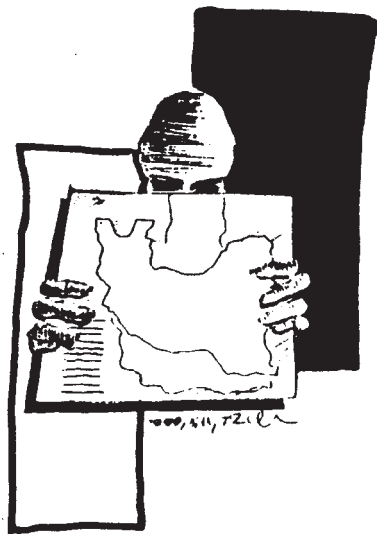


### Iran Tries . . .

The protest ironically borrows a page from history. "The Shah [pro-West Reza Pahlavi, overthrown in 1979] was really brought down with flowers," says Reza Alavi, an Iranian analyst who is a former editor of the Harvard Middle Eastern and Islamic Review. "I was at the front of the first march against him, and everyone came out with flowers and put them in the barrels of police guns."



signs that the reform shift is irreversible. Besides the presidency, reformists now control the parliament, "so like a bird we now have two wings and can fly," says a student. Other levers of power, however - the judiciary, security forces, broadcast media, the Council of Guardians (which can veto legislation), and the unelected Expediency Council - are still in the grip of hardliners. Even they note the sea change in Iranian politics, however. Just a week before the anniversary date, Iran's supreme religious leader, Ayatollah Ali



Ahead of this weekend's memorial, students say they want no right-wing backlash - and no more street battles. Last year's protest turned violent when hard-line vigilantes weighed in and provided an excuse for a police crackdown.

"We are soldiers against violence," says student leader Sheikh. "We have our pens and our voices only, and with violence would lose to those people with knives who are more powerful."

During the past year's political battles, both sides catalog a list of victories and defeats. Some 20 reformist newspapers have been shut down since April, and a dozen of the noisiest pro-democracy activists are in prison. But elections in February ushered in a reformist parliament loyal to Mr. Khatami that is bent on changing Draconian restrictions.

The street battles last year were a watershed, analysts say, exposing the risks of violence - and how Iran's political landscape is still evolving.

"You can shut down the press, the labor unions, and thwart parliament, but finally it is the students that have brought down regimes around the world," says Mr. Alavi.

Student leaders are the first to note that, unlike two decades ago, their aim is the reform - not the overthrow - of Iran's entrenched Islamic system. But as Iran has begun a democratic, people-driven opening up to the outside world after years of isolation, hardliners are finding that it is difficult to stop at half measures.

"The lesson for the rightists is that you can't have a semifree society," says an Iranian observer who asked not to be named. "It is either free or totalitarian. Now there is the atmosphere of martial law, but the key word for Khatami is caution, so he does not provide an excuse for a crackdown."

Though young Iranians who make up 60 percent of the population are unhappy with what they see as the slow pace of change, there are increasing

Khamenei, fired the national police chief, who students accuse of orchestrating the attack on their dormitory last year, which left at least one student dead.

"That shows a nervousness at the top," says a Western diplomat. "The riots created a very big impression that internal stability could be at stake.

Now the whole political establishment knows that they would lose with instability."

Last year on July 8, the police moved onto the University of Tehran to attack students who had staged a peaceful protest against the closure of a reformist newspaper, Salam. Students then took their protest to the streets. While a small minority sought violence, in the following days student ranks were infiltrated by hard-line agent provocateurs whose violent acts damage the students' reputation.

"Student tactics ever since have been exhausting to the hardliners," says Mr. Semati. "Because of the imbalance of power, this Gandhi style is working. The whole psyche of the police has changed, because [the students are] no longer a security question. It's psychological warfare, and even the security forces are buying into non-violence."

But on the same day that reformists drew hope from the sacking of the police chief - and the detention on Monday of the police commander who ordered the attack - a court imprisoned a lawyer representing wounded students and another human rights lawyer.

A low-key vigil is planned to mark the dormitory raid tonight, with a poetry reading. A bill to prevent security forces from entering university campuses is now before the new parliament.

And parliament has made it clear, with reformists dominating the 290-seat chamber, that it is ready for business. A far-reaching press bill is on the table that will reverse restrictions.

But analysts say that reformists must chalk up some concrete successes in the

## Breaking the back of the Bazaaris

No doubt, over the most recent years the US greenback has been the valued form of investment in the Iranian Bazaar. The Rial-Dollar exchange value has not only created several thousands of pseudo-jobs within the Iranian employment sector, it has created havoc within the Iranian government's economic plans, it created a black economy, which almost every Iranian got involved.

