

# Israeli Austerity Crisis Paves Way For Yadin-Dayan Takeover

The sweeping austerity measures announced in Israel this week and described by the *Jerusalem Post* as a "bombshell" have opened up a domestic political crisis that may pave the way for a takeover of the Israeli government by Deputy Prime Minister Yigal Yadin and Foreign Minister Moshe Dayan.

## ISRAEL

The centerpiece of the new measures, which were announced by Finance Minister Simcha Erlich, was a decision to remove controls on Israeli currency and exchange rates. The move sent the Israeli pound plummeting at the opening of trade on Oct. 31 from a little over 10 Israeli pounds to the dollar to more than 15 — an astounding 45 percent devaluation. Export incentives and price subsidies on many consumer goods were also removed, an act that is expected to send prices upward by 15 percent or more, following an earlier decision last week to raise fuel prices.

The Israeli action followed by one day a visit to Israel by Secretary of the Treasury Blumenthal. In Washington, Treasury spokesmen denies any connection between the Blumenthal visit and the Israeli action, although Blumenthal endorsed the measures in a public announcement. It was widely acknowledged that Milton Friedman, the architect of draconian austerity policy for countries such as fascist Chile and Argentina, was the inspiration behind the Erlich decision. In an interview in the *Jerusalem Post*, Friedman hailed the Israeli move as "one of the greatest things that has happened to Israel since it was founded," and added that he had been "recommending this kind of program for many years."

### *The Yadin Connection*

The storm of protest against the austerity measures, led by the Labour-Party controlled Histadut trade-union confederation, may have been able to topple the Begin government had it not been for the entry into the governing Likud coalition by General Yigal Yadin's fascist Democratic Movement for Change (DMC). Yadin assumed the post of deputy prime minister.

"It was a deal," said a Pentagon analyst in Washington. "The deal was that Yadin would come into the government to deal with domestic affairs and the economy, and stay away from foreign policy." The 15 votes of the DMC brought the government majority to 77

out of 120 Parliament seats, ensuring that any vote of no confidence could not oust Begin.

The architect of Yadin's entry into the Israeli government apparently was Foreign Minister Dayan, who, according to the *Jerusalem Post*, "encouraged" Yadin to join the regime. The *Post* reported that Dayan "would support Yadin for prime minister were Menachem Begin forced for health reasons to relinquish the office," and added that Dayan and Ezer Weizman, the defense minister, would rule Israel under Yadin. Yadin "would readily involve the two more seasoned men — Dayan and Weizman — in all major decision-making," concluded the *Post*.

The triumvirate of generals — Dayan, Weizman, and Yadin — backed by General Sharon, the agriculture minister, is now in place to prepare Israel for the coming political-military confrontation that is expected.

## Israel Will Take Atomic Energy Help Where It Can Get It

The president of the Israel Society for the Atomic Sciences, Professor Shimon Yiftach, said that Israel should consider proceeding with the construction of a nuclear power plant utilizing the country's own resources, and get the "outside help it needs wherever it can find it." Yiftach's remarks were made at a day-long symposium on the future of nuclear energy production in Israel held at Tel Aviv's Weizmann Institute Oct. 28.

At the meeting, sponsored by Israel's Atomic Energy Commission, Yiftach said that the Carter policy statement made last April concerning controls on nuclear energy development "had blurred the position of American help in building a nuclear power plant in Israel."

Israel, according to Yiftach, can either wait for the U.S. position to be clarified, and then agree to the terms outlined by the U.S., or look for help elsewhere. If Israel can't get help for nuclear energy development from countries such as West Germany, France, Canada, or Japan, Yiftach proposed that Israel take the initiative as Spain, Italy, and Argentina have done. The professor concluded, "If we need help we could apply to the latter countries... since they apparently do not see eye-to-eye with America."

