

The mullahs go for 'free enterprise'

by Thierry Lalevée

At the beginning of June, Ayatollah Khomeini intervened into Iran's economic debate. In a speech which would have made Donald Regan blush with pleasure, Khomeini called on the government to respect the "free market" and not to interfere with the economic activities of Iran's most powerful economic interest, the merchants of the Bazaar.

Not surprisingly, Khomeini's intervention was prompted by Iran's deepening economic crisis and a growing lack of foreign currency reserves because of the continuing war with Iraq. Immediately prior to his speech, leading, but unnamed, merchants of the Bazaar had also stepped in, warning the government that unless they ceased to interfere, the Bazaar merchants would go on strike. Last time they did so, the regime of the Shah collapsed.

Khomeini's intervention put a halt to a debate as old as the Iranian "Islamic Republic," between the proponents of an "Islamic socialist" economy led by the commanders of the Pasdarans (Revolutionary Guards) and hardcore Soviet-controlled fanatics like General Prosecutor Hojatessalam Mousavi-Khoeiniah, and the traditional mullahs whose understanding of economics extends as far as their personal profits.

This newly defined free-enterprise doctrine involves broader political and diplomatic goals aimed at widening Iran's diplomatic prestige abroad. A case in point is relations with France, which have steadily improved since last winter, in the framework of the French hostage situation in Lebanon.

Underlining the change was the mid-May arrival in Paris of Ali Reza Mo'ayeri, the former Iranian ambassador to France, who has become deputy prime minister. Primarily political, the visit has paved the way for the settlement of the issues both capitals consider really important: mutual debts of several billion dollars.

In the late 1970s, the Shah of Iran had extended a \$1 billion loan to help develop the "Eurodif" nuclear program. Teheran wants the money back. However, Teheran owes as much, if not more, to Paris because of some 200 financial and industrial contracts which were unilaterally broken by Teheran in late 1980.

On June 25, after the exchange of many technical mis-

sions, an important Iranian economic delegation arrived in Paris to settle that matter. In the balance is what could become a billion-dollar project: the building of a new petrochemical complex in the center of Iran. American, French, German, and many other European companies are competing.

Since two French hostages were released in Lebanon on June 20, following the expulsion from France in late May of Mujahedeen leader Massoud Rajavi, political problems are no longer considered an impediment to closer economic relations. As *Le Figaro* explained on June 23, France's rationale is simple enough: France has to deal with nations and not with political regimes.

While France maintained a policy of opposition to the mullahs, countries like West Germany and even the United States continued to enjoy profitable business relations with Teheran. For example, the West German company Krupp announced on June 24 that it had won a DM 190 million bid to build a chemical plant for fertilizer in Iran. From June 16 to June 18, Iranian Foreign Minister Ali Akhbar Velayati had a very successful visit to Austria, paving the way for many industrial contracts to be signed in coming weeks. According to the London *Economist*, it is only recently that the United States has stopped importing Iranian pistachios produced by the Rafsanjani family, which includes the Speaker of the Parliament; not because of a political decision, but under pressure from American pistachio producers.

That Teheran is ready to open so wide the door to foreign economic investments, has led to many political speculations of what could happen if . . . Khomeini were to die. But the fact is, Teheran is following its present economic course out of sheer necessity; whether it has any political bearing is quite another matter.

This is the message sent June 17 when 20 Iranian-trained terrorists attacked Kuwaiti oil installations and blew up some of them. The explosions were so spectacular that they immediately led to speculations that the Iranian Air Force had bombarded Kuwait. This was not the case, and the terrorists failed to bomb all their targets. Had they succeeded, Kuwait might still be burning.

Nonetheless, the incident made the point that Iran's opening to the West does not mean an immediate end to the Gulf war, nor does it mean an end to Iranian-sponsored terrorism.

Except for the Bazaar, the best politically and militarily organized group within Iran are the Revolutionary Guards who have been given the command over the war against Iraq. Such a new position has led to some changes in the ideology of the Pasdarans. For example, at the beginning of May, Commander-in-Chief Mohsen Rezaei made a speech dedicated to the idea of the "Greater Iranian nation," including Iraq, the Gulf, and Afghanistan. This is a certain shift away from Islamic fundamentalist ideology, but it portends no good either. This has to be seriously taken into account when dealing with the regime of the mullahs in economic matters.