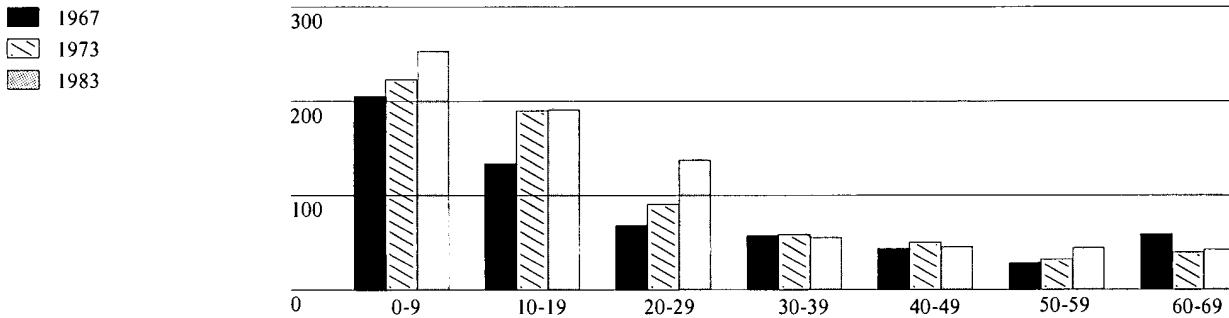
Thousands

Populations Before and After Major Wars, 1948, 67, and 85



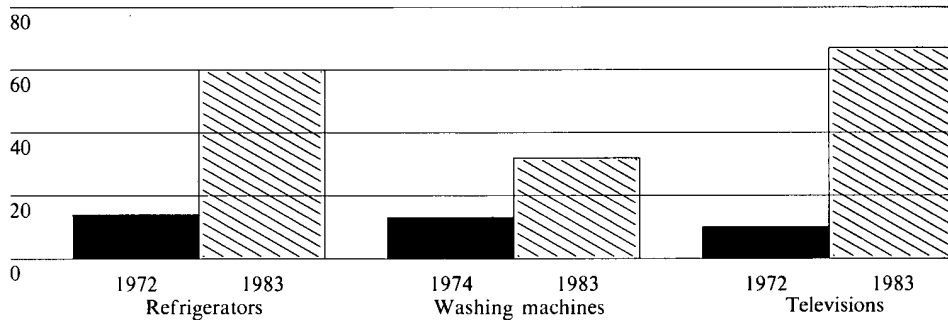
Number

Population by Age, 1967, 73, and 83



Percent of households

Increase in Durable Goods, 1972, 74, and 83



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by Israeli employers seeking day laborers. Because of the cost and time involved in commuting, an increasingly large number are staying overnight illegally in Israel, often sleeping in crowded, unsanitary hostels or on local beaches.

The Arab Gulf states provide a large number of jobs for West Bank workers. Official Saudi Arabian and Kuwaiti figures, for example, show a total of 400,000 Palestinian/Jordanian expatriates in their labor forces. (Most West Bankers have Jordanian passports, and distinguishing them from Jordanian citizens is difficult.) Saudi Arabia and Kuwait offer the majority of the good opportunities, such as administrative personnel in the public and private sectors, banking officials, and a few entrepreneurs. The majority of these positions appeal to college graduates who do not want to work in the unskilled jobs available in Israel.

#### **Industry**

Industrial growth in the Arab sector of the West Bank has been almost nonexistent. Although the Israelis have introduced some improvements in agriculture and transportation (mostly for security reasons), they have given no government assistance to local industries. Furthermore, because of the unresolved political status of the territory, investors are hesitant to risk investing capital there.

At present, only three West Bank (Arab) firms have more than 100 employees, and only 60 firms employ more than 20. The total number employed in industry has remained approximately 15,000 since 1970. By the year 2010 Israeli planners envision that 108,000 new jobs will be created—83,000 for Jews and 25,000 for Arabs. By 1986 they plan for another 11,000 jobs—8,750 for Jews and 2,200 for Arabs.

The industrial development that the West Bank is experiencing is in the Jewish sector. By 1983 there were six industrial parks with 70 percent of the employees Jewish. Settlements and private Jewish firms, with large amounts of government aid, are starting up new businesses and industries in the area, including some high-technology enterprises.

#### **Money and Well-Being**

The major source of income for West Bank Arabs is remittances from migrant laborers working in Israel

and in the Arab states. Together these make up one-third of the territory's GNP and help finance its large trade deficit. Other funds come from taxes, fees, charges for water and electricity, and loans and grants for municipal purposes from the Israeli administration. Some money from the PLO—provided by Arab states—filters in, but it is not recorded as Israel often prevents money from coming into the West Bank when there is a hint of PLO involvement.

Because Israel does not allow West Bank residents to open and run their own banks, most West Bankers either do not have bank accounts or keep their money in foreign banks, usually Jordanian. Transactions are carried out by money changers, who perform a variety of functions including transferring balances between residents and their foreign banks.

Some figures show improvement in the quality of life for West Bank Arabs, but others show them still struggling to acquire basic needs, such as water and electricity. Town dwellers tend to do better than those living in rural areas. Average spendable income has increased as shown by the increase in durable goods, but only 74.5 percent of all households in the area have kitchens. Running water is found in only 45 percent of the homes—a major improvement since 1974 when only 23.5 percent had water. Electricity is found in 96 percent of the homes in towns, but in rural areas only 27 percent have it.

#### **Schooling**

According to one study, the Palestinian people have one of the largest groups of university graduates in the world relative to overall population. Yet high school and college graduates often face a bleak future when they look for jobs appropriate to their education in the West Bank and Israel. There are few white-collar jobs because of the generally poor economy, lack of growth in the financial and managerial sectors, and Israeli laws preventing Arabs from taking upper-echelon jobs in Israel that could cause security problems (which in practice denies Arabs access to the most remunerative employment).

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Israel has made it difficult for students to study abroad by allowing them to return home only at specific intervals. This restriction and the higher cost of education abroad discourage many from traveling outside the West Bank to gain a university degree. Nonetheless, some Palestinians study outside the territory (usually in Cairo, Amman, and in other Arab states) because the subjects offered for study in the four West Bank universities are limited. (Humanities, commerce, and science are the most popular.)

Israeli authorities often close local secondary schools and universities as punishment for anti-Israeli demonstrations and rallies. They also keep a close eye on the curriculum of the West Bank education system. Publications dealing with Palestine, Arab history, and politics are often banned. Over the years, Israeli occupation authorities have compiled a long list of books that are banned from the West Bank.

The present Labor-dominated government is more concerned than many of its predecessors with the quality of life of the West Bank Arabs and has eased many of the harsh policies imposed by past administrations. Under Labor prodding, occupation officials have shortened the list of banned books and shut down schools less frequently.

**Future**

There are indications of major trends taking hold in the West Bank. One is the possibility of dramatic increases in population if young West Bank males do not emigrate, and another is an increasingly urban, college-educated population.

Increases in the Arab population are likely to aggravate employment problems. The West Bank has few jobs to offer, and Israel is experiencing a recession. Incidents of violence by West Bank youths, already on the increase, are likely to rise to even higher levels without new employment opportunities.

The industrial economy of the West Bank may see some improvement and absorb a larger share of the Arabs with higher education. But the lack of money and investors and Israeli efforts to discourage competition from the West Bank are likely to remain major disincentives to significant industrial growth.



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**Lebanon: Amal and Hizballah—  
The Line Between  
Politics and Terrorism**

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The rise of the radical Shia Hizballah movement in Lebanon and its involvement in spectacular acts of anti-US terrorism have added significantly to the already fearsome reputation of Shia Islam established by the rule of Ayatollah Khomeini in Iran. In Lebanon, fundamentalists represent a small but growing segment of the Shia community, the largest and most deprived confessional group in the country. Lebanon's political dissolution has opened the door to Shia political activism and at the same time created an environment of chaos in which Shia political demands cannot be satisfied. The result has been a steady increase in the stridency of moderate Shia leaders confronted by the growing militance of their own constituency and the obduracy of Lebanon's other factions.

Nabih Barri, leader of Lebanon's mainline Shia Amal organization, has an increasingly negative image in the United States because of actions that have called his moderate credentials into question. His call to Shia soldiers in February 1984 to return to their barracks rather than fire on their coreligionists in Beirut subsequently led to the collapse of the US-trained Lebanese Army and the loss of government control over West Beirut. He has strongly criticized the Lebanese Government—of which he is a member—and demanded the resignation of President Amine Gemayel. Barri has been particularly prominent among those calling for stepping up attacks on Israeli troops in south Lebanon.

Barri's "mediation" of the TWA hostage crisis last June, however, has led to questions about connections between Amal and the radical Shia Hizballah movement that seized some of the TWA passengers. In our judgment, Amal is not a terrorist organization. As with most groups in Lebanon, however, it is not easy to draw the line in an environment that defines terroristic violence as unconventional warfare and regards it as a legitimate extension of political struggle.



*Shia militiaman with flag of mainline  
Amal organization.*

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Amal and Hizballah, nonetheless, have dramatically different visions of Lebanon's future. Both are committed to the improvement in the political status of the Shia community, but they see the fulfillment of their efforts in settings that are fundamentally incompatible.

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Amal has a secular political orientation. It is committed to the survival of a unified Lebanese state, and its adherents seek their political destiny within

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the context of the Lebanese political system. Amal seeks, ultimately, an end to sectarian politics in Lebanon and redress of longstanding Shia grievances through constitutional means. [redacted]

Hizballah is committed to the establishment of an Islamic republic in Lebanon and sees the eradication of Western, particularly US, influence as the first step in that process. Hizballah has had some success in its attempts to outbid Amal in the competition for the support of Lebanese Shias through its extensive social welfare programs. Its most powerful drawing card, however, has been the spectacular suicide operations against the United States and Israel and its surrogates. [redacted]

Amal and Hizballah are separate and distinct movements in terms of structure, policies, tactics, and ultimate goals. Amal, nonetheless, is riddled with Hizballah sympathizers seeking to undermine Nabih Barri's leadership and the movement's secularist approach. The example of the Iranian revolution and the experience of Israeli occupation have transformed a growing number of Lebanon's once politically despondent Shias into zealots determined to establish Shia supremacy by whatever means necessary. Hizballah's attraction stems from its brazenness in carrying out daring operations that Shia rank and file perceive as singlehandedly reversing US and Israeli policies. [redacted]

Hizballah sympathizers and covert adherents within Amal have been identified at every level of the organization from relatively minor military officials to principal deputies of Amal chief Nabih Barri. Despite the relationship of many Amal officials with Hizballah, we believe that very few extend that commitment to the establishment of a theocratic state in Lebanon. [redacted]

In our judgment, the senior and more politically astute Amal figures perceive Hizballah as an effective mechanism for asserting Shia influence on the Lebanese domestic political process, and possibly, in seizing power. Hizballah also serves as a foil for those who accuse Barri of perverting Amal's goals and of selling out the aspirations of the movement's founder, the venerated Imam Musa Sadr. [redacted]

The largely unsophisticated Shia masses probably cannot differentiate the antithetical nature of Amal and Hizballah aspirations. They are, however, impressed by the apparent success of Hizballah's tactics as opposed to the relative ineffectualness of Amal's political program. Their affinity for Hizballah is reinforced by the preachings of Iranian-trained clerics who wield extraordinary authority over their followers. [redacted]

#### **Loyalty and Leadership: Ties That Bind**

The doctrine of clerical authority is central in shaping patterns of loyalty among Shias. The Shias believe that their clerics are endowed with spiritual power, an article of faith that obligates all believers to follow the rulings of the living ulema. Historically, Shia clerics have been the focal point for political and social protest movements in the Middle East challenging the legitimacy of Sunni orthodoxy and its monopoly over the mechanisms of state authority. As a result, the prestige of the ulema has been enhanced because it has become an established tradition that ulema who are subservient to temporal authority are spiritually inferior. These factors have resulted in a religious hierarchy that can take independent positions and lead independent movements. [redacted]

The Shia religious hierarchy in Lebanon is tied to that of Iran in both a religious and kinship sense. Lebanese clerics receive their training in Iran or in Shia holy cities in Iraq, where they become the disciples of prominent Iranian theologians. Moreover, extensive intermarriage between Iranian and Lebanese clerical families has produced powerful theological dynasties that have promoted—and will continue to promote—solidarity between Iranian and Lebanese Shias as well as purvey political influence. [redacted]

Amal, on the other hand, is a broad-based overt organization that has been part of the Lebanese political process for more than a decade. As such, it reflects the same personal animosities and internal factionalism of other Lebanese parties. Dissatisfaction with moderate Amal leaders is spreading as increased

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awareness of Shia identity has led to growing impatience among younger Amal activists fed up with Amal's gradualist policies. [redacted]

Within Amal, personal rivalries are high. We believe that at the senior leadership level it is these rivalries—rather than strictly ideological considerations—that have spawned the close ties between senior Amal officials and the Hizballah movement. Nonetheless, power plays that depend for their success upon Hizballah or Iranian support will produce a leadership within Amal that is compromised by, and indebted to, these radical elements. [redacted]

