

army in southern Lebanon which will take place very soon, would not only terminate the fighting but would also force the hand of the Israelis who have been aiding the Lebanese fascists under Camille Chamoun to butcher the PLO forces. In an interview in *Le Figaro*, Lebanese Falange spokesman K. Pakradouni, a member of the Lebanese right, said that Falange leader Pierre Gemayel was in favor of the Chtaura Accords and that the only obstacles were certain Palestinian grouplets and Israel. This admission by a Politburo member of the Falange shows the strength of the Syrian-PLO drive to isolate Israel as the warmonger and establish a "reign of peace."

Sadat Scrambles To Stay Afloat

The following is a characterization of the political situation inside Egypt by an Arab diplomat at the United Nations. It describes the frantic moves by President Sadat to shore up his crumbling regime in the face of growing Arab and international opposition to his role as the obsequious supporter of Henry Kissinger's diplomacy.

Sadat is in deep trouble indeed. There is no question that, sooner or later, but certainly before next spring, Sadat is going to be overthrown. When that happens, a great deal will change in the Middle East.

Right now, Sadat is using every trick in the book. Let me give you an example. Recently, there has been the reconstitution of the old royalist Wafd party. The leader of this party, Serag Eddine, is a foolish old reactionary, about 80 years-old, and hated throughout Egypt for his role as interior minister years ago. Everyone who knows about Egyptian politics knows that Serag Eddine will go nowhere. But Sadat knows that it is better to be attacked from the right than from the left, so he encourages Serag Eddine, quietly, to rebuild the Wafd. This makes Sadat look liberal by comparison, and he hopes this will help him with the army. I doubt it will.

In the army itself, Gamassi (War Minister —ed.) plays Sadat's hard cop. Gamassi acts tough and strict, a disciplinarian, with the armed forces, and the rank-and-file, of course, grow to hate him. This took place a while ago when Gamassi refused to grant a pay increase to the army. Then, Sadat stepped in and ordered the increase. The whole affair was staged to win the army's loyalty to Sadat!

Otherwise, Sadat has built up a heavy layer of pork-barrels around him, people who control various aspects of the economy and win support for the regime via patronage. For example, Osman Osman, the former construction minister, controls a huge engineering and construction firm, and through this controls engineers and skilled workers who need jobs. Sayed Marei, the speaker of the Parliament, plays a similar role in agriculture. Many of these people are related to Sadat.

But the people are truly sick of this. I know the end is coming for Sadat.

Several sources, including U.S. News and World Report, have noted recently that the Egyptian officer corps is defecting rapidly from Sadat. Analysts report that the key to the crisis is the growing feeling in military circles that Sadat's break with the USSR, which has refused to resupply the Egyptian forces, has reached the point where national security is jeopardized. Arab sources in the United States report that the most likely scenario is a quiet ultimatum for the General Staff to "retire" Sadat in the national interest.

It is generally recognized that the fall of Sadat is supported in varying degrees by France, the USSR, Libya, Syria, and the PLO. France and the Soviets are especially interested in toppling Sadat to remove the danger of renewed Egyptian attacks on Libya, where both Paris and Moscow have interests. In addition, the emergence of a stronger nationalist regime in Cairo would turn the tables on neighboring Saudi Arabia, and would therefore put pressure on the Saudis to loosen their own dependence on the U.S. and shift into closer ties with Western Europe and U.S. conservative circles.

Shah's Tour East Sets Stage For Bargaining With Carter

The Shah of Iran's just completed visit to Poland and Czechoslovakia has delivered a clear message to the Carter Administration that its demands that Iran limit its arms build up and nuclear energy program are not acceptable. The Shah will meet with Jimmy Carter sometime this fall, and it is anticipated that these two issues will be at the top of the agenda.

Just preceding the Shah's hastily arranged trip to the East bloc, a round of negotiations between Iran and the U.S. over the sale of eight nuclear reactors once again collapsed. Akhbar Etemad, the chief Iranian negotiator and director of the Iranian Nuclear Energy Organization, refused to accept the terms of the sale.

These terms would have virtually destroyed Iran's strong pro-nuclear energy drive, a critical element in Iran's long term development plans and one which has been closely coordinated with France. Etemad's arrival in the U.S. was preceded by Carter's decision to postpone the sale of the highly sophisticated airborne radar system, AWACS. The Iranian government publicly took both the AWACS decision and the U.S. nuclear reactor sales terms as affronts.

