

"So far it has had little effect," he told reporters.

He added that this had also happened with a similar accord in January.

It is important, Healey said, that economic measures should not dribble out one by one. Britain wants to see action in five areas "contemporaneously": growth, currency, capital flows, energy, and trade.

If actions are seen as a contribution to a general concept, he said, because they are linked together, they will have more influence than they would have separately.

Healey spoke after attending a meeting of ministers of finance from the Common Market countries.

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## Brookings Institution on SDRs Proposal

*A colleague of Undersecretary of the Treasury C. Fred Bergsten was not optimistic about the future of Special Drawing Rights.*

*Q: How does it look for the Special Drawing Rights substitution plan in Washington as proposed by United Kingdom Prime Minister Callaghan?*

*A: It's a non-starter. Sure, I helped draft the plan but it was theoretical — you could never do it now. Do you know who is pushing this? It's old Harold Lever, the Bob Roosa (partner of the Wall Street investment house, Brown Brothers and Harriman-ed.) of Britain. He's a schmuck; Callaghan thinks he can come here and lord it over us; he's really enjoying himself, isn't he, telling the poor Americans how to bandage their mighty dollar after all these years as the sick man....*

*Q: But the proposal is dead serious on their part....*

*A: Doesn't matter. I think the dollar has stabilized, will rise in fact.*

*Q: Suppose while Callaghan is here discussing this there is a blow up in Lebanon and a U.S.-Soviet confrontation results. Wouldn't that cause the kind of dollar crisis the British press is talking about, calling the SDR question?*

*A: No, nothing of the sort will happen. The dollar is fine.*

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## Salomon Brothers Expert on the IMF...

*Q: In a recent article you published, you advocated the transfer of less-developed countries' debt obligations to the International Monetary Fund in exchange for IMF bonds to be given to the U.S. commercial banks. Do you support the wholesale substitution of SDRs for dollars?*

*A: Certainly not. My suggestion is the opposite; to deal with the worst monetary problem, LDC debt, to stave off the need to go all the way to SDRs. The Bergsten program would be a destruction of U.S. national sovereignty; imagine if we had to go to the IMF for all credit — they could legislate the Schlesinger energy program by refusing to give us the SDRs to continue our oil deficit. You think the Panama canal vote was a fight, this would be an uproar, all Congress would be in arms against the demise of the U.S. as a world power.*

*Q: But Blumenthal and Bergsten are quite serious about it, with Callaghan...*

*A: Blumenthal may have a shorter term than he thinks if he tries this one.*

# U.S.-Israel Crisis: Breakaway Ally Or Step Toward Regional Peace?

Meetings this week in Washington between U.S. President Jimmy Carter and Israeli Prime Minister Menachem Begin have brought the crucial U.S.-Israel relationship to a crossroads: in the next days and weeks, the Carter Administration will find the ways and means to exert positive levers of pressure on the Israelis and bring that country's leadership finally into line with regional Middle East efforts, or the extremist Begin and the U.S. Zionist Lobby will exploit a tense atmosphere of U.S.-Israeli "confrontation" to unleash an Israeli Frankenstein against the Arab countries and against U.S. efforts to push development policies at home and abroad.

The Carter-Begin talks themselves were extremely tense, if not hostile, and the two countries failed to issue any final communiqués after the meetings since mutual differences were so profound. Veteran White House

reporters described the Carter-Begin interaction as "chilling" and "the most unfriendly exchange between leaders of the two countries in the thirty years since Israel's independence."

During the private talks on March 21 and 22, Begin rejected every attempt on Carter's part to arrange a formula that could unblock regional peace negotiations, including formulas that went to great lengths to recognize Israel's security fears in the occupied West Bank area. Whether it was an offer for formal U.S. security guarantees, the stationing of United Nations troops in the West Bank, the signing of an Israel-U.S. mutual defense pact, or variations on these, Begin simply said, "No deal," and reiterated his claim that Israel has an absolute right to control affairs in the West Bank area — forever.

Despite tough treatment even from pro-Israel mem-

bers of Congress and pro-Israel U.S. press — “the first time an Israeli Prime Minister has encountered a hostile atmosphere” in the U.S., according to Agence France Presse March 22 — Begin remained unyielding in a series of public appearances March 23. Aside from reiterating that “Israel’s security” precluded any territorial compromise whatsoever on the West Bank as well as any recognition of Palestinian rights to self-determination, Begin charged the U.S. with “pulling back” from its earlier positive response to his “self-rule” plan for the West Bank. Begin strongly implied that he would make a major issue over U.S. violation of secret commitments made to Israel during the Egypt-Israel negotiations of 1975 leading to the “Sinai Pact” concretized by Henry Kissinger in September of that year.

