

Iran pays cost of capitulation to Britain

The eight months that have passed since the Ayatollah Khomeini came to power in Iran have seen the end of that country's once ambitious industrialization program. Acceptance of the British-trained Khomeini's Islamic state has brought a disorder to the country which former prime minister Shahpur Bakhtiar recently characterized as having cost more than the "economic losses from plunder and theft in the last 25 years."

Since Khomeini's takeover of Iran, its large and aggressive development program has ground to a virtual halt, leaving the country's 35 million people to undergo an inflation rate between 40 to 50 percent while unemployment has reached over 30 percent. As a result Iran's urban population is becoming increasingly restive and disillusioned with Khomeini and is looking for an alternative political leadership. The current economic collapse has become a critical factor in the growing political opposition to Khomeini's xenophobic fundamentalist regime for which Bakhtiar has become the rallying point.

"Small is beautiful" economic model

As the accompanying chart details, the value of stalled or cancelled projects valued at more than \$500 million each currently totals over \$50 billion. If smaller development projects and canceled military contracts are included, the total cost of Iran's economic inertia is nearly double. This is a serious setback to Organization for Economic Cooperation and Development nations which had major investments in Iranian development. This sudden halt in Iran's development is an added cost to the troubled world economy, as it Iran's current policy of accruing massive oil revenues and not putting them to productive use for development which requires technology transfer from the advanced countries.

U.S. business sources with prior dealings in Iran characterize the country as an industrial wasteland in which carcasses of partially finished construction projects dot the skylines of Iran's major cities. Said one New York based Iranian source, "I wouldn't give Khomeini's regime more than until the end of this year. He and his mullahs don't know how to run an economy as complex as Iran's. The euphoria is wearing off, people who want work and their former standard of living under the former regime are restless. The economy is the most powerful weapon Khomeini's opponents can use."

While part of the blame for Iran's economic shut-down is a dysfunctional bureaucracy and mass exodus of vital foreign advisors and workers, there is a conscious policy behind the current economic madness. A coterie of Khomeini's closest advisors strongly advocates a Maoist economic model for Iran of self-sufficiency, which a pro-Khomeini professor from Georgetown University likened to the policies of the genocidal Pol Pot Cambodian regime.

The most high-profile promoter of this policy is the newly named Deputy Finance Minister Abulhassan Banisadr. In an interview with the French weekly *Nouvel Observateur* last month Banisadr lauded this plan to transform Iran into a ruralized plantation harmonious with the policies superimposed on the developing nations by the International Monetary Fund and the World Bank. This is no coincidence. Banisadr is a protégé of the radical "small is beautiful" economist René Dumont, who has been for years an advisor to the World Bank.

Banisadr's drive to halt Iran's industrial development and in turn reduce its population is coherent with London and Washington's current drive to impose a new dark ages economic policy on the world for which the developing nations are the first victims. He has personally been trained for this job. An alumnus of the Sorbonne in Paris, Banisadr associated with radical groupings close to radical existentialist Jean-Paul Sartre, the Emma Rothschild Institute, and the British intelligence linked National Center for Scientific Research in Paris. Moreover Banisadr, the radical "Marxist-Leninist theorist," is known to have close ties to the London-created and controlled fundamentalist Muslim Brotherhood.

Banisadr's plan includes balkanizing the economy into small, worker-run shops, with a strong emphasis on reversing urbanization to create small farming communities. To date this policy has not only failed but has left Iran in economic and social chaos.

Rolling in petrodollars

Iran is presently earning an oil income equivalent to that earned under the Shah—thanks to the massive OPEC oil price boost this year—despite a decline in oil production by 2 million barrels a day. But there is no

Iranian development: \$52 billion down the drain

Major development projects worth some \$52 billion have already been canceled or are threatened with cancellation by Iran's "Islamic fundamentalist" Khomeini regime—and this figure does not include the smaller, collateral projects that have gone down the tube as well. Following is a list of major development projects lost or in peril.

