

the talks in addition to Prime Minister Manescu's participation, underscored the importance Romania accords to the visit.

Along similar lines, the Yugoslav weekly *Nin* reported Aug. 8 that in the wake of the Vance trip the Soviets would methodically seek to restore relations with Israel. *Nin* reported favorably on Begin's inauguration speech statement two months ago in which he stressed that the new administration would give priority to seeking "closer ties" with the Soviet Union.

In the U.S., a State Department official today recalled the same inaugural speech and speculated that Begin

may be "using the Romanians as intermediaries" to send "conciliatory" messages to the Soviets since he "recognizes that the Soviets *do* have a larger role to play" in the Mideast.

Similarly, West Germany's conservative *Die Welt* newspaper yesterday commented that until now for Israel "a bad Dr. Kissinger was better than the best Gromyko," but this is no longer true. Begin has therefore taken up the invitation from Romania — "the postman between Israel and the Soviet Union" — to demonstrate that Israel too "can play the Soviet card."

— Mark Burdman

Sadat Imposes New Austerity Regimen, Cuts Ties To USSR

The semi-official Egyptian daily, *Al Ahram*, reported Aug. 18 that the planning ministry intends to cut back massively on subsidies to food prices and other key items in order to comply with recommendations of the International Monetary Fund. The government also plans a propaganda campaign around the cuts. After similar cutbacks were announced by Egyptian President Sadat in January 1977, a mass uprising swept dozens of Egyptian cities, and there were 100 people killed by police and thousands arrested.

EGYPT

The austerity measures coincide with Sadat's moves this week to cut Egypt's remaining links to the Soviet economy. Both developments guarantee that Sadat will face major domestic resistance led by the Nasserite factions in the working class, the middle class, and the military.

"Diplomatic quarters fear that a new struggle over food prices might be more violent than the last one," the *New York Times* reported Aug. 19. "The government has learned a lesson from the January riots and intends to prepare public opinion for the subsidy cuts and the resulting rise in food prices. But officials and foreigners wonder how the large low-income group will react having seen that it can block government action by street action."

Asked for comment, a World Bank official said that there is no way that he can see that Sadat can avoid a "social explosion" if he attempts to push through subsidy cuts again.

The Debt

The prime reason for Egypt's austerity measures is the estimated \$15 to \$20 billion debt owed to the large Western banks, chiefly Chase Manhattan and Citibank.

Two weeks ago, J. Paul Austin, the chairman of Coca

Cola and a top Trilateral Commission backer of Jimmy Carter, met secretly with President Sadat just before Secretary of State Cyrus Vance arrived in Cairo. Along with Exxon's Senator Jacob Javits (R-NY), Austin and Vance are the chief enforcers guaranteeing payments on Chase's debt. Last January Austin met with Sadat in Cairo to plan the initial austerity measures.

There are indications that the Egyptian merchant and business classes are increasingly opposed to Sadat's plan to pay the debt and disillusioned with his empty promises of growth. The Soviet daily *Pravda* reported recently that *Al Akhbar*, a right-wing Cairo daily that speaks for the traditionalist capitalists, attacked Egypt's pyramiding debt as well as Sadat's so-called open door policy.

Al Akhbar stressed that Egypt was too dependent on foreign credits, a direct result of the 1973 "open door" dollar policy that gave carte blanche looting rights to the IMF and Chase Manhattan. "The open door policy cannot solve the question of lowering the standard of living," the daily wrote.

Egypt also announced that Deputy Prime Minister Abdel Moneim Kaissouny will travel to Washington next month for talks with the IMF. According to the French press, the talks will be designed to implement the austerity but avoid "another January."

Break with the USSR

The Egyptian government announced Aug. 14 that it was halting the shipment of cotton exports to the Soviet Union, to retaliate for unspecified Soviet actions. Two days later, the government said that it was extending the halt in trade to every other sector, virtually a total break with the Soviet economy.

This is "a further attempt to liberate Egyptian trade and ... a prelude to the complete abrogation of trade agreements with the Communist bloc," a jubilant *New York Times* reported. Banking sources commented similarly that the break will "facilitate Egypt's trading in the free market" and help Cairo "abandon its traditional Eastern bloc barter trade arrangements." The

World Bank then announced a \$100 million loan to "reorganize" the cotton industry, along its labor-intensive lines.