Kissinger is in fact openly abetting Begin’s assault on the U.S., introducing an element of treason to the Israeli government’s destabilization of Carter. According to the *New York Post* March 22, Kissinger is threatening to release to the public the private papers outlining secret pledges the U.S. made to Israel in 1975. Earlier in the week, according to the March 20 *Post*, Kissinger had conferred with Israeli Foreign Minister Dayan to offer advice on how to stand up to the Carter Administration! In an article headlined “Kissinger Huddles with Begin on Facing up to U.S. Demands,” the *Post* reported that Kissinger had presented the Israelis with “an assessment of the present complex situation.” Kissinger, the paper noted, is “increasingly a friend and counsellor to the now-embattled Begin government” and has “advised Dayan from the outset of the Carter Administration: ‘They are going to be tough.’ ”

The Begin-Kissinger destabilization campaign can only be expected to escalate in the next days. Speaking before U.S. Jewish leaders March 23, a tearful, emotional Begin — “these have been the three most difficult days of my life” — called for a full-scale mobilization of the American Jewish community in defense of his policies. Begin claimed that “95 percent of American Jews” support “my peace plan” and that this force was the “most valuable” to Israel in its regional diplomatic efforts.

EGGING BEGIN ON, U.S. Jewish Lobby chieftain Rabbi Alexander Schindler, head of the Conference of Presidents of Major American Jewish Organizations, said that the U.S. had traded “idealism for petrodollars.”

On the day after this get-together, the *Wall Street Journal* warned of an escalating U.S. Jewish Lobby campaign against Carter. “There’s a lot of interest in Jerry Brown (the Zen Buddhist zero-growth Governor of California — ed.) in the Jewish Community,” the *Journal* reported.

In an even more sober assessment, a high-level U.S. Middle East diplomatic source warned this week that “the Zionists will try to defeat Carter with all the means

at their disposal, and an assassination attempt cannot be precluded.”

### *The “Oust Begin” Campaign*

Right following the Carter-Begin talks, a wave of provocative rumors — leaked by Begin’s close advisors with his consent — emanated from Jerusalem that Carter wants Begin out of office and Weizman in his place. The rumors are part of a deliberate effort by Begin to preempt the tentative efforts of the Carter Administration to enunciate a U.S. policy for the Mideast that will effectively get Israel in line and stabilize the entire region.

Fanning the flames of the crisis, the March 24 *New York Post* blared on its front-page: “U.S. Presses for Ouster of Begin.” “Carter,” wrote the *Post*, may come out publicly against Begin in the next week or two...to force his replacement by moderate Defense Minister Ezer Weizman.”

The rumors were immediately and publicly denied by the White House. However, Begin and Dayan wasted no time in calling upon the Israeli population to “stand up to the U.S.” Even Weizman fell into line, denouncing “American efforts to replace Begin,” and calling for the formation of a “National Peace Government” including the Israeli Labour Party to “show” Washington Israel can’t be “bullied.” According to the *Baltimore Sun*, the talk of the “Dump Begin” campaign is in large part Begin’s way of shielding himself from growing domestic criticism and disenchantment over his intransigence and brinkmanship invasion of Lebanon, which many Israelis see as “disastrous.”

While the Carter Administration sees Begin as a liability to be neutralized, the efforts of the press to play off Begin against Weizman are viewed by Secretary of State Vance as a dangerous game that could easily backfire and trigger Israel into a breakaway ally action. According to one Washington-based Mideast analyst, U.S. strategy is to “let the dynamics of the situation develop” without exacerbating tensions dangerously.

However, unless the Administration puts forth a Mideast peace policy whose centerpiece is regional development to fill the current vacuum, the confrontationalists linked to Kissinger and Brzezinski will continue to manipulate the weak governmental situation in Israel to their own ends. According to Washington observers, Carter is reportedly considering going on national television to win support for a policy of defending U.S. national interests as opposed to catering to Israel’s unrealistic demands whose fulfillment would endanger the continued existence of the U.S. Vance has also indicated his receptivity to opting for a regional development perspective as the basis for a peace settlement. However, the initiatives of the Administration remain dangerously inadequate and weak at this point in time and do little to defuse the Mideast tinderbox.