ready to conduct a study that will prove two things to him:

First, the impossibility of playing this "game" after it has been exposed and after it has bedeviled the area for 30 years; and second, that either he will join the list of "American Presidents whose name is soon forgotten" because of the damage and the destruction that will befall his country's interests, or he will become the American president who will save his country, the Jewish nation, and the world nations—and not just the Arab nations—from dangers whose consequences only God knows.

London's Financial Times: Bring Back Henry

The British daily Financial Times *in its editorial of Jan. 24 spells out the method that the British are hoping to use for another Middle East war. Here are excerpts:*

After last week's setback which highlighted the enormity of the gulf to be bridged between Israel and Egypt—let alone Jordan, Syria and the Palestinians—there appears little to justify the guarded optimism of the U.S. about resumption of contacts. Neither side has renounced the quest for a directly negotiated peace although Mr. Sadat appears set now to concentrate his efforts on persuading the U.S. to bring heavy pressure on Israel. Mr. Alfred Atherton, Assistant Secretary of State, will remain in the region where he is expected to shuttle between the two countries in a bid to save the peace initiative. Last week Dr. Henry Kissinger, Mr. Vance's predecessor who engineered Israel's disengagement agreements with Egypt and Syria, suggested that the parties concerned should "go back to some quiet talks." The time has, indeed, come for quiet diplomacy instead of the practice of conducting negotiations through the media.

New York Times: Let's Go to the Brink

Following the London Time*'s line, the* New York Times *editorialized Jan. 24 like this:*

We are hearing a good deal about *chutzpah*—gall and arrogance—in the Middle East these days. President Sadat and Prime Minister Begin are suddenly discovering great streaks of impudence and villainy in each other's diplomacy. And as usual they look sideways to the United States for a cease-fire signal. They may yet get it because of a special brand of *American* chutzpah. Americans, who needed only 13 years to face up to a shift of sovereignty over the Panama Canal, are shocked, annoyed and frustrated to find Egypt and Israel unable to draw a sovereign border for themselves in the interminable time of eight weeks.

It would be best, however, to let the brawling continue....

Together at Jerusalem, Mr. Sadat and Mr. Begin peered into the promised land of a deal. If they insist now on pushing each other to the brink of failure, let them look over the edge. That Americans see disaster for them there counts for very little; they must themselves experience the fright....

Only at the brink will Mr. Sadat and Mr. Begin obtain a clearer idea of which of the issues between them justify the cry of deadlock in a dash to the television studios....

It should be the American objective now to let the fears of failure, in both Israel and Egypt, overcome the name-calling and posturing. It should be the goal of the Carter Administration to insulate the American public from the passionate television appeals of each side. That means shelving any discussion of weapons sales to Egypt. It means ignoring Israel's bid to be acknowledged as the more injured party. It means resisting the impulse to stretch a safety net beneath the daring highwire diplomacy of both.

World Bank's McNamara Delivers Ultimatum To Sadat

Robert McNamara returned Jan. 24 from a 10-day visit to Egypt where the World Bank President put the screws on Egypt's Anwar Sadat. His mission was to boot the increasingly panicked Egyptian president into a separate peace with Israel under pain of disintegration of the Egyptian economy. Upon his departure from Egypt, McNamara bluntly declared that Egypt can expect no more aid from the World Bank until it brings population growth under control, that is, the population decreases.

McNamara's visit received wide publicity in London's press. (see below)

In addition to McNamara's strongarming, documents published exclusively in the last issue of *Executive Intelligence Review* (Vol. II, No. 3) from Morgan Stanley, the investment banking institution, show that the International Monetary Fund intends to enforce in full the austerity measures which last January caused nationwide rioting in Egypt and almost forced Sadat's ouster. According to the documents dated December 1977, Egypt has not yet "taken the hard decisions to put the economy on the right course, such as the removal of subsidies and rationalization of the general pricing system of the economy."

A key motivating factor in Sadat's decision to launch his "lightning" Mideast diplomacy is the precariousness of the Egyptian economy. The Egyptian economy now teeters on the brink of collapse with a restless unemployed urban population (Cairo, a city with a 2 million capacity is reportedly teeming with 9 million, the majority of whom have no housing) and a soaring foreign debt—estimated to be approximately $12 billion.

McNamara's visit, timed on the anniversary of last year's riots, was also expected to be a monetarist antidote to the 10-day visit in December of West German Chancellor Helmut Schmidt to Egypt to work out a comprehensive program of development. Fully supportive of Sadat's Mideast peace initiative, Schmidt informed Egyptian authorities that the West German government was in the process of compiling a comprehensive study of the Egyptian economy and its overall needs, based upon capital-intensive development projects. In addition, Japanese Foreign Minister Sunao Sonoda, who recently concluded an important four-nation Mideast tour, announced in Riyadh, Saudi Arabia that Japan endorsed Sadat's diplomacy. Under prompting from the Saudis to "get involved in Egypt," Sonoda said that Japan "will step up its economic cooperation with non-oil-producing countries of the Middle East, including Egypt."

In contrast, when a reporter for the British *Daily Telegraph* asked McNamara, "What benefits would accrue to Egypt in the event of regional peace?" the World Bank President shot back, "I don't come to a country that is still facing problems in achieving peace and suggest what the size of the peace dividend would be, when it will be achieved or how it should be utilized."

The crucial question is will Europeans and other prodevelopment forces in the U.S. and the Arab world give Sadat the financial support necessary to stave off the World Bank's solution for Egypt?

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London Press Reports On McNamara Trip

The *Times*, Jan. 24:

Egypt's population growth rate is the main obstacle to its economic development and could "destroy all other achievements" unless it was brought under control, Mr. Robert McNamara, president of the World Bank, said in Cairo today....The years of war have left Egypt with **$11,200 million in foreign debts, the servicing of which** absorbed 90 percent of its export earnings in 1975-76...Mr. McNamara was speaking at the end of a visit to Cairo to discuss details of the $250 million the bank will lend Egypt this year, the five-year development plan now in preparation and the requirements for new loans.

The *Financial Times*, Jan. 24:

Attention has focused once more on Egypt's chronically sick economy—one important aspect of President Sadat's peace initiative—Mr. Robert McNamara, President of the World Bank, who is here on a 10 day visit one year after the country was brought to a total standstill for 48 hours by the worst ever food riots in its history...The balance of trade deficit last year was brought down almost to nothing because the Government persuaded the Arab-backed Gulf Organization for Economic Development (GODE), a $2 billion fund set up originally for project investment assistance, to channel its remaining $1,400 million into balance of payments support....Despite the improvement in the short term the Government's economic quandary remains the same this year as in Jan. 1977. Last year's riots were triggered when the government tried to impose cuts in subsidies on basic food commodities which pushed up the prices of different commodities by 10-60 percent...This is why the total spent on direct and indirect subsidies remained as high as $1 billion last year.