#### The "Faithful" Within Amal

The "faithful" cadre within Amal—those sympathetic to Hizballah and to the Islamic government in Iran—are attempting to purge Amal of its deviationist leaders and restore the movement to what they perceive as the principles laid down by Musa Sadr. The first objective is to remove Nabih Barri from office. [redacted]

The challenge to Barri is crystallizing on two levels. Pro-Iranian radicals seeking to transform Lebanon into an Islamic republic view Barri as a major obstacle to their ambitions. He is also confronted by personally ambitious challengers who, while not committed to Islamic rule or Iranian hegemony in Lebanon, are prepared to cut deals with Iran and Lebanese fanatics to strengthen their own claims to leadership. [redacted]

Executive Committee head Hasan Hashem appears to be Barri's principal rival for leadership of Amal. The struggle between the two is personal rather than a serious disagreement over policy or ideology. Although both men were born in the south, Hashem seems to draw most of his support from the Bekaa, Hizballah's stronghold, giving the struggle serious regional and ideological implications. [redacted]

Barri has a number of lieutenants who are susceptible to Iranian and Hizballah blandishments. The most powerful Hizballah loyalists within Amal are Mustafa Dirani, head of Amal security, and Zakariyah Hamza, military chief for the Bekaa. Both maintain close and continuing ties with Hizballah and with the Iranian Ambassador in Damascus, who is responsible

for implementing Iranian policy in Lebanon and for overseeing Hizballah activities there. Hamza and Dirani are principal supporters of Barri's rival, Hashem. [redacted]

Aqil Hamiyah, Amal's military chief for Beirut, is another key radical figure within Amal. He maintains some degree of loyalty to Barri but is also close to Hamza. [redacted] Hamza and Hamiyah are militarily capable of staging a coup against Barri but probably are politically incapable of maintaining the Amal organization as at least a nominally unified party. Many of the people Barri has been trying to oust are from areas that strongly support Hamiyah and Hamza, including military bosses in the southern Beirut suburbs who have close ties to Hizballah spiritual guide Muhammad Husayn Fadlallah. [redacted]

Hamza, Dirani, and Hamiyah all hail from the Bekaa—where Iranian and fundamentalist influence is strongest. All three have maintained the primitiveness associated with the Bekaa's tribalistic social order, however, and epitomize the cadre of thugs within Amal whose rapaciousness outweighs their commitment to the Shia community, let alone to the establishment of Islamic rule in Lebanon. Nonetheless, under the right circumstances and for the right price, any of them could be encouraged to try to supplant their chief and lead Amal into an alignment with Hizballah. [redacted]

#### Hizballah and Amal: Terrorist Links?

There is no evidence linking Amal to terrorist attacks carried out by Hizballah against US interests and personnel in Beirut. It is clear, however, that extensive and close contacts between Hizballah and individual Amal members make unofficial, clandestine cooperation a certainty. This has been confirmed for resistance operations against Israeli forces and their surrogates in south Lebanon and is highly probable in the kidnappings of at least some US citizens. It is unlikely, however, that Barri or other senior Amal officials—except those directly involved with Hizballah—would know of Hizballah plans in advance. [redacted]

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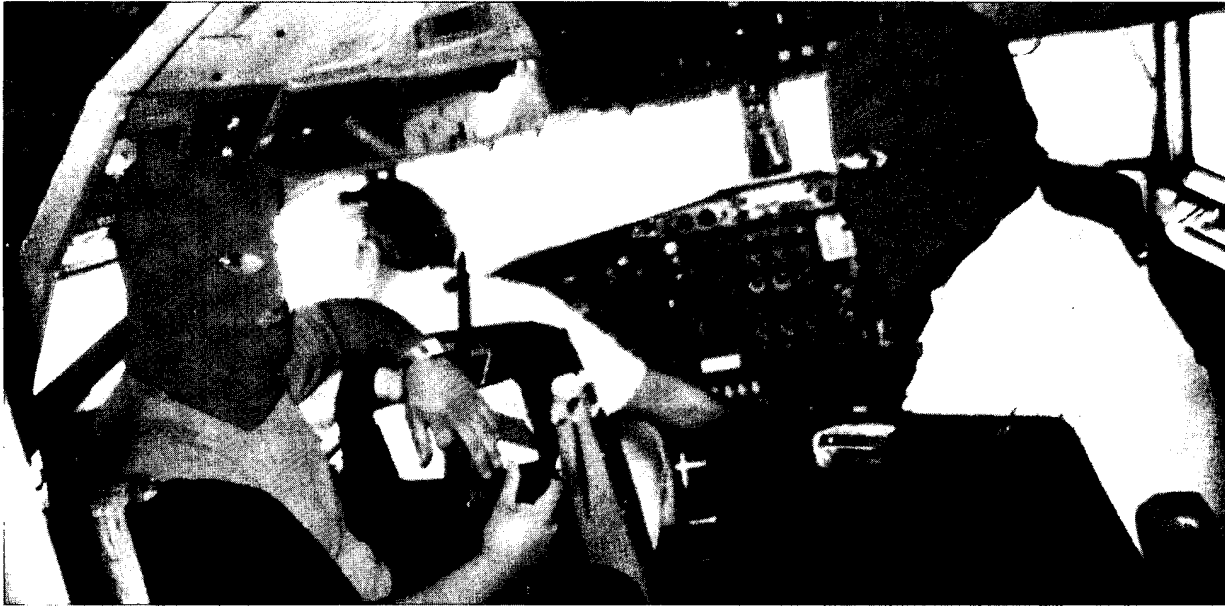
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Hizballah militiamen guarding pilot of TWA aircraft hijacked in June 1985. [redacted]

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Although Amal does not espouse the virulent anti-US rhetoric that has become a hallmark of Hizballah, many Amal adherents are hostile to the United States. US support for Lebanon's Christian-dominated government, US support for the state of Israel, and US hostility to the Islamic regime in Iran are powerful motivators for young Shias. Most probably would require little coaxing to participate in, or at least cooperate with, Hizballah in anti-US actions. [redacted]

part of his overseer role, once Amal had interjected itself into the hostage affair and agreement had been reached between Hizballah and Amal to "share" the hostages. Hamiyah was confident that he could take control of all the hostages at any time. [redacted]

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The TWA hijacking last June was planned by individuals with connections to Hizballah. Amal's subsequent involvement in the hostage crisis is not indicative of prior knowledge, cooperation, or approval of Hizballah actions. We believe it was an attempt by Barri to grab headlines from his detractors and demonstrate his ability to deal effectively with the United States and win concessions, in this case the release of Shia prisoners in Israel, for the Shia community. [redacted]

Hizballah sympathizers responsible for the planning and execution of the TWA hijacking undoubtedly resent being upstaged by Barri and Amal. The carefully orchestrated press extravaganza surrounding Barri's mediation effort and Amal's public relations coup with the US hostages burnished Barri's and Amal's credentials within the Shia community and portrayed Amal to the world as the legitimate champion of Shia rights. [redacted]

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[redacted] Barri's deputy Aqil Hamiyah accompanied Hizballah members on daily visits to those hostages who were held separately from the main group. We interpret Hamiyah's presence as

Overwhelming evidence indicates that Hizballah was responsible for all of the kidnappings of US citizens in Lebanon. There is no evidence linking the Amal organization to the kidnappings. In our view, however,

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it is highly improbable that Hizballah could move kidnap victims between Beirut and the Bekaa without the knowledge and probable participation of some Amal officials. [redacted]

[redacted]

Zakariyah Hamza and Mustafa Dirani, by virtue of their key positions and close ties to Hizballah, are likely candidates for cooperation with Hizballah in this type of operation. We believe it would be difficult for the hostages to be maintained in Beirut for any length of time without the cognizance of at least one of these officials. [redacted]

**Outlook**

It is impossible to sever the links between Amal and Hizballah. Despite the organizational separation of the movements and their competitive and frequently hostile relations, they are inextricably linked through a myriad of informal networks based on family ties, ideological beliefs, and personal rivalries. Barri is aware of the threat, but his attempts to counter radical influence within Amal have served instead to further alienate his opponents and enrage their followers. [redacted]

Barri is fighting for his political life in an organization that is susceptible to the influence of Shia extremists who are implacable enemies of the United States. If Barri loses power and his moderate policies are repudiated by his successors, the United States will lose its only avenue into Lebanon's vitally important Shia community. Unless Amal can deliver tangible political successes to the Shia community that would diminish Hizballah's attraction, Amal has few prospects of surviving as a moderate secular organization. [redacted]

Shia political demands cannot be fulfilled within the Lebanese context as long as a political modus vivendi eludes factional leaders. Despite Hizballah's inroads, we believe that Amal continues to represent the aspirations of the majority of Lebanese Shias. The longer Shia frustrations fester, however, the more irrelevant those distinctions will become. Rivalry between Amal and Hizballah may impel both toward greater participation in terrorist acts—especially against Israel but also against the United States—in response to escalating demands for proof of commitment to the Shia cause. [redacted]

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### The Shia Amal Militia: Syria's Trump Card in Lebanon? [redacted]

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Syrian efforts to gain influence with Nabih Barri's Amal militia by providing arms and training seem to be intended to preserve Syria's options while parallel political moves are made to restore stability in the greater Beirut area and foster political reform. In recent weeks Damascus has appeared committed to designing a security plan for Beirut that would end fighting in the city and encourage Lebanese factional leaders to invite Syrian troops into the capital as peacekeeping forces. At the same time, Syria is trying to persuade the major Lebanese militias to surrender their heavy weapons. Its parallel pursuit of earlier plans to transform the Shia Amal militia into a stronger and more dependable fighting force, however, suggests Syria is preparing to use Amal against Lebanese factions that oppose Syrian objectives. [redacted]

agree to any of the conditions in its proposed security plan for Beirut. In the meantime, Syria undoubtedly recognizes that it needs a capable surrogate in Lebanon to avoid sending its own troops into troublespots where it has interests. [redacted]

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#### Shared Concerns

Regardless of the outcome of the political talks, Syria and Amal leader Nabih Barri will continue to share many of the original motives for their plan to reorganize the Shia militia. Their overlapping concerns stem from several major developments since at least early 1984 that have weakened Syria's control over previously responsive factions and have indicated that the Amal militia is losing ground in the Lebanese power struggle. [redacted]

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#### Plan To Reorganize Amal

Syria's delivery of Soviet-made T-55 tanks to Amal late last July was the most visible sign that Damascus had decided to favor Amal over other Lebanese Muslim factions. [redacted]

**Closer Druze-Soviet Ties.** One key development was the emerging Soviet military assistance relationship with the Druze militia, traditionally a Syrian surrogate in Lebanon. [redacted]

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Aqil Hamiyah, Amal military chief for the Beirut region and a trusted Barri adviser, proposed to the Syrians earlier this year a plan to transform the militia into three separate brigades. According to Hamiyah's plan, a brigade would be based in each of Lebanon's three predominantly Shia areas—West Beirut, the Bekaa Valley, and south Lebanon. [redacted]

[redacted] Although tanks are not suitable in the mountainous Druze-controlled Shuf area, they gave the militia the ability to take control of flatter terrain. This alarmed the Shias because the Druze, less dependent on Syrian approval, then extended their area of control to include the coastal road between the Shia southern suburbs of Beirut and predominantly Shia south Lebanon. For its part, Damascus no longer could count on Druze leader Jumblatt to do its bidding and needed a new Lebanese surrogate. [redacted]

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[redacted]

Syria's continued involvement in reequipping and training Shia militiamen evidently is part of its strategy to keep its options in Lebanon open. With the cynicism only a seasoned participant in Lebanese affairs could have, Syria may be calculating that Lebanese factional leaders—who are preoccupied with doublecrossing each other—will be unable to

**Spreading Iranian Influence.** The growing influence of pro-Iranian radical Shias in traditional Shia areas—the Bekaa Valley, south Lebanon, and the southern suburbs of West Beirut—also has concerned both Syria and mainstream Shia Amal leaders. In the

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past year, radical Lebanese Shias affiliated with Hizballah have used Iranian-supplied funds, food, medicines, and literature to convert their impoverished Shia compatriots to Khomeini's vengeful brand of Islam. Amal fighters are poorly paid and could find more profitable employment in the ranks of Hizballah, which provides generous support for the families of its militiamen. The increased number of radical Shia attacks against the Israeli-supported Army of South Lebanon and Israeli patrols in south Lebanon deeply concerns southern Lebanese Shias who fear Israeli retaliation will ultimately force them to evacuate their homes. [redacted]



Shia Amal militiamen in West Beirut [redacted]

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Syrian President Assad evidently hopes that a reorganized and better equipped Amal militia will attract the support of more Lebanese Shias and check the spread of Iran's influence in Lebanon. Syria's concern over radical Lebanese Shia activity is prompted by terrorist acts aimed at the West and Hizballah-Iranian activities in the Bekaa Valley, where about 15,000 Syrian troops are stationed near the radical Shia stronghold in Baalabakk. Assad has exercised little control over their activities because he fears rupturing relations with Iran, which provides oil to Syria, and because their terrorist activities against Israeli surrogates in south Lebanon serve Syrian interests without directly involving Syria. He almost certainly realizes, however, that growing Iranian influence among Lebanese Shias will weaken Syria's power in Lebanon. [redacted]

are not parties to the negotiations with Damascus and could easily play a "spoiler" role in any cease-fire effort. [redacted]

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**Outlook**

Syria probably views its efforts to strengthen the Amal militia as a prerequisite to any viable security arrangements for Beirut. Damascus is willing to send its troops into the war-ravaged Lebanese capital, [redacted] but only when the major factions agree to a cease-fire and invite Syrian troops to patrol both Christian East and Muslim West Beirut—conditions not likely to be met. Damascus probably calculates that a strong Amal militia could effectively police West Beirut, obviating the need for a sizable Syrian troop deployment. If it deploys troops to Beirut, Damascus almost certainly would use the Amal militia to control smaller militant factions and limit Syrian casualties. [redacted]

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**The Palestinian Problem.** The performance of the Amal militia during the heavy fighting with the Palestinians last May and June helped convince Syrian leaders that it needed improvement. The Shia militiamen tried to rout Palestinian fighters from the refugee camps in West Beirut, but stiff Palestinian resistance and a fortified network of tunnels under the camps thwarted their efforts. [redacted]

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Damascus believes no security plan will take hold in Beirut unless Amal can first bring pro-Arafat Palestinians in the camps under its control. The Palestinians and a myriad of small Lebanese militias

Closer Syrian-Amal ties also would bolster Syria's ability to control events outside Beirut without involving its own troops. The Syrians probably would try to use the three Amal militia brigades in south Lebanon, the Bekaa Valley, and West Beirut against other Lebanese factions opposed to Syrian interests.