Project	Status	Country	(\$ billions)	
			Value	Contractor
2 X 1,200 MWe nuclear power stations, Bushire	77% complete. Canceled July 30.	B.R.D.	6.9	Kraftwerkunion
Gas secondary recovery/reinjection program, Khuzestan	1st phase completed. Low priority now. Unlikely to resume.	U.S./U.K.	6.0	Ralph Parsons, Foster-Wheeler, Fluor
2 X 900 MWe nuclear power plants, Karun River	Site work completed. Canceled.	France	5.9	Framatome-led consortium
Iran-Japan petrochemical complex, Bandar Shahpur	85% completed. Likely completion.	Japan	3.3	Mitsui-led consortium
Igat-2 gas trunk line to Soviet Union	1/3 completed. Canceled July 29.	France/U.K./U.S.S.R./Poland	3.0	Wilmeg, Spie Batignolles, others
Teheran-Khorramshahr, Bandar Shahpur rail electrification	Low priority. Unlikely go-ahead in near future.	France/Denmark	3.0	Spie Batignolles, Kampsax
1.5 million tons/yr. steel mill, Bandar Abbas	Cancellation in balance, contradictory reports.	Italy	2.9	Finsider/IRI
Teheran city center development, Shahestan Pahlevi	Canceled as whole project.	U.K.	2.6	Llewellyn-Weeks-Davies
1,150 mile highway, Qom-Bandar Shahpur	Preliminary work halted. No decision to resume.	U.S./France	2.4	Morrison-Knudsen/Jean Lefevre
Sar Cheshmeh copper mines and plant, Kerman	Mine and initial process plant 90% complete. Canceled mid-July.	U.S./B.R.D./Belgium	1.6	Anaconda/Parsons-Jurden/Krupp-Mechim
Kerman Bandar Abbas railway line	Priority. Construction bids may be reopened.	Denmark	1.5	Kampsax
Electrification and doubling 400 mile railway, Teheran-Tabriz	Suspended. Go-ahead highly unlikely.	U.K.	1.4	Transmark
Teheran Metro	Construction first-stage halted. Almost certain cancellation.	France	1.3	Ratp/Sofretu
1.2 million tons/yr. steel mill, Isfahan	Canceled after award few construction contracts.	U.K./B.R.D.	1.1	British Steel Corporation
New port of Bandar Abbas	Awaiting backpayment of \$177 million and work permits. Hope.	Italy	1.1	Condotte d'Acqua
New Teheran airport	Work stopped last fall after site clearing. Canceled.	U.S.	1.1	TAMS
Kalingas LNG project	Canceled.	France	1.0	Kalingas consortium
Expansion of overall telecommunications network	Canceled. ABI unlikely to return.	U.S.	1.0	American Bell International
200,000 bbl./day oil refinery, Isfahan	95% complete. Last-minute problems. Iran uninterested.	U.S./B.R.D.	0.9	Fluor/Thyssen
Aromatics plant, Abadan	Construction contracts unlikely to be awarded	U.K.	0.8	Foster-Wheeler
Installation telephone exchanges and lines	1/3 completed. Canceled after extensive renegotiations.	U.S.	0.8	GTE
1,760 MWe thermal power station, Neka	Priority. First unit on stream, summer 1979.	U.S.S.R.	0.7	Soviet Ministry of Energetics and Electrification
2.5 million tons/yr. sponge iron plant, Ahwaz	Germans asked to speed up work.	B.R.D.	0.7	Brown Boveri/Deutsche Babcock
1,260 MWe thermal power station, Ahwaz	75% completed. Work stopped but likely to resume.	U.S./U.K.	0.5	Easier/Swindell-Dressler/Foster-Wheeler
Shipbuilding/dry docks complex, Bandar Abbas	Drydocks: pessimism; shipbuilding: some hope.	South Korea/B.R.D./Spain	0.5	Hyundai/Blohm and Voss/Dragados

prospect for reconstruction and resumed economic growth under genuine democratic conditions, as long as the rigid and paranoid anti-Western Khomeini remains in power.