Sadat is clearing away the commitment of Egypt's state-owned industrial sector to trade with the USSR in order to open up Egypt for further looting by the U.S. banks. According to the French daily *Le Monde*, the U.S. has pumped very little money into the industrialized sector, a fact that has made the Egyptian bourgeoisie squirm. "Today the banks are the sole branch of the American economy that have realized a real penetration in Egypt, with Chase Manhattan in the lead," *Le Monde* said.

The U.S. balance of payments deficit financing to Egypt more than doubled in 1977, reaching the astronomical figure of \$500 million, but only 20 percent of the U.S. aid, according to *Le Monde*, went to help Egypt industrialize; the rest went to the debt sinkhole. Since 1972, Rockefeller banks have been involved in squeezing both the Soviet Union and Europe out of Egyptian trade and forced Egypt into exporting to pay the debt instead of meeting domestic consumption needs. Today Egypt is almost totally dependent upon U.S. wheat supplies, with purchases climbing from \$72 million in 1972 to \$810 million in 1977.

How Long a Vacation

The news media internationally stress that Sadat is caught between Egypt's left and right political factions and under severe strain. Left-Nasserist elements in the army and bourgeois industrial layers may be getting ready to "close the door" on Sadat and his Chase Manhattan option.

In what the *Jerusalem Post* describes as "an unprecedented event," the President announced that he will take a month's vacation in the Ramadan period, an event that hasn't happened in Egypt since King Farouk's vacation when he was ousted by Gamal Abdel Nasser in 1952.

In the interim, Vice President and army strongman Mubarak will head up the government. According to the Beirut daily *An Nahar*, Egyptian policy is being "reassessed" in the wake of Vance's trip to the Mideast.

The reports on Sadat's situation have stressed the mounting tension in the army. "Private sources have made it known that there is mounting impatience in the Egyptian army. Many officers have been asking their superiors, in the event of war, how Egypt intends to win that war without Soviet arms and spare parts," the French daily *Le Figaro* reported.

A Washington-based banker warned, "You must watch the army. The young officer corps is anxiety-ridden. They know they would lose the next war."

Crisis On West Bank

The interplay between the Carter Administration's Mideast diplomacy and the increased activity of Israel's expansionist extremists has become one of the gravest dangers to world peace. After Secretary of State Cyrus Vance's Mideast trip, a major crisis is shaping up over the disputed West Bank, a crisis with an in-built "uncontrollability" element that could within days set in motion a general Arab-Israeli war.

ISRAEL

In Israel, the Gush Emunim, a fanatic, religious-nationalist sect, has made it clear that it desires to *provoke* just such a crisis. The *Baltimore Sun* reported Aug. 11 that the group has just announced its plan to expand illegal settlements across the West Bank, itself an insurrectionary step against the Begin government.

"If the new government takes the same attitude as the old" and tries to clamp down on illegal, unauthorized West Bank settlements, then "we will return to the grab-and-settle tactics, reclaiming the land for its people," a Gush spokesman warned. "We will not be stopped.... Settling the land and holding it against all the international pressures to give it up requires a massive effort, a campaign of the whole Jewish people.... Time is running, and no government, quite frankly, is going to stand in our way."

In its three and a half years of existence, Gush Emunim has been supported both by leading Israeli Atlanticist agents like current Foreign Minister Moshe Dayan and by nationalists like Begin.

In the past few weeks, the Begin government has authorized previously unauthorized settlements in the West Bank: has extended Israeli state services to West Bank residents, a move openly flaunted as preparatory to future annexation moves; and has announced plans for the creation of at least three new settlements in the area.

To excuse their provocations, Begin and Dayan can point to the Gush — several thousand strong with a mobilizable support base numbering between 20,000 and 30,000 — as a force hemming in the government's ability to relinquish the West Bank.

For Begin, a different course of action — i.e., a clampdown on the Gush Emunim's illegal West Bank settlement activities — has been preempted by the Carter Administration's public chastisement of Israeli government actions. A Begin move to rein in the Gush would seriously jeopardize his fragile majority coalition — which depends for its existence on the support of pro-Gush Emunim extremists — and would open up his government to charges of "caving in to U.S. pressure."

Under these conditions, ominous clouds of confrontation are beginning to hang over the West Bank. Responding to the Gush Emunim's new settlement campaign, a spokesman for the Arab-populated township of Nablus was quoted by the *Sun* as declaring, "If they