

Israel Plays Soviet Card: For Peace?

Israeli Premier Menachem Begin announced this week that he had accepted an invitation from the Romanian government to visit that country "within the next 10 days." The visit is the first by any Israeli leader to an East Bloc country in five years.

According to sources in Jerusalem and New York, Begin's trip will include "beyond protocol" meetings with Romanian President Nikolai Ceaucescu, some direct contacts with officials from the Soviet Union, and possibly a resumption of Soviet-Israeli diplomatic relations.

The Romanian invitation to Begin was prompted by the Soviets as part of their ongoing efforts with Middle East and anti-Wall Street Western European leaders to douse the war flames set by pyromaniacal Secretary of State Cyrus Vance. Vance just completed a 12-day swing throughout the Mideast implementing the Carter war policy.

If a noticeable thaw in Soviet-Israeli relations develops, it will be a devastating blow to the Carter Administration. The Administration has tried to use the giant Israeli military machine to blackmail the Arab oil-producing countries and to manipulate a diplomatically isolated Israel into launching a suicidal war against the Arab states.

Vance's sole aim in the Mideast was to make an Arab-Israeli war inevitable by forcing into sharp relief in the world press the policy differences between the Arab states and Israel. Less than one week after Vance's departure, dangerous situations have escalated in Lebanon and in the Israeli-occupied West Bank, and talk of a general Arab-Israeli confrontation is spreading rapidly through the region.

U.S. Position Under Attack

Soviet commentaries appearing this weekend in the Communist Party paper, *Pravda*, and in the Soviet news agency, *Tass*, labeled the Vance mission "futile, pointless, and fruitless." "Not one single question was resolved" and tensions have therefore risen, *Pravda* added.

These commentaries were accompanied by wide-ranging East bloc diplomatic overtures in the Mideast. In addition to the upcoming Ceaucescu-Begin talks, the Soviets are planning to go ahead Sept. 1 with a long-delayed visit to Egypt by Soviet Foreign Minister Andrei Gromyko, the Beirut-based *Al-Nahar* newspaper wrote.

The Soviets have "stepped up diplomatic contacts in the Mideast...after the failure of the Vance mission," *Al-Nahar* emphasized, reporting that the Soviet ambassador to Lebanon had just completed three meetings in four days with Palestine Liberation Organization chairman, Yasser Arafat, in preparation for a high-level Palestinian delegation to visit Moscow in September.

Working partially in conjunction with the Soviets, the

French government this week initiated efforts to win a consensus within the European Economic Community to support a change in the wording of United Nations Security Council Resolution 242 that would include a "recognition of Palestinian national rights." Such a shift, which the Carter Administration adamantly opposes, would smooth the path for PLO recognition of Israel, thereby removing one of the main impediments to achieving an overall Arab-Israeli peace.

According to a Paris source, the French decided to have the "242 amendment" question discussed "in depth" at an upcoming meeting of political advisors of the EEC later this month. Such a move, France informed its EEC partners, would be an important European peace move toward the Mideast independent of the United States.

The Soviet and French initiatives are bound to reverberate in the Arab world. Earlier this week, Syria's President Hafez Assad denounced a plan concocted by Vance and Egypt's opportunistic President Anwar Sadat for the establishment of U.S.-run "working groups" — excluding the Soviets and the PLO — to oversee further Mideast talks.

The usual stalwart U.S. lackey, Jordan's King Hussein, commented in an Aug. 13 interview that the Arabs "are at a loss with the American side." Earlier this month, Jordanian foreign ministry officials held special briefings with European diplomats in Jordan to plead for stronger European diplomatic overtures toward the Mideast. Hussein is scheduled to soon begin a swing through Europe and will call for a wider Soviet and European role in Mideast peace talks.

The post-Vance mood in the Arab world is increasingly boxing in Sadat, the prime Arab advocate of a Carter "Pax Americana" in the Mideast. According to an Arab League source, both Syria and Egypt now "may play the Soviet card" to the hilt.

Begin, Soviets Explore New Options

Both the Soviets and the Israelis, who have not had diplomatic relations since the 1967 Arab-Israeli war, are probing at ways to avoid Carter's warmongering — moves taken in a context circumscribed by the threat of war and the collapse of Wall Street credibility in the Middle East.

According to an East bloc diplomatic source, Romania, the only socialist sector country with diplomatic relations with Israel, will offer "alternative offices to those of Mr. Vance" to Begin to "counteract Israel's dangerous international diplomatic isolation." The source emphasized that Romania will "give Begin openings to get in touch with the Arab states and the PLO" and explore "new alternatives for Israeli acceptance of a Palestinian state on the West Bank." He further noted that Ceaucescu's personal involvement in

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