### Strike Wave of Protest

The newly announced austerity regime sparked a wave of protest strikes and demonstrations by trade unions, led by Histadut. But it was clear from the very start that the Histadut would put up merely token opposition, aimed more at gaining political advantage against the Likud for the opposition Labour Alignment. The Histadut Secretary General Yeruham Meshel said that the strikes and protests must "be organized with the workers, to give them a feeling that they are doing this, and not carrying out orders from above." Meshel, a close friend of AFL-CIO Treasurer Lane Kirkland, called a one-hour strike, or in some cases a one-day strike, but in thoroughly uncoordinated fashion.

According to reports from Israel, many workers

refused to join in the strikes and demonstrations because they sensed a strictly "political" motivation by the Histadut, which is run by the Alignment.

Prime Minister Begin, who called on Israel to tighten its belt even further by appealing demagogically to the "common sense and national feeling" of Israelis, said that Israel must go through the crisis because of Israel's "big debts" to the West. Begin predicted that by 1980 Israel would have to pay over \$3 billion annually in debt service, by far the highest per capita in the world.

A cartoon in the *Jerusalem Post* summed up the outlook for Israelis: One man said to another that the measures will help the Israeli economy "in the long run." The second man asks, "And in the short run?" The answer: "We starve."

## Syria & PLO Square Off Against Egypt

In the days leading up to the Nov. 12 Arab Foreign Minister's summit in Tunis, a fight has broken out in the Arab leadership over what the unified Arab position will be towards the proposed reconvening of the Geneva Mideast peace conference. The debate pivots on the thorny problem of Palestinian representation at the conference.

The battle is, in essence, between Egypt and Syria. According to European diplomatic sources, U.S. Secretary of State Cyrus Vance recently informed Israeli Ambassador Simcha Dinitz that both Egypt and Jordan favored the controversial U.S.-Israeli working paper, the terms of which deny the Palestinians a role at Geneva.

Informed sources indicate that both Sadat and Jordanian King Hussein are inclined to return to Kissinger's step-by-step diplomacy for the Middle East. Sadat this week told the *Manchester Guardian*, "I prefer not to go to Geneva if the conference is not adequately prepared for. I don't want it to last for 25 years like SALT." The *Guardian* furthermore notes that twice over the last week Sadat has openly stated his willingness to scrap his support for Geneva.

With full support from the Soviet Union, Syria, and the PLO, meanwhile, are trying to force an Arab consensus endorsing Geneva with a formula which will define the shape of Palestinian representation. In this context, Zuhair Mohsin, the Chief of a Syrian-controlled Palestinian commando group, indirectly slammed Sadat this week and was quoted in the London *Financial Times*: "Arabs must stop giving free-of-charge concessions, gambling only on U.S. intentions."

Also this week, the Arab League approved a PLO proposal for a Foreign Ministers' meeting of the Arab

confrontation states — Egypt, Syria, Jordan, and the PLO — to work out a formula to propose to the Tunis summit. PLO Foreign Minister Farouk Kaddoumi asked for an "Arab working paper" to clarify the Arab stance toward Geneva. But the equivocation on the part of Egypt and Jordan has seriously complicated the issue.

Though not a confrontation state, Saudi Arabia, with its powerful financial influence in the Arab world, will probably resolve the differences between Egypt and Syria. Following Saudi Foreign Minister Saud-al-Faisal's return from Washington last week, he acknowledged the Soviet Union's role in the Middle East peacemaking process, stating that the U.S. "does not hold 99 percent of the cards in the Middle East." This is a direct attack on Sadat, who so often has stated that 99 percent of the cards are held by Washington. Saud's statement is the first public recognition by the Saudis of the Soviet role in the region.

Shortly after Saud's return to Riyadh, Sadat suddenly made a trip to Romania to confer with president Nicholas Ceausescu on the Soviet influence in the Mideast as well as strained Soviet-Egyptian relations. As well, Ceausescu delivered a message from Israeli Prime Minister Menahem Begin (who had been in Romania two months before) to Sadat.

While in Washington, Prince Saud repeatedly made it clear that Riyadh's supports the PLO in its efforts to gain international recognition and eventual statehood. With such a commitment from the Saudis — who pay a sizable chunk of Egypt's bills — Sadat may have no choice but to heed his Arab brothers, Syria and the PLO.