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Why is Cyrus Vance Going to Egypt?

Demonstrations in Egypt by workers and students over the government's attempt to increase prices of food and commodities this week, underscore how purposeless Secretary of State Cyrus Vance's coming trip to Egypt will be. What can he offer President Sadat in the face of open rebuff by his own people for taking the "advice" for Egypt's economic "recovery" proferred by David Rockefeller and the bankrupt International Monetary Fund?

While Rockefeller is offering Egypt and the whole Arab world austerity and genocide, Europe is offering to do business. A European Arab Bank has been formed to handle the expected increased business and trade; the European Economic Community finalized and signed a trade accord this week with Egypt, Syria and Jordan, giving further impetus to the Europe-Arab dialogue. Japanese and European businessmen are fully cognizant of the tremendous potential markets in the Mideast and are wasting no time in exploiting them. Their trust has so startled U.S. businessmen, that the U.S. Commerce Department was forced to publish some doctored 1977 projection figures for U.S. exports to the Arab countries.

The Commerce Department is embarrassed to admit that U.S. investment in Egypt is virtually non-existent, and spokesmen for that department hold no hope for improvement in the future. Given the tremendous potential for development in Egypt of both agriculture and industry, especially with French technology to build nuclear energy plants for desalination plants, it is clear that the U.S. Commerce Department and others are keeping business and investment out of Egypt—the IMF's notorious "Open Door policy" is a clear expression of that.

The Egyptian-U.S. Business Council (on its board of directors sits David Rockefeller) has come up with another method of sabotage. It has created, with the advice of the U.S., the IMF and the Agency for International Development, an Investment Simulation Program. This public relations scheme for gullible Egyptians intends over a three year period to attract U.S. partners for twenty-four specific industrial projects—like shoelace factories. To manage this con game, "top business executives" from private corporations have been chosen. So far they have sent telegrams to 3,000 firms and received three interested replies.

The scheme is a stop-gap, with promises of long term involvement in a country which every potential investor says has no infrastructure. Neither U.S. private nor government investment has been allocated to upgrade the economic level of the population. Indeed the only items proliferating in Egypt since the Open Door policy are debt and foreign banks—76 of them so far. On the other hand, the Saudis have repeatedly said they are willing to invest oil money in Egypt, if they have assurances that the money is going for development and not for debt rollover.

This is where the Europeans and the Eastbloc countries have stepped in to effect measures exemplified by the EEC's aid and cooperation agreement. Italian initiative has begun to wipe away Arab resistance to European investment.

According to a recent Harvard Business Report, the U.S. is decidedly losing Mideast markets to the Europeans. Backing this report was a Journal of Commerce article showing how the West Germans had become as important a customer and supplier as the U.S. to the Mideast and that German companies are landing contracts for projects almost on a daily basis.

Egyptian Riots Explode IMF Austerity Program

Anti-austerity demonstrations by thousands of Egyptian workers and students, the most serious since the 1975 food riots, hit Cairo streets on Tuesday after the announcement of a new budget by Abdel Moneim al Kaissouni, Deputy Prime Minister for Economic Affairs. The new budget cut food subsidies and increased the price of luxury goods in line with an International Monetary Fund austerity program to "solve" Egypt's debt problem.

The Minister's announcement of the price increases was also greeted by a strong protest, including boos and heckling, in the National Assembly, and members of the Economic Council asked the government to veto the measures there and then. The angry public protests nationwide finally forced President Sadat to cancel the price increases.

In Cairo's industrial suburbs, walk outs and sit down strikes closed most of the factories and students joined workers to march on the Assembly building. The action spread from Cairo to Alexandria and Egypt's other major cities, including the southern town of Aswan.

Crowds of students gathered shouting disapproval of the government's program, chanting "Said Marei, millionaire" (a reference to Sadat's brother-in-law, a wealthy member of Parliament), "Down with Sadat" and "Nasser! Nasser! Nasser!" Windows were broken at the American University — one of the targets of the demonstration. The streets leading to the Assembly were blocked by police. Public transportation in most of the country was halted.

After two days of such demonstrations, Sadat put the government on record as saying that the increase would be too great a burden for the average Egyptian to bear. But the crowds are still in the streets and Sadat has ordered a 14 hour curfew in Alexandria and Suez.

The mobilization of the mass protest, coordinated by Egypt's Nasserist movement and the powerful underground Communist Party, has now posed the most serious threat to the IMF in Egypt. The fall of the government of Prime Minister Mamdouh Salem may be imminent. One possible replacement: former Prime Minister Aziz Sidqy, now an outspoken critic of Sadat and an advocate of closer Egyptian-Soviet ties.

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