A recent report from Iran's planning ministry reveals a 17 percent cutback in the first annual budget drawn up since the revolution. The *Financial Times* of London reports that the main areas to be cut are defense and the development sectors.

Since the beginning of the year the regime has cancelled over 50 large development projects. The shutdown of all construction, the fastest growing sector under the previous government, has created a massive pool of unemployed who are surviving on costly government welfare-style programs and food subsidies. The *New York Times* reports Aug. 6 that even the welfare program is breaking down due to the failures of the bureaucracy under Prime Minister Bazargan. U.S. government sources project that this year Iran will import \$9 billion in food, the highest food import Iran and three times that of the 1978 bill.

But the biggest question many bankers and government officials are asking themselves is where is Iran's massive oil income going? Iran is currently earning \$75 million a day in oil revenues or nearly \$22 billion a year, the equivalent of what Iran earned last year producing 5 million barrels a day of crude at a selling price of \$8.00 a barrel less than current pricing. New

York banking sources estimate Iran's current reserves to be over \$12 billion, rebounding from an earlier 1979 low of between \$5 and 7 billion. Most of the money is going into the Eurodollar market in short-term deposits. Iranian sources, however, say that millions are being personally deployed by the rabidly anti-Soviet Khomeini to fund fanatical Moslem Brotherhood efforts to overthrow Afghanistan's president Taraki, a close ally of Moscow.

A State Department official who specializes in Iran's economic affairs commented succinctly that Iran "is rolling in money and at the present time there is no investment in economic growth ... they just do not know what to do with the cash. ..."

Other informed sources say that deep divisions within the government have contributed to the current situation.

Accompanying the collapse of the economy, there has been a sharp upturn in illegal drug and gunrunning in Iran. The *Financial Times* recently reported that Iranian smuggling had even had an impact on London's own black market. As this publication has repeatedly documented, Khomeini is a pawn of the same British and Israeli intelligence networks which created and sustain international drug trafficking today.

It is this smuggling network in Iran which interfaces with the ancient tradition of bazaar merchants involved in black marketeering. Recently, the Teheran govern-

Khomeini aid endorses Cambodia model for Iran

The French weekly Nouvel Observateur, ran an interview July 9 with Deputy Finance Minister Abdulhasan Banisadr, the chief economic advisor to Ayatollah Khomeini, entitled "A Utopian in Power." Here Banisadr, an Islamic-Marxist economist and theoretician, speaks on Iran's economy under Khomeini's Islamic regime.

What does the West propose for us? The race to consumerism, exploitation of raw materials, and suicide through energy. What does the Soviet Union hold out? A penurious economy, an all-powerful bureaucracy, a planner-dictator. Why choose between these two failures? We must—and the Third World

with us—find another schema, another way. This won't be easy, but we are lucky, in Iran, to have been carried by a popular revolution which renders these changes possible." Khomeini's economic counselor and theoretician of the Islamic revolution is considered to be a utopian. He is accused of trying to construct a magic carpet economy.

What does Banisadr foresee for the Iran of tomorrow? A project with three points:

1) A market economy must no longer be pursued. Neither must raw materials be exploited, sought after, bought or sold ("It is unbridled consumption which causes scarcity of raw materials, and nothing else!") It is necessary to start from needs to be satisfied, by implementing a draconian choice between

dispensable and indispensable needs.

2) This uniformity of production must not be accompanied, as in the Eastern European countries, by state-sector planning, thus dictatorial. The error of Communism is to have believed that power was linked to the proprietorship of the means of production. In reality, power is linked to decision, and it is that which must be decentralized, dissociated from capital and dissociated from management. It is the consumer-producer, reunited in villages or regions who will decide themselves their needs and the type of products they want.