The "dollar fever" caught the attention of some of the richest merchants, as well as everyday average Iranian grand mother and grand father. Speculation however, has its hazards. Rumours has it that there is a special section in Tehran's morgue (Beheshte Zahra), where the main cause of death, is Sudden Cardiac Death due to shock from the sudden downturn on the value of US currency at the end of the Iran-Iraq war.

Spend a day, in the streets of Lale Zar and Ferdwosi Square, and you will observe a clear black web of underhanded and Mafia style gangs, involved in the trade in foreign currency.

A short while back, Mohsen Nourbakhsh, the head of the Central bank of Iran, warned the Bazaaris and other government entities from delving into non-essential investments, such as foreign currency and specially the US greenback. His warning was in the wake of an improved economic outlook caused by the sharp increase in the price of oil.

On the wake of that warning, there has been a sharp downturn in the price of the US greenback, and people's money have been veered off to other reconstructive forms of investment. This has in turn got the Iranian bazaaris deeply worried, as for the first time in the 21 year history of Iran, they have begun to lose their grip on the pulse of the market.

Jaafar Sanei the head of the Tehran's Gold Merchants union, has reported of sharp downturn in the price of Gold. He blamed "the government's wrong policies of gathering investments in banks, pre-selling of mobile phones and cars". And of course as the bulk of the investment flow has been towards the banks.

Much of the people's hard currency has been invested in mobile phones, cars and sales of governments high yield bonds. Most experts are of the opinion

that this is a negative factor, while examining the real issues, this could actually be a positive economic outlook for the Iranian government.

During the first and second reconstruction era, Akbar Hashemi's mandate was for economic reforms, by rebuilding an infrastructure capable of supporting constructive investments. "Sardare Sazandegi's" moto, was "creative investment, needs a strong infrastructure to flourish under".

Rafsanjani was very successful in his reconstruction campaign, and according to the World Bank's recommendation' his "infrastructure for development" set the stage for investments. This reconstruction era did however, have its inflationary effects. But we will not get into that.

With Khatami's government's consolidation of economic gain, through higher oil prices, and the existence of a working infrastructure capable of supporting technologies, for the first time in the Iranian investor has conjured up enough courage to invest in what can be called Iran's technology sector. You see, mobile technology, needs the backing infrastructure of good roads, good communication lines, a reliable power source and an expert workforce, backed by a reliable economic source. Iranians have just invested a staggering 600 million Rials in the telecommunications industry, 2000 trillion Rials have been invested in the car industry, with trillions more invested in various banks.

This staggering amount of investment has in turn created a "technology sector", which although not as glamorous and high profile as the various European sectors, and US has a working capital to invest in technology.

And as opposed to its neighbors, such as Iraq and Afghanistan with no working infrastructure whatsoever, Iran has the infrastructure to support bigger investments/

On the wake of increased oil prices, and the Iranian government's ability to offset the inflationary effects of the rise in foreign currency, the bazaaris have finally begun to lose their grip on the Iranian economy.

Instead of investing in gold and foreign currency with inflationary effects and zero added values to the economy, the investments in Iran are finally reaching the right sectors.

coming year - Khatami's last, before new elections - to mollify critics on their own side. "If the reformists move too slow, they could lose steam," says Semati. "If they go too fast, they could lose everything." REPORTERS ON THE JOB FILE IT UNDER 'REVOLUTION': Mideast correspondent Scott Peterson finds relics from Iran's recent history in the most interesting places. He visited the offices of the students organizing today's flower protests.

The Daftar Ta-Hakim (Office of Fostering Unity) is an offshoot of the radical student group that seized the US Embassy in Tehran in 1979. The Daftar Ta-Hakim offices are in an old house that was taken from supporters of the pro-West Shah after the Islamic Revolution.

Upstairs are several rows of beat-up filing cabinets from the former US Embassy, with security-lock handles for classified material still in place. One has a red label "OPEN" - just as embassies today still mark nonclassified files.

A log book for a US official Fiat car is in another drawer. "Don't write that we took these!" implores a student with a smile, who was born after the events. "We inherited them."

But Iranian students - the same group that one year ago became embroiled in the worst street violence in 20 years - are turning to flower power.

"We will confront fists with flowers," declares student leader Ibrahim Sheikh, describing anniversary plans for Saturday for a mass distribution of blooms.

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