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Finally, developing Barri's militia is likely to  
compensate for Syria's loss of influence with the  
Druze and preserve its ability to manipulate events in  
Lebanon.

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**SSNP: New Role in  
Lebanese Affairs** [redacted]

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Recent suicide bomb attacks in south Lebanon by members of the Syrian Social Nationalist Party (SSNP) against Israeli and Army of South Lebanon targets have moved this obscure group into the Lebanese political limelight. Syria has found in the SSNP an effective, versatile, and willing surrogate to accomplish its objectives of confronting Israeli occupation forces and punishing recalcitrant Lebanese factions who fail to toe the Syrian line.

[redacted]

The SSNP probably hopes its subservience to Syria will promote its rise to political prominence. The SSNP's recently acquired notoriety has helped attract new members from a variety of sects throughout Lebanon. Although the SSNP remains a minor party in terms of its geographic and political base, it stands to enhance its influence significantly through close attachment to Syrian policy objectives in Lebanon.

[redacted]

The SSNP is a political enigma whose motivations and doctrine are fraught with contradictions. Although its members are mostly Greek Orthodox Christians, it is a secular party whose primary adversary has traditionally been the Christian Phalange Party. Neither the SSNP's Christian base nor its secular philosophy accord with suicide bombings, typically a tactic of religious extremists. Even though it is one of the most pro-Syrian parties in Lebanon, the SSNP has been banned in Syria for the last 30 years.

[redacted]

The size of the SSNP militia has grown in the last year as has its role as a militia spearhead in campaigns where Syria has been reluctant to commit its own troops. At Syria's behest, the SSNP has fought alongside factions as diverse as the mainstream Shia Amal in the war of the Palestinian refugee camps in Beirut and the Arab Democratic Party in the siege of Tripoli.

[redacted]

**A History of Tumult**

The SSNP (originally known as Parti Populaire Syrien) was founded in 1932 by a Greek Orthodox Lebanese, Antun Sa'da, who formed his organization into a pan-Syrian, paramilitary, Fascist youth movement. The SSNP agitated against French rule and subsequently the Lebanese Government until the party was accused of subversion in 1949, resulting in Sa'da's execution and the disbanding of the party.

[redacted]

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Many SSNP members relocated to Syria, where they formed a rightwing party that immediately became unpopular with the ruling Sunni Muslim elite. The party was eventually banned in Syria, following the assassination in 1955 of a popular Alawite officer by an SSNP member. The SSNP returned to Lebanon, where it became implicated in a coup plot in 1961 resulting in its being driven underground and many of its principal activists jailed.

[redacted]

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In the 1960s and 1970s the tenets of the SSNP were almost completely reversed. The notion of a Greater Syria was abandoned in favor of the pan-Arab ideology that was ascendant throughout the Arab world. The party rallied to the cause of the Palestinians in the aftermath of the 1967 Arab-Israeli war and formed a close association with the PLO.

[redacted]

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**Formal Structure**

The SSNP was again legalized in Lebanon in 1970, and thereafter it worked to organize itself primarily in Greek Orthodox enclaves in Al Khoura and the upper Matn. A party apparatus was set up in these areas in accordance with the party's constitution, which has gone through various incarnations through the years. With some exceptions the party's operations seem to follow the spirit if not the letter of its constitution with regard to selecting leaders and forming policy.

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The highest SSNP decisionmaking body is the Supreme Council, composed of approximately 12 members. Trustees of the party, who are themselves appointed by the Council, elect the members of the Council and the president every three years. The president of the Council exercises executive power and is the commander of the militia. [redacted]

The party depends on local administration to carry on day-to-day operations. The party is administratively divided into several regions, and its members are organized in village and neighborhood sections. [redacted] in areas where it has taken over undisputed control, such as in Al Khoura, the SSNP has assumed the responsibilities of civil administration. [redacted]

**War and Opportunity**

The SSNP viewed the outbreak of the Lebanese civil war as an opportunity to further its political ambitions by fighting for the abolition of the confessional system of government. After some initial dissension among rightwing and leftwing groups in the party, the SSNP joined other leftist militias against Christian forces. Although the SSNP relied on the Syrians for support, they maintained their political autonomy despite repeated Syrian attempts to co-opt them. [redacted]

**Resurrected From the Ruins**

The Syrian retreat in the face of invading Israeli forces in 1982 created dissatisfaction among SSNP members with their political bosses. Party members in the north remained under Syrian control, but SSNP leaders in the south began to direct their operations with Libyan aid and Palestinian support. An Israeli service reports that the SSNP, together with other leftwing political groups who comprised the so-called Lebanese Resistance Front, undertook rear-guard actions and guerrilla tactics as a means of combating Israeli occupation forces. [redacted]

In the aftermath of its humiliating defeat, Syria chose to rely on the SSNP and other factions to press the attack against Israeli occupation forces in south Lebanon. At Syria's invitation, SSNP leaders began making frequent trips to Damascus in the summer of 1983 to seek military assistance and political support.

Although the Syrians were generous in supplying arms, they balked at allowing the party to reestablish itself in Syria. [redacted]

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When the Israelis began to withdraw from Lebanon, the SSNP competed with other factions for territory in the Shuf and West Beirut. Despite its professed commitment to cooperate with other Syrian-backed militias, some within the SSNP feared that the Shia Amal and Druze militias would attack Greek Orthodox villages in the south. The relatively small size of the SSNP militia, however, gave them little choice but to seek a modus vivendi with these militias in the hope that Syria would protect SSNP interests. [redacted]

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**Syria Calls the Shots**

As Israeli ground forces withdrew from areas where SSNP operation centers were located, party policy fell increasingly under Syrian influence. A split within Fatah dried up a substantial source of aid to the SSNP, and party leaders were forced to abandon their pro-Arafat allies in favor of pro-Syrian Palestinian groups to restore this funding. In addition, differences between Libyan leader Qadhafi and Syrian President Assad over the Palestinian split resulted in Syria's cutting off Libyan arms and money to the SSNP. [redacted]

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As the Syrians reestablished their preeminence in Lebanon in 1983-84, more SSNP leaders accepted the practicality of subordinating their interests to Syria. The SSNP could thereby safeguard its source of arms, reduce its vulnerability to larger militias aligned with Syria, and be in a position to be included in a reconstituted Lebanese Government. [redacted]

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The participation of the SSNP militia in the war of the camps last May created controversy in the ranks and strained Syrian-SSNP relations. According to press reports, elements within the party sympathetic to the Palestinians were given an ultimatum by pro-Syrian members, with implicit Syrian backing, to toe the line or be purged. The members of the SSNP

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Supreme Council eventually agreed to an alliance with Amal probably for practical reasons rather than ideological ones. [redacted]

**New Militancy**

The SSNP's alliance with Amal, as part of Syria's loose coalition of Lebanese factions, has afforded it the opportunity to carry out frontline military operations against Israeli and ASL positions in south Lebanon. Although many of these attacks have questionable military value, the spate of suicide car bombings has given the Israelis and the ASL cause for concern. [redacted]

In the past several months, spectacular operations have been carried out by the SSNP in south Lebanon:

- 12 March—A suicide attack south of Jazmine. The person carrying out the attack was a Druze from the Sofar region. There were no other casualties.
- 9 April—A suicide attack in Batr A-Shuf. It was carried out by a female Shia from the village of Aqnun in south Lebanon. Two other people were killed, and two were injured.
- 9 July—A suicide attack in the Hasbayya region. It was carried out by a 20-year-old Syrian from Aleppo. His religious affiliation is unknown. Two ASL men were killed and three wounded along with eight civilian fatalities.
- 9 July—A suicide attack in Biyada carried out by a female 28-year-old psychology student at the University of Beirut. She was possibly a Druze from the Shuf. There were two wounded Israeli soldiers and two ASL wounded.
- 6 August—A suicide attack against Israeli military headquarters in Hasbayya. It was carried out by a 23-year-old man whose origins and religious affiliation are not known. The attack was carried out on an explosives-laden donkey and resulted in the attacker's death.
- 4 November—A suicide car bomb attack against an Israeli patrol in Arnun. The driver was a 24-year-old Syrian from Baniyas. Three people were reported killed and two injured in the attack.

The SSNP has added to the drama of these attacks by broadcasting videotaped interviews with the suicide bombers on Syrian television shortly after the attacks. [redacted]

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Despite the SSNP's multiconfessional composition, there have been no reported instances of confessional strife within the militia or the party. There is no evidence that the SSNP has had difficulty sending militiamen against their confessional brethren. [redacted]

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**Decision From Below**

Available evidence indicates that the decision to embark on a suicide bombing campaign was made by lower level officials in the SSNP who advocate a more militant role for the party. Led by As'ad Hardan, the SSNP commander for resistance operations in south Lebanon, this faction has sought to promote its point of view by ingratiating itself with the Syrians. [redacted]

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Syria, realizing the propaganda value of these attacks, tacitly supported Hardan despite opposition from some party leaders who resented his renegade tactics and feared Israeli reprisals. Press reports [redacted] indicate that the Syrians aided Hardan in eliminating his staunchest critic, SSNP Defense Minister Muhammad Salim, whose shooting death in Jdita on 3 July is still shrouded in mystery. The Syrians, however, headed off Hardan's subsequent power play against the largely pro-Syrian Supreme Council in the interest of party stability. [redacted]

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Syria's claims that it is not involved in the suicide attacks are probably false. [redacted]

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[redacted] By denying responsibility for these attacks, the Syrians hope to portray them as expressions of Lebanese resistance to Israeli occupation and thus avoid Israeli reprisals. [redacted]

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**Prospects**

The SSNP's political and financial reliance on Syria virtually assures its compliance with Syrian directives for the near term. The SSNP will continue to ingratiate itself with the Syrians through self-sacrifice in the hope of enhancing its role in a future Lebanese political settlement. SSNP compliance will also deter the Syrians from intervening directly in the party's political processes. [redacted]

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The Syrians will probably encourage greater use of SSNP suicide bombers as a means of eroding Israeli will to remain in south Lebanon. The Syrians, however, will probably insist on a greater role in the planning and execution of suicide attacks to coordinate them with similar attacks by other leftist Lebanese factions. [redacted]

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Syria is likely to increase its use of the SSNP to prod intransigent factions to accept Syrian-sponsored political reforms. [redacted]

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[redacted]

If a political settlement based on reform of the confessional system emerges, the SSNP may attempt to establish a canton in the areas it now controls in the upper Matn and Al Khoura. In the meantime, the SSNP will probably continue to attract new recruits in the environment of chaos and confused loyalties wrought by political instability in Lebanon. [redacted]

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**Muhammad al-Imadi:  
Syria's Economic Reformist** [redacted]

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The recently appointed Minister of Economy and Foreign Trade, Muhammad al-Imadi, gives Syria its best hope to pull out of its Arab socialist economic morass. Imadi is a well-respected economist who is determined to reform the Syrian economic system. Since assuming office last July, Imadi has pushed through changes in Syria's restrictive foreign exchange and import regulations and has developed an extensive program to help revitalize Syria's private sector. His economic philosophy and initial reforms have stirred up opposition, however, because they challenge the role of entrenched ideologues in the Ba'th Party and public sector. Imadi appears to have President Assad's support, and a senior financial official told the US Embassy that Imadi will be Deputy Prime Minister for Economic Affairs by the end of the year. [redacted]