3) Above all, it is necessary to reconstitute agriculture, (which, some years ago, was self-sufficient

ment clamped down severe restrictions on the amount of Iranian riyals that could be converted to dollars to halt the massive capital flight out of the country. Black market moneychangers on the notorious Firdowsi Street are known to be changing riyals for dollars at a rate of 110 to the dollar nearly twice the rate prior to the Islamic revolution. This has also exacerbated the inflation rate.

The economic situation in Iran has not only hurt the advanced nations; it has also had an impact on certain developing nations which were major trading partners with Iran, and on the Soviet Union. In the last week of July, Massan Morshed, the head of the National Iranian Gas Company, announced that Iran would cancel a major natural gas swap deal with the U.S.S.R. known as IGAT-2. The Soviets were to supply gas to West Germany, France, Czechoslovakia and Austria in exchange for Iranian gas shipments to southern U.S.S.R. According to the *Financial Times*, July 30, the IGAT-2 pipeline had already been laid at a total cost of \$2.44 billion. The deal was part of a far-reaching agreement established in the mid-1960s between Iran and the U.S.S.R. in which the Isfahan steel mill was the first phase of a new era of cooperation. The *New York Times* reports that the Isfahan mill, which previously employed 30,000, has wound down to a snail's pace. If the mill closes Iranian sources say it will take up to 18 months to restart it. Linked to this development are

reports that the Khomeini regime is considering canceling joint Iranian-Indian development of the southern Indian Kudremukh iron-ore mines which were initially to be developed to supply ore to the Isfahan mill. Indian sources indicate the collapse of the Kudremukh project is a major setback for southern Indian development.

The mass exodus

Conservative estimates indicate that 6,000 Iranian nationals are leaving the country on a daily basis because of intolerable economic conditions, especially within the cities. This mass exodus signals the loss of Iran's single most important resource, its scientifically trained intelligentsia.

Prior to the Islamic revolution, Iran already had a shortage of physicians and scientists, but the present emigration pattern spells serious crisis for the country. This current brain drain has become a bitter issue inside Iran in which Khomeini has been repeatedly attacked for alienating Iran's scientific cadre with his mystical fundamentalism. Iran's universities, too, are being depleted of professors, who instead are seeking employment outside Iran. It is precisely this layer of the Iranian people which is the political foundation for the secular democratic-republic which Bakhtiar and his supporters are presently organizing.

—Judith Wyer

and which today has an enormous deficit) and bring back to the countryside the "bureaucrats"—approximately 1.6 million—secreted by the Shah's regime, in order that they can reconstitute the former structure of the villages. Is this "Operation Cambodia" then? Yes, says Bani-sadr, but without the rifles. By faith and by persuasion.

But before putting this project to work, there are priority actions to make. First, to get rid of the "57 varieties" of Iran—all, or mostly all, linked to the West. Why, for example, is it necessary to terminate these modern buildings under construction in Iran? It is anti-economical: they will only accentuate still more the urbanization of a city which, already, is falling apart everywhere. But to destroy them costs too much. It is necessary to abandon them to

let them fall apart by themselves.... That's all.

Iran's brain drain

Le Figaro, Aug. 6, reported on growing discontent with Khomeini's economic policies, which is leading to a major brain drain in Iran.

Iran's "purification" committees are too efficacious in their zeal to rid Iran of foreign experts and to chase out all the Shah's former supporters. They are ridding Iran of all its brains. In reality, this purification has turned into a veritable "hair-splitting inquisition" which the Iranian press has now begun to denounce.

The Iranian daily *Etelaat* of July 30 is certain that of 14,000 doctors,

5,000, among them professors, have already left the country. The pro-Khomeini Kayhan charges as well: "Do the purification committees know that during the course of the last months, 200 or one-tenth of Iran's dentists have emigrated?"

"Are they aware that the University is being emptied little by little of its science staff, to such a degree that professors whose knowledge has attained an international level are leaving Iran to go and teach in imperialist countries?" In the Iranian scientific community, to be purged has almost become a distinction, a label guaranteeing the competence of the concerned party.