As a result, the Shah is going straight to the East bloc for increased trade relations including prospective purchases of arms and reactors. This move is not only motivated by Washington's recent behavior but is even

more the result of the serious and immediate economic problems plaguing Iran, which are pushing the Shah to make deals wherever he can.

The Shah came away from his ten-day stay in the East bloc with new trade protocols involving increased Iranian imports. In exchange for the new imports, Iran will probably further increase its oil sales to Poland and Czechoslovakia. Iran upped crude exports to the CMEA countries earlier this year.

After talks with Polish Communist Party leader Edward Gierek, the Shah agreed to an accord with Poland involving cultural, industrial, and economic cooperation, which will expand Polish-Iranian trade beyond the record \$110 million for 1976. Poland is pressuring Iran to establish an annual minimum quota of 400,000 tons of crude oil as well as investing in joint ventures in third countries. During the Shah's visit to Czechoslovakia a Czech-Iranian agreement signed last year was upgraded. The deal includes provisions for a gigantic \$2.5 billion natural gas deal which is aimed at freeing Czechoslovakia of dependence on Soviet natural gas by 1981. Iranian-Czech trade rose to \$131 million last year and is still climbing.

Just before the Shah's arrival in Warsaw, Iran agreed to a large purchase of hydroelectricity from the Soviet Union. The 22 megawatt purchase will be paid for by the Czechoslovakian gas received from Iran in the future.

Energy, the Key

Over the recent months, Iran has keenly felt the side effects of the Shah's shortsighted spending spree after 1973's fourfold increase in the price of oil. This policy left Iran's growing economy with poorly developed basic infrastructure. The recent severe power shortage which partially crippled the nation's industrial output is a pointed example of the results of the poor planning. The Shah has now ordered a complete reevaluation of Iran's development strategy, as well as the largest shake-up in the Iranian cabinet since the early 1960s.

Radio Moscow on Aug. 21 praised newly appointed Iranian Prime Minister Jamshid Amouzegar for his stated intentions of working to end Iran's 30 to 40 percent inflation. The next five-year plan, which is presently being drawn up, is expected to chart a more conservative rate of growth, and to devote itself to making up the infrastructural deficit, while maintaining a strong commitment to energy development, both nuclear and petroleum.

A second priority will be developing Iran's petrochemical and gas industries, as a means of easing

away from oil dependency. In the interim, the National Iranian Oil Company has engaged in a campaign to expand its direct sales, bypassing the multinational consortium of Oil Service Companies, in order to maximize oil income. NIOC is aiming to market about 50 percent of Iran's total output by 1980. On every barrel of oil sold directly, NIOC earns an additional \$.22 a barrel that would otherwise go to the multinationals in the form of discounts. The Radio Moscow report noted that one of the factors contributing to Iran's economic problems is "the oil policy pursued by the Western monopolies...which does not consider Iran as an equal partner, and prevents its industrial expansion by taking advantage of its economic attitude, which is mainly toward the West, to fill their pockets at Iran's expense."

Iran has launched an ambitious campaign to maintain economic growth by bartering its oil in exchange for imports and in some cases turnkey projects. The first deal of this kind was recently completed with the U.S. and involves the Texas-based firm of Brown and Root which has been contracted to construct a naval base. By supplying the New England Oil Corporation, a third party in the deal, with 100,000 barrels a day of crude oil, Teheran will finance the construction of the base. John Connally is rumored to have been involved in this benchmark deal.

New Gulf Relations

A regional reflection of Iran's shifting foreign policy is its developing relations with its Arab neighbors in the Persian Gulf region. According to the *Baltimore Sun's* Michael Parks, one of the first foreign policy initiatives of Iran's new government was to ask Iraq for broader trade ties and closer political relations. The chairman of the Iraqi Revolutionary Command Council, Saddam Hussein, will visit Teheran this month to discuss Iran's request.

Since the beginning of the year quiet but consistent diplomacy has taken place between Iran and the Arab Gulf states, including its traditional regional rival Saudi Arabia. Exploratory talks around economic cooperation have taken place, and efforts involving Iran toward achieving a consensus on a Persian Gulf Security Pact are underway. While consensus on such a delicate issue may not be just around the corner, Iran's openness to its Arab oil-producing neighbors is a strong indication that Iran has broken with its role as a U.S. protégé in militarily dominating the region.

— Judy Wyer