**Imadi's Background and Philosophy**

Imadi is a 55-year-old Sunni Muslim and was born in Damascus. He was educated at Damascus University and New York University, receiving a doctoral degree in economics in 1960. He has held several economic positions in the Syrian Government, including Minister of Economy and Foreign Trade from 1972 to 1979, a relatively good period for Syria's economy. [redacted]

During his first period as Minister of Economy, Imadi applied his talent, energy, and economic philosophy to rationalize the rigidly state-controlled economy. With Assad's backing he introduced a series of measures to decentralize the system. Through his personal skills and extensive contacts, he succeeded in attracting capital from private investors and Western governments. He was also credited with stanching the outflow of people and capital from the country that had been provoked by the imposition of Ba'thist socialism in 1963. Imadi's first period in office ended with the economy sinking under the weight of Syria's military involvement in Lebanon and his liberalization policies under fire from party leftists. In April 1979 he accepted an appointment as head of the

Kuwaiti-based Arab Fund for Economic and Social Development. [redacted]

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An assessment of Imadi's performance by US Embassy officers in 1979 suggests that, despite his good intentions, he lacked either the will or the clear mandate to fully execute his policies. This assessment characterized him as a "left-of-center Keynesian economist" who measured economic progress solely in terms of consumption. More importantly, Imadi apparently lacked the political backing to overcome his opposition, which included party ideologues and others, such as the President's brother Rif'at, who profited from the existing system. [redacted]

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The US Embassy in Damascus currently describes Imadi as a highly respected technocrat known for his laissez-faire philosophy and his pragmatic approach. He is well liked by the Syrian business community and appears to have regular access to President Assad. In August the Embassy reported that a highly placed official stated that Imadi was meeting daily with the President and getting along well with him. [redacted]

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The Embassy also reported that Imadi quickly initiated studies on:

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- Stimulating investment and production by subjecting public-sector companies to greater competition.
- Encouraging private investment in a broader range of mixed public-private ventures and even in purely private enterprises.
- Reform of the highly artificial exchange rate for the Syrian pound.
- Reduction of the large—up to 110 percent—deposit required by the Syrian Commercial Bank for foreign exchange letters of credit to pay for imports. [redacted]

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In a wide-ranging conversation with the US Ambassador in September, Imadi expressed his strong commitment to increasing reliance on the private sector. At the same time, he "conveyed a sense of self-confidence that he has the influence to achieve reform." Imadi stressed that he was not against the public sector but that the majority of the Syrian people remained in the private sector, and it was simply good sense to solicit their capabilities for Syria's economic development. [redacted]

Imadi stated that his current priorities were to identify sectors in which private investment could be encouraged and to place emphasis on mixed private/public-sector companies as a means of mobilizing private capital. When questioned concerning Syria's multiple exchange rates, Imadi agreed that they are "the biggest mess." He confirmed that exchange rate reform is a high priority for him and that Syria should have a single rate. He conceded that such a reform will be very difficult and will not be accomplished overnight. [redacted]

**Initial Reforms**

Since Imadi assumed office last summer, there have been some reforms of the Syrian economic system. In highly publicized announcements in September, the Syrian Government increased civil servant wages and retiree benefits and increased fuel allowances for government employees. At the same time, with less publicity, the government cut its subsidy of certain commodities by raising prices of fuels from 25 to 75 percent and by raising prices of sugar, tea, and cigarettes by 33 to 100 percent. In a subsequent conversation, Imadi alluded to these increases—and government budget reductions—as harsh but necessary medicine to get the Syrian economy back on its feet. [redacted]

The government has also reduced the deposit required of private firms for imports of capital goods from 110 percent of their value to 50 percent. There have been rumors that Imadi will soon reduce the rate to 20 percent. Imadi has also pushed through decrees liberalizing private-sector imports of raw materials, spare parts, and agricultural commodities. [redacted]

[redacted]  
[redacted] the Syrian Government has

circulated a four-year economic reform plan that substantially expands the role of the private sector in the economy. The plan, approved by President Assad and the Cabinet, calls for:

- The free import of all goods by the private sector.
- Private-sector manufacturing in any sector of the economy.
- Private-sector investment in and joint business deals with public-sector companies.
- Private-sector import of foreign currency without restrictions.
- The encouragement of foreign investment, especially by Arab governments and Syrians living abroad, in the Syrian private sector.
- Central bank guarantees of foreign investment in the Syrian private sector. [redacted]

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**Imadi's Opposition**

Imadi does not have a free hand in implementing his reform proposals, and he faces opposition from several quarters. He is politically vulnerable in a regime dominated by minority Alawi Muslims, including some steeped in Ba'thist socialism. This vulnerability is amplified by his liberal economic views and his openness toward the United States. Imadi's plans contrast sharply, for example, with the economic policy statement delivered by Prime Minister Kasm in May. At that time, Kasm made clear his view of the continued primacy of the public sector and the need for stringent government regulation of the economy. [redacted]

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Imadi's policies have also raised opposition in the leftist, particularly Communist, press, and he will have to overcome objections from hardline Ba'thist socialists. In addition, economic reform will undoubtedly encounter opposition from a recalcitrant section of the civilian bureaucracy and from public-sector managers who have vested interests in maintaining the status quo. Imadi appears to have the high-level backing necessary for reform, however, as the abysmal state of the Syrian economy cries out for remedial government action. [redacted]

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**Egypt: Financing the Muslim Brotherhood** [redacted]

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The Muslim Brotherhood in Egypt is primarily financed through its legitimate local businesses. Additional funds are received from sympathizers and expatriate Brothers in Saudi Arabia, the Arab Gulf states, and Western Europe. Some funding is obtained through the exchange of US dollars in the black market. [redacted]

The Muslim Brotherhood is Egypt's oldest and largest fundamentalist organization with an estimated 500,000 members and sympathizers. Over the last several years, it has discarded violence in favor of moderate tactics designed to achieve a more conservative Islamic state living under the rule of sharia (Islamic law). [redacted]

**The Brotherhood in Business**

The Egyptian Government has unintentionally subsidized the Brotherhood's modern business activities. According to the US Embassy in Cairo, all Brotherhood members imprisoned by President Nasir in the 1950s and 1960s were given 1,000 Egyptian pounds (about \$1,300 at the current rate of exchange) for each year they were confined. Upon their release in the 1970s—some leaders served nearly 20 years—this money was pooled and invested in small businesses. Several of these businesses have prospered, due in part to the boost Sadat's "Open Door" economic policies gave to private enterprise. [redacted]

To avoid government interference or takeover of their enterprises, the Brotherhood usually forms partnerships with businessmen who are not members of their organization. Part of the companies' profits—including money from overstated expenses—is donated to the Brotherhood. Most of the firms recruit and hire Brotherhood members. [redacted]

[redacted] major businesses owned or operated by the Brotherhood include:

- *Arab contractors.* Now nationalized, it is Egypt's largest construction company. Through its manager and former owner, Usman Ahmad Usman, the

company maintains ties to the Brotherhood. Usman—believed to be a senior Brotherhood member—was President Sadat's confidant and former Minister of Construction. The company employs many Brotherhood members and has controlling interest in about 40 other companies in Egypt and abroad that also support the Brotherhood. [redacted]

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- *Faisal Islamic Bank of Cairo.* Owned by a Saudi, but managed by an Egyptian, Ahmad Ali Kamal. Kamal is an active Brotherhood member [redacted]. [redacted] The bank often overstates investment or advertising expenses to cover donations to the Brotherhood. Kamal and other Brotherhood officers of the bank also give money from padded expense accounts to the Brotherhood, and many sympathetic investors give their share of the bank's profits to the Brotherhood. [redacted]

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- *Al-Sharif Group.* A holding company owned by a longtime member of the Brotherhood [redacted]. [redacted] It has five factories in Egypt including a major pipe and plastics producer. [redacted]
- *Al-Salam Group.* Owned by a longtime Brotherhood member, the group owns one major hotel in Cairo and is planning to build another. [redacted]

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- *Hilal Group.* Owns approximately 14 diversified companies in Egypt. [redacted]

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**Black-Market Dollars**

The Brotherhood also raises money by selling US dollars on the Egyptian black market. [redacted] [redacted] a Brotherhood leader annually travels to Saudi Arabia and the Arab Gulf states to collect donations in US dollars from expatriate Brotherhood members and benefactors. The hard currency is then sold on the Cairo black market at between 25 and 50 percent higher than the official exchange rate. [redacted]

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**The Brotherhood's Diversified Economic Base**

**Financial institutions:**

- *Islamic International Bank for Investment*
- *Al-Huda Company for Investments*
- *Faisal Islamic Bank of Cairo*

**Construction and manufacturing:**

- *Arab Contractors*
- *Al-Nasr Steel Works*
- *Al-Mutahida Construction*
- *Al-Fatah al-Islami Companies*
- *Al-Manzalaw Commercial and Industrial Company*
- *Hammad Organization*
- *Al-Mustafa Furniture Center*
- *Al-Sharif Group*
- *Hilal Group*

**Trade and services:**

- *Groppi Company: cafeterias and restaurants*
- *Al-Rayan Organization: transportation*
- *Furniture al-Salam*
- *Handassia Car Company: Mercedes-Benz agency*
- *New Mimex Company: iron and wood imports*
- *Tulba al-Attar Stores: spices and perfumes*
- *Vert Hayim Stores and Company: clothing and textiles*
- *Al-Kasrawi Company: Toyota cars and trucks*
- *Ismail Ali Company: Egyptian rug exports*
- *Arabi Company: Toshiba appliance distributor*
- *Al-Ahram Stores: television and appliances*
- *Al-Mughir Stores: machinery*

[Redacted]

**European Connection**

The bank accounts of Islamic cultural and religious centers in West Germany are collecting points for money that is funneled to the Brotherhood in Egypt and elsewhere, [Redacted] Funds come from individual benefactors in Saudi Arabia, expatriate Egyptian Brothers, and sympathetic Muslims living in Europe and North America. [Redacted]

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**Prospects**

We believe that the Muslim Brotherhood's broad financial base will allow it to survive almost indefinitely. Although the Mubarak government is chiefly concerned with the resurgence of radical fundamentalist groups, such as al-Jihad, Takfir wa Hijra, and Jama'at Islamiya on university campuses, the Brotherhood has the organization and money to outlast the radicals and to sustain pressure on the government for legal recognition and a more conservative Islamic outlook in Egypt. Even if President Mubarak grows wary of the Brotherhood, the government will find it costly to suppress the organization's legitimate businesses because they are usually linked to politically influential non-Brotherhood partners. [Redacted]

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### Iraq: Rivalry for Control of the Intelligence Establishment [redacted]

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The struggle to control Iraq's intelligence services has tested the political influence of President Saddam Husayn and created rifts within his own clan, the Tikritis. A central figure in the contest has been Saddam's half brother, Barzan al-Tikriti, who was director of the elite intelligence organization, Mukhabarat, from 1979 until 1983. Barzan initially was effective in protecting Saddam's interests, but the President grew to mistrust him and removed him. Many in Saddam's regime welcomed Barzan's ouster, but we believe that Barzan and his followers will reassert themselves at the first opportunity. [redacted]

By 1982, Barzan controlled—along with Mukhabarat—several related security units, including the internal security agency (Mudiriyat al-Amn al-Amma) and military intelligence (Mudiriyat al-Istikhbarat al-Askariya). This made him the virtual "czar" of Iraq's intelligence establishment, a bureaucracy of several thousand officers and agents with a budget of millions of dollars. US diplomats regarded Barzan in 1982 as the second most powerful man in Iraq and the likely successor to Saddam. [redacted]

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#### Background

Saddam Husayn created Mukhabarat (Mudiriyat al-Mukhabarat al-Amma) in 1969 as the security organ of Iraq's ruling Ba'th Party.<sup>1</sup> He appointed as its first director a trusted lieutenant, Nazim Qazar, but in 1973 Qazar betrayed Saddam by attempting a coup. According to press reports, the betrayal shocked Saddam and caused him to exercise tighter control over the powerful intelligence agency. In 1979, when Saddam became President, among his first acts was to appoint his half brother, Barzan, as director of Mukhabarat. [redacted]

According to US diplomats, the prospect of Barzan's becoming president alarmed a number of high party leaders and military commanders, who hated and feared Saddam's half brother. Barzan had encroached on the authority of both the party and the Army. Leaders who tried to frustrate Barzan's power plays were arrested on charges of disloyalty to the regime. The diplomats reported that a majority of the Revolutionary Command Council (RCC), Iraq's highest governing body, demanded in the summer of 1983 that the President dismiss Barzan. The demand initially proved unsuccessful. [redacted]

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#### Barzan's Fall

Nonetheless, Saddam apparently mistrusted Barzan and was waiting for a more opportune time to move against him. [redacted]

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Barzan initially proved effective as director. He destroyed the infrastructure of the Iraqi Shia opposition group, Dawa, rendering it practically incapable of functioning inside Iraq. He also drove Iraq's Communist Party underground and dispersed the leadership of the Kurdish opposition movement into exile in Iran and Syria. [redacted]

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In 1980, however, Barzan appointed several family members to top posts in Mukhabarat. [redacted]

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[redacted] this angered high intelligence officials, who viewed the appointees as incompetent. Nevertheless, few spoke out, believing that Saddam had approved Barzan's actions. [redacted]

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[redacted] Saddam assigned his cousin, Husayn Kamal al-Majid, to check on Barzan's activities. When Barzan discovered this and objected, [redacted]

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<sup>1</sup> Ahmad Hasan Bakr, then President, was ill and left much of the running of the government to Saddam. [redacted]

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Saddam intensified the surveillance by appointing his son Uday to be Barzan's deputy. [redacted]

be rehabilitated at a later date. The disaffected Tikritis thus remain a potential threat to the regime. [redacted]

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In October 1983, Saddam announced the marriage of his daughter to al-Majid, an action that produced violent recriminations from Barzan. [redacted]

Moreover, the patriarch of the Tikriti clan, Telfah, has begun recently to speak out against the party, [redacted]

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Barzan confronted Saddam and, in an angry exchange, demanded that the daughter marry someone from his side of the family. Saddam refused, and Barzan withdrew to his estate in Tikrit along with two of his full brothers, Watban and Sabawi. Barzan's action caused Saddam to remove him from office. [redacted]

Although Telfah has not attacked Saddam explicitly, [redacted] Telfah's hostility toward the President is clear. [redacted]

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<sup>2</sup> Iraq's Ba'th Party supports a secular government in Iraq. Although Ba'thists regard Islam as the preeminent faith in Iraq, they reject mixing religion and politics. [redacted]

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After Barzan's removal, Saddam ordered a purge of Mukhabarat. He discovered [redacted]

[redacted] the agency was largely composed of Barzan loyalists. Barzan and his brothers had, in effect, turned it into their personal power base. [redacted]

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**The Intelligence Apparatus Today**

In the aftermath of the Barzan affair, Saddam appeared to make an effort to pacify party leaders by appointing Fadhil al-Barraq as director of Mukhabarat. Al-Barraq is a protege of Sa'dun Shakir, Iraq's Interior Minister, who also is a top party leader and a member of the RCC. [redacted]

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Saddam has not, however, ceded control of the intelligence services to the party. He has created a special palace security unit and placed it under the direction of his cousin al-Majid. [redacted]

[redacted] this unit is becoming a rival to Mukhabarat. The internal security agency and military intelligence also have received new directors. Saddam appointed another cousin, Hasan Ali al-Majid, to command the internal security unit, and a leading Shia military officer, Mahmud Shakir Shahin, has become head of military intelligence. [redacted]

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Barzan and his brothers Watban and Sabawi are still in eclipse, but they have not been eliminated. Saddam may be reluctant to execute his half brothers because they retain influence with the Tikriti clan. It also may suit his purposes to keep them on the shelf, perhaps to

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## Iraq's Dependence on Foreign Labor

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Iraq will remain dependent on foreign laborers during the next few years regardless of whether the war with Iran ends. Continuation of the conflict will require the approximately 1.25 million foreign workers to maintain output in agriculture, construction, and industry. When the fighting ceases, we expect the demand for labor as Iraq begins reconstruction will translate into increased demand for foreign workers because it is unlikely that Iraq will quickly reduce the number of its military personnel. The number of foreign workers in Iraq is likely to decrease sharply only if oil revenues fall precipitously and foreign payments pressures force Baghdad to sharply curtail domestic spending and economic activity.

### Impact of Oil Boom

Iraq's ambitious economic development efforts following the oil boom in the 1970s created a manpower shortage that forced it to greatly expand its foreign labor force. Despite drawing large numbers of Iraqis into the armed forces after 1979 to fight Iran, Iraq forged ahead with its development program, and the number of foreign workers peaked at about 1.8 million in 1982. As the war continued and oil revenues fell from nearly \$30 billion in 1979 to slightly under \$10 billion in 1983, the government curtailed development efforts and imposed strict spending limits. A cessation of new projects starting in 1982 caused an exodus of laborers as projects were completed. For example, the number of Egyptian workers dropped 30 percent in 1983, while the number of Asian workers declined by 50 percent, according to the US Embassy in Baghdad. After 1983, careful budgeting, continued aid from Arab allies, and foreign debt reschedulings enabled Iraq to start several postponed projects. The result was the stabilization of the foreign work force at about 1.25 million, or more than one-fourth of the labor force.

### Key Role of Foreign Workers in Agriculture and Industry

Iraq relies on foreign workers to sustain agricultural and industrial production. Military requirements and

### Foreign Workers in Iraq, 1985 <sup>a</sup>

	Thousand persons
<b>Total</b>	<b>1,250</b>
Egypt	1,000
Sudan	120
Pakistan	30
India	25
Bangladesh	15
Yugoslavia	15
Philippines	12
South Korea	11
Soviet Union	5
China	5
Thailand	4
United States, Western Europe	4
Other	4

<sup>a</sup> Estimated.

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the shift of population to cities have caused a severe shortage of Iraqi farmworkers. According to press reports, the 650,000 foreign agricultural laborers in Iraq are equivalent to 70 percent of the native Iraqi agricultural work force. The vast majority—550,000—of expatriate farmworkers are Egyptians. To recruit Egyptian farmers, Iraq has given hundreds of Egyptian families free land, livestock, and homes, according to press reports.

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Several large irrigation and water conservation projects under way are likely to keep Iraq's demand for foreign farm labor high. For example, press reports indicate that Chinese and South Korean companies are working on irrigation projects in North

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Jazira. In addition, Iraq is continuing work on several dams that will regulate river levels and provide water for irrigation. [redacted]

There are approximately 600,000 foreign workers in Iraq involved in nonagricultural output, compared with 2 million native Iraqi nonagricultural workers. A shortage of technicians and less skilled workers requires Iraq to use foreigners in industrial plants:

- [redacted] East European technicians are being used for preventive maintenance at several petrochemical and fertilizer plants.
- Press reports indicate that there are 36 Chinese technical and managerial teams working in Iraqi factories.
- According to press reports, Swiss, Turkish, and Indian companies manage, operate, and provide technical training for several cement plants. [redacted]

Although Baghdad has instituted education and training programs to increase the skills of its work force, foreign labor will continue to be used, especially for petroleum and power generation projects:

- According to press reports, the Soviet Union has signed a technical and economic agreement to drill and develop the west Qurna and North Rumaila oilfields.
- Also according to press reports, Italian and British companies will build a degassing plant in the East Baghdad oilfields.
- Press reports indicate that a South Korean firm is involved in several power generation projects in Iraq, including the \$700 million Al-Musayyib power station. [redacted]

The extensive use of foreign workers has added to Iraq's foreign exchange problems. Although Iraq does not publish data on worker remittances, we believe they could total as much as \$3 billion per year. For example, Egyptian remittances from Iraq may approach \$2 billion annually, according to the US Embassy in Baghdad. To help control the outflow of currency, an agreement with Egypt calls for remittances to be channeled through Iraq's Rafidain Bank. Baghdad periodically has tightened controls on remittances to ease foreign exchange pressures but has relented when foreign workers complain and threaten to leave Iraq. [redacted]

**Foreign Workers Not a Security Threat**

To prevent foreign workers from becoming a serious security threat, Baghdad carefully monitors their activities. Iraqis may be jailed if they do not report immediately any act committed by a foreign worker that could harm national security. [redacted]

[redacted] many foreign workers are questioned before they travel outside Iraq and after they return.

[redacted]

Foreign worker complaints have been limited, centering on economic issues, such as delayed pay, and the war:

- The US Embassy in Baghdad reported that a threatened strike in 1983 by 1,000 Indian workers over delayed pay was averted when Iraqi authorities threatened immediate deportation of all participants.
- According to another Embassy report, Sudanese serving in the Popular Army militia as rear-echelon truckdrivers have complained about being forced to stay at the front after transporting Iraqi soldiers there. [redacted]

Despite Iraq's severing of diplomatic relations with Egypt in 1979, the Iraqi Government has been particularly careful to avoid alienating Egyptian workers, who are the largest component of Iraq's foreign work force. The government has improved working conditions for Egyptians since 1984 when remittance restrictions were imposed and reported cases of mistreatment caused thousands of Egyptians to leave the country. Remittance restrictions subsequently were eased, and, according to the US Embassy in Baghdad, President Husayn has issued orders that mistreatment of Egyptians will result in severe punishment. According to press reports, senior Egyptian and Iraqi officials recently discussed proposals to foster ties between Iraq and its Egyptian workers, including:

- The establishment of a Rafidain Bank branch in Alexandria to speed remittance transfers.

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***Iraqi Institute of Production and Automation***

*In February 1985, President Saddam Husayn proposed forming an Institute of Production and Automation to focus on using robots in industry. Iraq's goal is to use robots to replace foreign labor and to improve industrial efficiency. The institute is to be headed by Dr. Hassan A. Salman, the only Iraqi to hold a doctoral degree in robotics—from Waseda University in Tokyo. The institute will be part of the Ministry of Industry and have an initial staff of 10. Initially, the institute will experiment with robots for parts assembly and machining and then use the results in a truck assembly plant. It will then examine the use of advanced robots in applications such as underwater oil exploration.*

[Redacted]

- A plan to set up joint-contracting companies.
- Giving priority to Egyptian contractors bidding on projects in Iraq. [Redacted]

**Outlook**

The number of foreign workers in Iraq during the coming years will depend on the course of the war with Iran and on Iraq's foreign financial position. Barring a financial crisis, the number of foreign workers is likely to remain stable until the war ends as the government proceeds with development projects and continues drafting native Iraqis into the armed forces. When the war ends, we expect the demand for foreign labor will expand as Baghdad begins postwar reconstruction. We believe that Iraq will remain wary of Iran and that any reduction in military manpower will be slight. [Redacted]

If oil revenues fall precipitously and foreign payments pressures force Iraq to institute tough domestic austerity, the number of foreign workers could fall sharply. Should this occur, the Egyptian economy will have difficulty reintegrating an influx of returning workers. Cairo currently is reducing its public-sector work force, and a large influx of workers from Iraq could cause a sharp increase in unemployment. Egypt would also experience further pressure on its already inadequate supply of urban housing. [Redacted]

Over the longer term Baghdad is taking steps to alleviate its dependence on foreign labor. Measures include fostering the participation of women in the work force, concentrating on capital-intensive development projects, and improving worker skills. According to Iraqi press reports, women comprise about 25 percent of the work force, and their share is growing. The US Embassy in Baghdad reports that Ba'th Party officials have encouraged women to join the work force and that the number of working women will drop only slightly, if at all, once the war ends. [Redacted]

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Iraq is emphasizing science and technology training to enable native Iraqis, both to replace skilled foreigners and to operate capital-intensive equipment that can be used to replace foreign workers. Baghdad continues to stress education and training programs to raise skill levels. In addition, Iraq is planning to establish a robotics institute to study ways for robots to reduce the number of workers in factories and increase quality control. These efforts, however, will not lessen Iraqi dependence on foreign labor any time soon.

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## Iran: The Politics of Land Reform

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Disagreements between radical and conservative factions in Tehran have stymied efforts to implement a major land reform program. The government has, nevertheless, distributed land it owns and has tried to improve agricultural conditions to strengthen rural support for the regime and stem migration to urban areas. The regime, however, has been unable to check the influx of people into the cities, and some of its policies have actually encouraged rural emigration. Conservative opposition to major land reform and the need to increase agricultural productivity are likely to prevent significant redistribution of land to small landholders in the near term.

### Situation at the Outset of the Revolution

In *Land and Revolution in Iran*, Eric Hooglund contends that, "the basic character of the agricultural regime under the Shah—despite land reform—was one in which a minority of owners derived profit from farming by exploiting the labor of a majority of villagers." Although some 2 million peasant families received land under the Shah's land reform, 70 percent received less than the 7 hectares considered necessary for subsistence. About 1.2 million agricultural laborers throughout Iran received no land at all. Hooglund found that among 400 villages in northwestern Iran, 60 percent of the families received no land, and the other 40 percent got less than was needed for subsistence. One per cent of families remained in control of 21 percent of the arable land.

Redistribution of land under the Shah was limited partly because many farmers, unable to eke out a living, were forced to sell out at low prices to large landowners and migrate to the cities. In addition, the government tried to improve agricultural efficiency by evicting some 600,000 peasants from their land to make room for large agribusinesses (each farming over 5,000 hectares) and pressing some 300,000 peasants into joining agricultural cooperatives.

The Iranian revolution released long pent-up dissatisfaction among Iranian peasants and agricultural workers, and land seizures took place in

virtually every province of Iran. Many believed that expropriation of land was essential to improve their condition. A remark by a peasant in the village of Khairabad reflects an apparently widespread sentiment among the rural poor: "We continue to struggle day and night for a piece of bread. If we all speak of an Islamic Republic, then we must all be equal; everyone who toils and suffers must also have a living. At least things should not be such that we die of hunger, while others are bursting with satiation." Peasants probably carried out most of the seizures, but landlords also reclaimed land they had lost under the Shah's land reform. Government agencies such as the Foundation for the Disinherited and revolutionary committees in the provinces claiming to act on behalf of the government seized some land as well.

### Ideological Battle

Radical and conservative factions within the regime have been deeply divided over the issue of land reform. Many radicals see the issue as central to their aspirations to transform the Iranian society and economy. They have been influenced by clerical and lay thinkers who, in the decades before the revolution, developed an interpretation of Islam as an egalitarian creed primarily concerned with social and economic justice. These thinkers argue that Islamic law puts the good of the community above the right to private property. They further contend that Islam entrusts the Islamic jurist with power over the acquisition and disposal of property to help ensure that all members of society get a just portion.

Conservative clerics view the more extreme land reform proposals as violations of Islamic teaching about the sanctity of private property. They and their allies among the bazaar merchants fear that such measures could serve as the opening wedge for an attack on other forms of property. Middle-level farmers and agricultural experts have sided with the conservatives against the most sweeping proposals,

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arguing that these would break up highly productive middle-sized farms.

These divisions were reflected at the beginning of the revolution in the divergent reaction of local officials to land seizures. In some areas ad hoc committees of Revolutionary Guards and the local branch of the Crusade for Reconstruction acquiesced in and sometimes encouraged land seizures by peasants; in other areas government officials opposed such actions. Religious judges often sided with landowners against peasant seizures. A judge in Fars Province told peasants: "Just as these prayer beads belong to me, the lands belong to their owners. You have no right to trespass on them."

The depth of disagreement over land reform has prevented the regime from implementing a comprehensive program. Legislation requiring the breakup of all but the smallest holdings was passed in April 1980 but provoked such strong opposition and resulted in so many unauthorized land seizures that Ayatollah Khomeini suspended the articles dealing with private property that November. In December 1982 the Majles passed a more moderate bill, calling for leasing rather than redistributing land, but it was overturned by the Council of Guardians for violating Islamic law and the Iranian Constitution. The Council now must rule on a very limited bill, passed last May, that would give peasants and squatters rights to land they settled after the revolution but would allow large landowners who escaped redistribution to keep their estates. The Council will face considerable pressure to approve the bill, but it probably will have difficulty squaring all aspects of the bill with the requirements of Islamic law.

Khomeini's ambivalence on this issue has contributed to the failure to pass major legislation. Although he has frequently stated publicly that most large landlords could be dispossessed because they had acquired their land illegally, he has never endorsed land reform. Khomeini apparently has been troubled by the outspoken opposition of top clerics to any plan that proposes to confiscate lawfully acquired property. He probably fears that public disputes among top religious leaders about such issues could undermine support for the regime. Khomeini may also have

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#### *Land Reform Legislation Since the Revolution*

*September 1979—Very limited in scope. Passed by Revolutionary Council. Calls for distribution of arable land held by government or confiscated from members of Shah's regime. Affects about 100,000 hectares.*

*April 1980—Calls for radical redistribution. Passed by Revolutionary Council, but suspended by Khomeini in November 1980 because of widespread abuses and strong opposition from conservative clerics. If continued, would have resulted in breakup of all but smallest holdings (under 7 hectares).*

*December 1982—Passed by Majles. On balance, a victory for conservatives. Limited the size of landholdings to about 20 hectares on average but required leasing rather than divestiture of land. Contained loopholes allowing landowners to lease to their children and exempted dairy, livestock, and mechanized farms.*

*January 1983—Council of Guardians overturned 1982 bill as un-Islamic and unconstitutional.*

*May 1985—Compromise legislation, limited in scope, subject to future ruling by Council of Guardians. Allows peasants and squatters to assume ownership of lands settled after revolution. Allows large landholders who escaped redistribution to retain their estates. Would affect 600,000 hectares.*

[Redacted]

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hoped that the passage of time would make the peasants' seizures of land irreversible without government intervention.

Conservative opposition almost certainly will block the adoption of a major land reform in the near term. Any future attempt to implement significant reform also would have to untangle ownership claims

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resulting from past seizures of land and the practice of falsifying land claims. Moreover, the government's determination to increase agricultural productivity—which requires consolidating small farms into large mechanized agribusinesses—conflicts with the objective of giving peasants their own plots of land.

#### **Interim Measures**

The regime has found various ways to circumvent the absence of a comprehensive land reform. It has, for example, continued to distribute wasteland and land already confiscated, according to the provisions of the 1979 Revolutionary Council land bill, which the Council of Guardians has never overturned. The government controls about 100,000 hectares of agricultural land confiscated from members of the Shah's regime. The revolutionary organizations responsible for the rural areas administer hundreds of thousands of hectares of disputed land.

After the Council of Guardians rejected the 1982 Majles land bill as un-Islamic, Musavi Ardabili, head of the Supreme Judicial Council, instructed judges not to adjudicate claims to recover confiscated land until new legislation was passed. The government also has drawn on interpretations of Islamic law by pro-land reform clerics. Ayatollah Montazeri, for example, has ruled that the custom by tribal leaders of claiming ownership of natural pasture violates Islamic law and that such lands belong to the government. He has ordered these lands placed under the control of the government's land distribution office.

#### **Expanded Government Role**

The government has used its involvement in agricultural areas to help strengthen rural backing for the regime. Hooglund notes that support for the revolution was weak in the villages in the year before the Shah's ouster, the most prevalent attitude being cynicism that the new regime would perpetuate the inequities they had suffered under the Shah.

The central government controls village politics through cultivation councils, land distribution committees, and the presence of local spiritual leaders who often act as government spokesmen regarding local economic and agricultural conditions. By January 1980 the government had established

approximately 25,000 Islamic committees to operate in the villages. Shaul Bakhash in *Reign of the Ayatollahs* writes that "government representatives have extensive authority to dictate which crops are to be planted by land and loan recipients and to intervene in the agricultural decisions of individual farmers."

#### **Country Versus City: Conflicting Policies**

A major reason the government has sought to implement land reform is to help stem migration to the cities. Tehran's population, for example, has more than doubled since 1979, when it had 4.5 million inhabitants. The government has tried to offset the failure to enact land reform by improving living conditions in rural areas. In a speech in 1983, Prime Minister Musavi said that to stem emigration, rural areas would be improved at the expense of the cities; a government-sponsored conference on agriculture last summer was devoted largely to this issue. Official figures claim that 1,500 villages have been supplied with electricity and that wells for drinking water have been provided to about 5,500. There are, however, some 60,000 villages in Iran. The regime also subsidizes some farm costs and is pushing mechanization to increase agricultural productivity. Last spring the government announced that to help prevent migration from rural areas it was setting the minimum wage for agricultural workers at the same level as that for urban factory workers. Although the average farmer is probably better off now than before the revolution, urban workers are still better off. An article on economic policy in the government-controlled press earlier this year said that the tide of rural people flowing into the cities remained unchecked.

The government has been unable to cope with the urban population explosion. According to Bakhash, the regime has pursued "conflicting, ill considered, and poorly administered urban housing policies, which have brought about some shifts but no major improvement in housing patterns." Between the revolution and 1983, the government nationalized large quantities of undeveloped land in Tehran and began parceling it out to the poor. Although this resulted in the distribution of about 50,000 plots to

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lower-income families by 1983, it also encouraged increased rural emigration by people seeking land. The government created a large bureaucratic apparatus to try to regulate land use and the construction and sale of housing, but this has hampered construction in the private sector and encouraged corruption. The government has not been able to start a single major housing program, and housing shortages remain acute.

The regime's efforts to provide cheap food for the urban poor and working class—key supporters of the regime—also have worked against its policy of stemming migration to the cities. Subsidies for imported food have helped keep the prices of Iranian farm products artificially low, forcing many farmers to sell out and seek work in the cities.



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**India: Rajiv Gandhi  
as Defense Minister** 

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Rajiv Gandhi has signaled his intention to give security issues a high priority by assuming the defense portfolio and by appointing key aides to oversee defense procurement and internal security. The poor performance of India's paramilitary and police forces in controlling communal violence, breaches of security in the defense establishment, the rising cost of arms modernization programs, serious interservice rivalries, and the maturing of Pakistan's nuclear weapons program have, in our judgment, prompted Gandhi to assume his new duties. As Defense Minister, Gandhi probably will attempt to rehabilitate the police forces, reform the arms procurement process, and reorganize the armed services. Depending on his assessment of Pakistan's nuclear weapons progress, he may also reactivate India's nuclear weapons program.

**New Broom**

Gandhi used his September Cabinet shuffle to place himself and two key aides in charge of the nation's security forces. The Prime Minister took over the defense portfolio, transferring the incumbent, P. V. Narasimha Rao to the new Ministry of Human Resources.  Rao was transferred because he was perceived as pro-Soviet, a characteristic not in keeping with Rajiv's desire to turn increasingly to the United States and Western Europe for needed military technology.

He also appointed his top two young aides to important sub-Cabinet positions on defense and internal affairs. As Minister of State for Defense Research and Development, Arun Singh, Gandhi's former parliamentary secretary, will be in charge of all defense matters. Arun Nehru, as Minister of State for Internal Security, also will report directly to Rajiv instead of to Home Minister Chavan, his nominal superior.

**Internal Security and Paramilitary Forces**

We believe that Gandhi and Nehru will make a substantial effort to improve India's internal security forces. The inability of poorly trained, armed, and led local police forces to contain civil unrest has forced

the government to call out paramilitary forces and regular Army troops over 400 times in the last five years and on over 100 occasions in 1984, according to Indian Government figures. This year:

- Policemen in Gujarat rioted along with other groups, protesting state reverse discrimination policies, forcing the Army to maintain order for three months.
- Border clashes broke out between the state police of Assam and Nagaland in July, leaving 50 dead before paramilitary forces intervened.
- Gandhi ordered units of the Border Security Forces and the Indo-Tibetan Border Guards to prepare for internal security operations during the Punjab elections because local police were both too corrupt and ill prepared for civil unrest.

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Nehru has stated publicly that improving the performance of local police forces is the key to solving India's internal security problem. He wants to improve their training and leadership and remove them from the influence of local politicians to increase their credibility as a force for law and order. Nehru also plans to replace the police's obsolete .303 Lee-Enfield rifles, the standard personal weapon, with handguns.

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Although there is no indication that Nehru plans to reorganize and streamline India's numerous paramilitary forces, this would be a logical second step. Indian critics point to the mixed quality of the 14 different forces that perform internal security duties and help guard border areas. The Assamese Rifles, for example, are highly regarded, while the larger Central Reserve Police and the Border Security Forces are less well regarded. Many of these forces were created after established paramilitary units failed to perform properly. The 2,000-man National Security Force, for example, was formed last year to

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protect high government officials and to combat terrorism. [redacted]

### Defense Reorganization

Rajiv is likely to institute sweeping organizational changes in the Ministry of Defense. [redacted]

[redacted] Gandhi called for an "apex body to control national security" and "interservice operations under unified commands" at a recent conference of military commanders. He has also appointed a retired general to study the feasibility of adopting a Joint Chiefs of Staff (JCS) organization for the Indian services. [redacted]

While awaiting that report, the Prime Minister has informed the service chiefs that he expects to see them together more frequently, even at social occasions. Gandhi brought the Army and Air Force chiefs of staff to a conference of naval commanders last month and had the Army and Navy chiefs present for an Air Force memorial service in New Delhi last month—both firsts for India's military [redacted]

A study for an Indian JCS was proposed unsuccessfully two years ago by the former Vice Chief of Army Staff, Lt. Gen. S. K. Sinha. Sinha recommended that the services have greater representation at the higher levels of decisionmaking to meet the country's more complex defense requirements even though he realized that many civilian leaders feared that an increased role for the military would threaten India's democratic institutions. Within the military there also was—and undoubtedly is—some concern that, under a unified command, the Army (with over 1 million men) would dominate the other two services (with less than 200,000). Gandhi is probably willing to take these risks given his political popularity, his distrust of the civilian bureaucracy, and his debt to the Army for having maintained civil order in India over the last several years. [redacted]

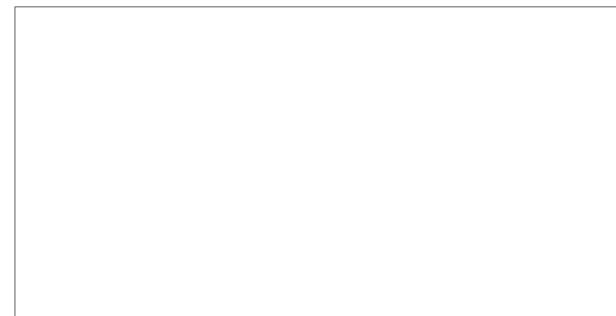
### Interservice Rivalries

Gandhi has already sided with the Army in its dispute with the Air Force over the control of India's helicopter forces. [redacted] say that Gandhi has given his blessing to the Army's efforts as a reward for their internal security efforts. According to [redacted] an Army study written by

Army Vice Chief Sundarji, arguing for the creation of an Army Aviation Corps, has been sent to Arun Singh for approval. Earlier reports indicated that the plan called for a three-phase takeover of all Air Force helicopter and fixed-wing assets that support Army logistics, as well as India's small attack helicopter force. The Army wants to expand that force from 12 Soviet Hinds to perhaps as many as 150 Western-built aircraft. [redacted]

The Air Force is fighting a rear-guard action. Air Chief LaFontaine wants the Air Force to manage India's attack helicopter pilots and opposes Sundarji's plan to rotate them between helicopter and armor units at two-year intervals. He is also critical of preliminary Army plans to use the helicopters to attack the flank of enemy armored columns because they would be extremely vulnerable to ground fire once they crossed the forward edge of the battlefield. [redacted]

[redacted]



### Procurement Practices

The Army's poor staff work in preparing to buy a large number of helicopters, valued at over \$500 million, is symptomatic of another problem that Gandhi and Arun Singh will begin to wrestle with in the coming year. For the past decade, India's military has had virtually a free hand in ordering foreign military equipment. Foreign suppliers have sometimes refused their requests, and India's bazaar-style negotiating has delayed contracts. Yet the military has frequently obtained the types of weapons it has desired, if not always the specific models and numbers. Soviet willingness to provide equipment on easy credit has been a big factor behind the rapid rate of growth. [redacted]

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Gandhi's desire to buy more Western arms will, over time, change Indian buying patterns and require a more careful procurement process. India's limited hard currency reserves as well as the complexity of the systems being purchased will argue for a more careful selection process. In the next few years, Gandhi could begin to force trade-offs among individual service purchases and dictate purchases of common systems. [redacted]

that posed by India's long-term nuclear rival, China. Gandhi could well be motivated by such arguments and traditional Indian great power aspirations to launch a program that looks to the acquisition of intermediate-range ballistic missiles, thermonuclear weapons, and the requisite nuclear command and control systems. [redacted]

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[redacted]

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Developing the selection processes and budgetary tools will probably be a key aspect of Singh's duties. They could be useful in helping to maintain civilian control over India's military establishment if Gandhi approves the creation of a joint military staff. They could also force the Indian military to develop more quickly the leadership and managerial skills that have been ignored during the rapid expansion of the Indian military arsenal over the last decade. [redacted]

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**The Nuclear Issue**

Perhaps the most important decision that Gandhi will face as Defense Minister in the coming year will be over India's response to Pakistan's nuclear weapons program. New Delhi has signaled its concerns to both Washington and Islamabad:

- Gandhi's public comments on Pakistan's nuclear program have become increasingly hostile.
- New Delhi has highlighted the startup of its experimental breeder reactor that could provide plutonium for its own weapons program.
- The Indian Air Force has raised barrage balloons for the first time over one of its forward airbases near the Pakistani border, perhaps demonstrating its option of launching a preemptive strike against Pakistan's nuclear facility at Kahuta, which is protected by similar balloons. [redacted]

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If Gandhi rules out both a preemptive strike—which would almost certainly lead to retaliation and a wider war—and the nonnuclear option—which would leave India at a serious strategic disadvantage—there will be increased pressure to build more than a small nuclear arsenal to match Islamabad's potential atomic weaponry. Commentators in New Delhi think tanks have noted not only Pakistan's nuclear threat but also

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**India: Foreign  
Military Assistance** 

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India with the world's fifth-largest defense establishment, has engaged in a wide range of foreign military assistance during 1985. These activities include selling arms and equipment, providing technical support to foreign militaries, training foreign military students, and sending and receiving military delegations. They are aimed at gaining influence, mostly in the Indian Ocean region or in countries that—like India—depend on Soviet equipment. Though India probably hopes to expand its military assistance, its potential is limited by India's nonaligned foreign policy and, in the case of arms sales, by strong competition from established suppliers.

**Arms and Equipment Sales**

India is one of the biggest arms producers in the Third World, but it exports relatively little military equipment largely because of domestic military requirements. Even if Indian industry had the capacity to produce for export, New Delhi's desire to avoid being labeled as a "merchant of death" would constrain marketing. Moreover, Indian military products are only of modest sophistication and are less highly regarded than those of the industrialized nations and even such developing countries as Brazil and Singapore that are better established as producers and suppliers.

Still, India is trying to increase its arms and equipment sales abroad and hopes that it can expand further in this market, especially in the aeronautics field. The Indians have sold a small number of Chetak helicopters (an indigenously produced single-engine craft based on a French design) to countries such as the USSR and Nepal and are discussing the sale of helicopters and components to other countries as well. They are also attempting to market a domestically produced trainer aircraft but have yet to find any buyers.

India asked the USSR in 1982 for permission to export MIG-21 parts it currently makes under Soviet license, and we believe New Delhi is still interested in

this arrangement. If successful, India could step into a lucrative market as a supplier of parts for countries with older, hard-to-maintain Soviet equipment.

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**Technical Support**

Providing technical support to foreign military establishments involves less political risk and a lower profile than arms sales but promises greater benefits in generating foreign business and supporting domestic industry. Aeronautic-related activities hold the most potential. So far this year, India has repaired helicopters that it had previously sold to the USSR and has provided spare parts (cannibalized from its unused MIG-17s) and technical support to North Yemen's MIG-17 squadron. Also, Army Chief of Staff General Vaidya promised Indian support for Nigeria's arms production efforts during his recent visit there.

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**Training**

India trains an increasing number of foreign military students—both in its military schools at home and by sending training teams abroad. These efforts provide opportunities for India to gain influence through ties to foreign military establishments and, especially in the case of training teams, to obtain some insights into how other countries conduct military affairs.

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Most of the foreign students in India are from other Indian Ocean nations. This year Indians provided internal security training to Mauritius and Tanzania. Uganda has also shown interest in Indian training teams.

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Indian Air Force teams began a training program in North Yemen this year. Similar groups were expelled last year from Egypt, after having been accused of spying. Nigeria dropped the Indians in favor of the Soviets.

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India has also increased foreign access to its senior-level staff schools. The 1985 class of the Indian

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**Estimated Values of Indian Military Assistance Agreements (A) and Deliveries (D), 1980-84***Million US \$*

	1980		1981		1982		1983		1984	
	A	D	A	D	A	D	A	D	A	D
<b>Total</b>	<b>16</b>	<b>27</b>	<b>20</b>	<b>16</b>	<b>4</b>	<b>13</b>	<b>12</b>	<b>0</b>	<b>9</b>	<b>12</b>
Asia and Pacific	15	6	0	6	0	5	0	0	NEGL	NEGL
Middle East	1	21	20	10	NA	4	0	0	7	0
Sub-Saharan Africa	NA	0	0	NA	4	4	0	0	1	0
Communist countries	0	0	0	0	NA	0	12	0	0	12

Defense Services' Staff College has enrolled 25 foreign officers from 18 countries. New Delhi recently granted a US request for a space in the 1986 class.

**India and the Iran-Iraq War**

The five-year-old Iran-Iraq war provides the most dramatic example of India's military assistance efforts. In addition to trying to play a major diplomatic role in resolving the conflict, New Delhi has been involved since the war began in supplying military training, advice, and even equipment to both sides.

India agreed to provide about \$25 million worth of military assistance to Iran from 1980 to 1984 and delivered about \$14 million, mostly equipment and ammunition. So far this year, India has sold jeeps, explosive ordnance, and naval tankers to Iran, and [redacted] naval weapons have been sold as well. Iran also has had students in several Indian Navy courses this year and has shown some interest in Indian military training teams [redacted]

India's materiel sales to the Iraqi military have not been as great as those to Iran, but its in-country presence has been much larger and more extensive.

New Delhi has helped build roads and airfields in Iraq in addition to constructing a joint-venture munitions plant in Baghdad. India has more military trainers stationed in Iraq than in any other foreign country—70 to 80. About half are flight instructors, and the rest provide naval training and instruction in a wide variety of army skills and have assisted Iraq in establishing its senior staff college. Indian officers from all three services teach at this college.

India gains several benefits from its military ties to Iran and Iraq. First, India's team in Iraq gets to watch a major mechanized southwest Asian war from the perspective of a largely Soviet-equipped force fighting a largely US-equipped force—a conflict that in many ways approximates a future Indo-Pakistani war. Second, aiding Iraq helps India maintain good relations with important moderate Arab powers in the Middle East, like Egypt and Saudi Arabia, who support Iraq but do not want to risk the consequences of lending it overt military support. Third, India has important economic interests in seeing Iraq win, since it is involved in extensive construction operations there and receives a significant amount of its oil imports from Iraq.

New Delhi is also concerned that the spread of Islamic fundamentalism that could result from an Iranian victory may lead to instability in Pakistan and

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unrest among India's large Muslim minority. Indian support to Iran should be viewed as political bet-hedging and taking the opportunity to see the war from the other side. [redacted]

**Military Delegations and Showing the Flag**

Another way in which New Delhi has increased its efforts to show its regional military power has been through the dispatch of delegations and of naval missions. Since January India's Army Chief of Staff General Vaidya has visited Nigeria, the Soviet Union, France, Switzerland, and Italy; Navy Chief of Staff Admiral Tahaliani completed a trip this fall to Yugoslavia, Italy, and Sweden; the Navy Vice Chief of Staff and the Western Fleet Commander have each visited the United States this year; the late Air Force Chief of Staff Air Chief Marshal Katre made a trip to Italy last spring, and his successor, Air Chief Marshal LaFontaine, visited Romania this fall. These visits provide learning opportunities for Indian officers and initiate or maintain important military contacts and relationships [redacted]

In return, New Delhi has received important military visitors. This year India has been visited by the Nepalese Army Chief of Staff, the US Chief of Naval Operations, the chairman of the US Joint Chiefs of Staff, and several senior Soviet delegations, including the Chief of Staff of the Soviet Air Force. [redacted]

India also regularly receives and conducts naval port calls. So far this year, a five-ship squadron visited Malaysia, Singapore, Thailand, Indonesia, and Brunei; a two-ship force called at Djibouti, Oman, and Ethiopia; and another two-ship force cruised to Madagascar and Mauritius. The Indians have received naval visits from Japan, Iran, Australia, the United States, and the USSR so far this year. [redacted]

**Outlook**

Indian foreign military assistance is likely to continue to expand, but only at a modest pace. High consumption of local military production and the commanding leads of other countries in several fields will remain serious handicaps to growth. An increase in India's arms sales and technical assistance programs will depend largely on establishing a market for its aeronautic products. The Indian military probably has the capacity to expand foreign training programs further, but only with countries that cannot afford more experienced, more highly regarded, and more expensive training from other nations. [redacted]

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## India's Key Nuclear Advisers

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The Indian Government's long familiarity with the nuclear weapons issue and with the well-developed public debate on the subject gives India a pool of influential nuclear experts who will have a strong impact on any decision to acquire nuclear weapons. These advisers offer the Prime Minister divergent points of view, but they differ more on the question of when rather than whether India should embark on a weapons program. We believe the price India must pay—diplomatically and economically—to develop nuclear weapons will weigh as heavily in its final decision as the pace of Pakistan's nuclear program.

the civil nuclear program in the event of a decision to acquire nuclear weapons. Singh has been involved in high-level discussions with the Pakistanis on nuclear matters. He had previously acted as Gandhi's principal secretary; his duties included clearing everything before it reached Gandhi's desk. His views on nuclear issues are not known.

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### Gandhi's Decisionmaking Style

Rajiv Gandhi's decisionmaking style is consultative and decisive. Unlike his predecessor, Indira Gandhi, who dithered for long periods, Rajiv is quick to identify problems, examine issues, and seek workable solutions. He looks to his advisers for facts and options and seeks counsel from those he considers experts—professionals who had no influence in his mother's circle. According to the US Embassy in New Delhi, Indian officials say that Gandhi asks questions that reveal a thorough understanding of technical concepts.

G. Parthasarthy's longevity in government—he is currently head of the Policy Planning Committee of the Ministry of External Affairs—combined with his personal and influential relationship with the Gandhi family probably ensure him a place in nuclear decision making. Parthasarthy is the titular head of the influential South Indian Brahman set—four of whose members are nuclear advisers, according to the US Embassy. Although diplomatic sources in New Delhi predicted that Parthasarthy would not last long in Rajiv's government because of his leftist orientation, he has been involved in all major talks with Pakistan, including nuclear discussions. In the past he was active in the discussions with the United States and France over the issue of spare parts for the Tarapur reactor and with the Soviets on the issue of heavy water purchases in the mid-1970s.

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### Political Advisers and Point Men

Gandhi's advisers are a mix of new faces and longtime experts. He has included government officials, security experts, and scientists in his inner circle.

Parthasarthy also participated in the 1974 decision to test a nuclear device in the Thar Desert and has since indicated that New Delhi did not fully calculate the political and economic costs of the test.

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Arun Singh, Minister of State for Defense Research and Development, is the Prime Minister's most trusted adviser. Singh's new position in the Ministry of Defense makes him responsible for India's external security and de facto Minister of Defense, according to the Indian press. The Indian press speculates that Gandhi appointed Singh to ensure that he had a trusted official in charge of the ministry in the event of a decision to launch a nuclear weapons program. Singh is responsible for a large network of defense research establishments that will interact closely with

One of the most vocal proponents of nuclear weapons, K. Subrahmanyam is the widely accepted spokesman for the probomb lobby as well as a key Gandhi adviser on security issues. Subrahmanyam, a career Indian Administrative Service officer, director of the Institute for Defense Studies and Analysis, and recently appointed member of the India Security Council,  his views on Indian nuclear arms have little to do with Pakistani nuclear developments. Subrahmanyam has long held that India, to position itself properly in the global order and to demonstrate its abilities vis-a-vis China,

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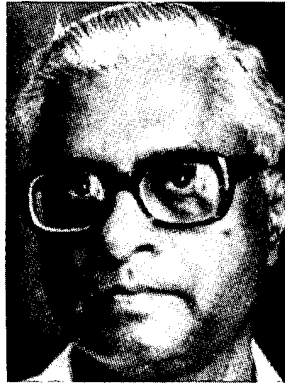
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*India's Key Nuclear Advisers*



*Arun Singh*



*K. Subrahmanyam*



*M. G. K. Menon*



*Homi Sethna*

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*Gopaldaswamy  
Parthasarthy*



*Romesh Bhandari*



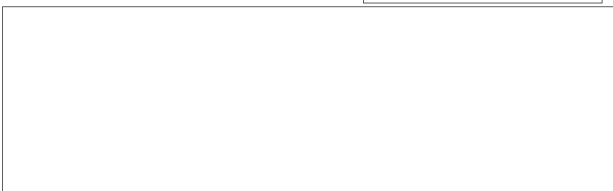
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should have a nuclear weapons program. He uses the specter of a nuclear Pakistan to gain support for his opinions, although he believes that India and Pakistan would benefit from the resulting balance of power if both states controlled nuclear weapons. [redacted]

We believe that Subrahmanyam—who writes a regular column in the *Times of India*—frequently tests ideas for government policy options in his column. In recent publications he has suggested—in reaction to Pakistan’s announcement that it could enrich uranium—that India publicly justify its own weapons program and project an image that it “may be harboring some bombs in the basement with the last wire yet to be connected.” [redacted]



Subrahmanyam is considered by the Indian press as well as Western academics to be the best placed of India’s nuclear and security issues experts. [redacted]

[redacted] he is a ghostwriter for G. Parthasarthy on strategic issues. The institute Subrahmanyam heads is charged with training military officers and diplomats in strategic analysis and security studies. [redacted]

Romesh Bhandari, the Foreign Secretary, is a relative newcomer to nuclear decision making circles, and we believe he is consulted primarily because of the position he holds. Bhandari probably advises on tactics and diplomacy and takes part—at least nominally—in all nuclear discussions with Pakistan. Before becoming Foreign Secretary, Bhandari said that he did not believe India could live with a nuclear Pakistan, according to the US Embassy. [redacted]

**Scientists**

In our judgment, Gandhi’s technological orientation makes him more receptive than his predecessors to the advice of scientists. His statements indicate that he is probably in fairly regular contact with key members of the scientific community. [redacted]

V. S. Arunachalam, the Scientific Adviser to the Ministry of Defense, is one of the key participants in nuclear decision making, according to the US Embassy in New Delhi. He is highly respected and has close allies within the Ministry of Defense. The Embassy reports that Arunachalam not only has Rajiv’s attention on defense-related nuclear issues and gets on well with Arun Singh but is also well connected to the South Indian Brahman circuit in New Delhi—which includes G. Parthasarthy and K. Subrahmanyam. Arunachalam oversees some 70 defense laboratories and would be an important contact point between the Ministry of Defense and the program guiding nuclear weapons research and development. [redacted]

Arunachalam often represents India on technology and nuclear applications issues and, the Embassy reports, is a skilled proponent of his country’s interests. Over the last 15 years Arunachalam has worked on the fringes of the Indian atomic energy program. [redacted]

Arunachalam has worked and studied in the United States and [redacted] is favorably disposed toward the United States even though he criticized Washington’s refusal to supply spare parts for the Tarapur reactor. He has been the bridge between the US position and that of Raja Ramanna—head of the Indian Atomic Energy Commission (IAEC)—on the nuclear assurances package in the recent Memorandum of Understanding on US high-technology exports to India. Arunachalam indicated to US officials that only he and Bhandari could give the assurances package the backing it needed to be approved by the Cabinet. [redacted]

According to the US Embassy, M. G. K. Menon is one of New Delhi’s most important scientific advisers on nuclear matters. Menon, another South Indian, was close to Indira Gandhi and appears to get on well with Rajiv Gandhi. He is one of five members of the Planning Commission responsible for government scientific programs and has a major voice in the allocation of funds. He is also chairman of the [redacted]

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Cabinet's Scientific Advisory Committee. Menon is one of India's most renowned scientists and represents India on almost every international scientific committee and commission. During the discussions with the United States on nuclear assurances, Menon on occasion substituted for Arunachalam. Like Ramanna and Arunachalam, Menon has served as Scientific Adviser to the Ministry of Defense. [redacted]

country's development by cutting it off from foreign technology and financial assistance. Key advisers, notably Arunachalam, Arun Singh, and M. G. K. Menon, are probably more hesitant to "go nuclear" immediately because of their belief that India needs additional technology transfers from the West. Subrahmanyam and Ramanna, on the other hand, have been longtime proponents of India's becoming a nuclear weapons power and probably argue for an earlier initiation of a nuclear weapons program. [redacted]

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**Splintered Opinion**

An analysis of the views of Rajiv Gandhi's key advisers reveals no clear mandate on the issue of nuclear weapons. We speculate that the advisers are not discussing whether but when India should embark on a nuclear weapons program. The public debate in India more often revolves around the proper and timely response to Pakistan's growing nuclear capabilities than the moral issues of developing nuclear weapons. [redacted]

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A nuclear weapons program will entail diplomatic and economic costs that, in our judgment, will figure into the discussion. A decision to move ahead with a nuclear weapons program immediately would probably delay substantially Gandhi's plans for his

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## The Biharis: The "Lost Tribe" of South Asia

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A group of some 250,000 to 300,000 Biharis have been stranded in Bangladesh since the War of Independence in 1971. They are Muslims who consider themselves Pakistanis and want to migrate to Pakistan, but lack of money and other bureaucratic hurdles have held up their departure. Dhaka does not want to continue sheltering and feeding the Biharis; Islamabad is willing to take them back but does not want to foot the bill. Both states have appealed to the Muslim world to assist in the transfer of the Biharis to Pakistan by paying transport and resettlement costs, estimated at \$300-500 million, but general lack of interest will probably force the Biharis to remain in Bangladesh for the near term.

### Who Are the Biharis?

The Biharis in Bangladesh are Urdu-speaking Muslims who left the Indian state of Bihar after the partition of India in 1947 to escape persecution at the hands of Hindu Biharis. The Muslim Biharis settled in what was then East Pakistan and, along with West Pakistanis working in East Pakistan, came to dominate the upper class. The Biharis also accounted for one-fifth of the region's railroad and industrial workers. By 1971 the Biharis in East Pakistan numbered 1 million.

After the Bangladesh revolt broke out in 1971, the Biharis declared their loyalty to West Pakistan. Once independence was achieved for Bangladesh, the new government in Dhaka stripped the Biharis of their homes, money, and businesses. Some of the wealthier Biharis fled to Pakistan, but 250,000 to 300,000 Biharis remain in Bangladesh living in some 60 camps. Each camp resident receives only 3 kilograms of rice per month from the government, according to press reports.

Since 1971, some 280,000 Biharis have been transferred to Pakistan under the auspices of the United Nations. The US Embassy in Dhaka further reports that several thousand Biharis reach Pakistan



*Biharis bury their dead in mass grave after clashes with Bangladesh Security Forces, 1972.*

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each year on their own, either by going overland across India or flying to Pakistan by way of Nepal.

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Terms for the return of the Biharis and all other Pakistanis from Bangladesh and India were set in the Tripartite Agreement of 1974, which was signed by

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Bihari refugee camp, 1972. [redacted]



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India and Pakistan and consented to by Bangladesh. The agreement specified that Pakistan would accept only three categories of non-Bengalis—those domiciled in Pakistan, employees of the central government and their families, and members of divided families. [redacted]

**The Pakistani View**

Pakistan has said that it has taken back most of the Biharis in these three categories. The remaining 500 or so Biharis who are still in Bangladesh and eligible to return to Pakistan under the 1974 agreement are being held up because of bureaucratic snags between the Bangladesh Government and the UN High Commissioner for Refugees (UNHCR), according to the US Embassy in Islamabad. Pakistan will accept the remaining 250,000 to 300,000 Biharis only if another country or organization picks up the tab for

transportation and resettlement expenses, which Islamabad estimates at \$500 million. [redacted]

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In our view, Islamabad is using the funds issue as a pretext to avoid adding to the number of Biharis in Pakistan. Ethnic riots in Karachi between Biharis and Pathans in April 1985 resulted in an estimated 200 deaths during the street fighting and Army intervention, according to the US Consulate in Karachi. According to US Embassy reporting, Pakistani Biharis accuse the government of dragging its feet on bringing the Biharis in Bangladesh to Pakistan. Biharis living in Karachi also complain of discrimination and police harassment. [redacted]

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**The Bangladesh Position**

Bangladesh does not consider the Biharis to be refugees but instead refers to them as "displaced Pakistanis"—a distinction that allows Dhaka to shift responsibility for the Biharis to Pakistan. According to US Embassy reporting, Bangladesh considers the repatriation issue to be between the Biharis and Pakistan, and that Bangladesh has fulfilled its obligations under the 1974 Tripartite Agreement.

Dhaka contends that the Biharis are no longer persecuted and are eligible for Bangladesh citizenship. Biharis are "free" to leave Bangladesh any time they wish. Biharis, however, have no desire to become citizens of Bangladesh, and most have no means of financing their departure.

**The Biharis' Would-Be Rescuers**

The international organization most active in working for the transfer of the Biharis to Pakistan is the Muslim World League. The League raises funds for the Biharis' resettlement from both Muslim and non-Muslim nations. According to US Embassy reporting, Saudi Arabia and West Germany have both contributed to the Biharis' cause. Dr. Abdallah Nasif, Secretary General of the League, has taken the lead in keeping the Bihari issue alive in Islamic circles. The League estimates that at least \$300 million is needed to transport and resettle the Biharis.

Many observers see the UNHCR as providing some of the transportation for moving the Biharis to Pakistan, as it did in the 1970s. The UNHCR, however, does not regard the Biharis as official refugees because it does not consider them to be persecuted by the Bangladeshis.

Another interested party in the Biharis' dilemma is Lord Ennals, a former British Member of Parliament who has worked with the Muslim World League in collecting money for transporting the Biharis. Lord Ennals has suggested that a future Bihari migration to Pakistan be phased to keep disruptions to a minimum. He has shuttled back and forth between Pakistan and Bangladesh in the past 13 years trying to find a way to bring the Biharis to Pakistan.

**Governments Hagggle . . .**

Funding is still lacking for resettling the Biharis. Although recent Western press reports alleged that an agreement between Pakistan and Bangladesh on the Biharis was imminent, Pakistani officials say that not enough of the needed \$500 million has been collected, according to US Embassy reporting. Embassy sources in Islamabad say that Bangladesh has proposed a joint commission to handle resettlement but that the Pakistani Government is unwilling to accept the remaining Biharis until it receives firm financial commitments from donor countries such as Saudi Arabia.

The Bihari issue has disturbed otherwise cordial relations between Dhaka and Islamabad. According to the US Embassy in Dhaka, Bangladesh Foreign Minister H. R. Choudhury raised the issue at the meeting of the Islamic Conference Organization in Sanaa in December 1984 to generate some movement on the problem. Then Finance Minister Ghulam Ishaq Khan, representing Pakistan, criticized Choudhury for bringing up a "sterile" issue. The Bangladesh representative retorted that sterility is something for old men to worry about, an obvious reference to the aged Khan.

**. . . While the Biharis Wait**

Prospects for an organized transfer of the Biharis to Pakistan from Bangladesh are not bright. The Bihari issue is not a priority for potential donors such as the Arab oil states, which are cutting back on spending because of the sluggish oil market. Although both Islamabad and Dhaka remain publicly committed to resolving the Bihari issue, Bangladesh can do little more than keep them alive on subsistence rations, and Pakistan does not want to upset its own fragile ethnic balance.

The Bihari problem may solve itself, over the long run. Although reliable figures are lacking, Pakistani, Bangladesh, and UN officials all believe that the Bihari population in Bangladesh is slowly decreasing because of legal and illegal Bihari emigration to neighboring countries. The Bihari issue may ruffle

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Pakistani-Bangladesh relations and contribute to Pakistani ethnic tensions, but we do not believe that it seriously threatens the stability of either country.

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