

Behind the nuclear effort, Egypt has launched a nationwide mobilization of its labor and resources. The slogan of the new Egyptian government is: "Increase production, increase wages, and decrease prices!" As its first act, the new government directly contradicted the austerity dictates of the IMF by issuing an order granting a bonus of 10 days' wages to all workers in the Egyptian state sector which is the bulk of Egypt's workforce.

Among the projects now under active consideration is the immense Qattara Depression development scheme in Egypt's western desert, involving the creation of a new salt-water inland sea for power generation, desalination, and irrigation, as well as fishing and recreation. The West German government announced in Bonn May 10 that the \$20 billion project is now going ahead, and that U.S. support would be sought for the plan. Scores of new factories and housing projects are also in the works for the Suez Canal corridor and Alexandria, and a major re-vamping of Egypt's decrepit infrastructure is planned.

The reorientation of Egypt's economic policy could not have occurred without international support. And now the climate created by the Brezhnev-Schmidt talks in Bonn, where one of the main agenda items was the implementation of a real North-South dialogue for economic cooperation, spotlights Egypt as a possible testing ground for just that.

If the might of West German industry is to help restore Egypt's economy, the French government has already staked its claim in the political and military areas. The crucial role of France was underlined by War Minister Gamassi of Egypt, who told an interviewer this week that the backbone of Egypt's efforts to rebuild its shattered army would be French-built Mirage jets. Egypt and Saudi Arabia are collaborating with France and West Germany for the construction of a complete aerospace industry in Egypt called the Arab Organization of Military Industries. Informed sources report that this project, extremely capital-intensive in nature, will require the virtual overhaul of Egypt's educational system and industrial infrastructure. Adding that the French Mirage jet was the "spinal column" of the Egyptian airforce, Gamassi said that the token shipments of American F-5E jet fighters to Egypt were "not vital," and that the arms deal with the U.S. was purely political in character.

Although the United States has remained somewhat reticent on direct economic intervention in Mideast development, the recent statement by First National Bank of Chicago Chairman Robert Abboud at a May 10 American-Israel Chamber of Commerce and Industry meeting is a signal that key industrialist and banking circles in the U.S. are collaborating with the recent policy objectives outlined during the Schmidt-Brezhnev talks. Declaring that an "economic solution is the only hope for a meaningful peace in the Mideast," Abboud called for a common market and a common currency to foster trade and development throughout the Mideast and into Pakistan and India.

—Mary Jane Coates

## IMF Faces Hard Times

Egypt's break with the IMF and its concomitant dialogue with the West Germans have already triggered anti-IMF policy moves in neighboring Sudan and in Turkey to the north.

West German Economics Ministry sources in Bonn have announced that the BRD is planning to fight for some form of moratorium on Egypt's debt at meetings planned in June of the "Donors' Group" of institutions and countries to which Egypt is indebted. In tandem with debt alleviation for Egypt, the West Germans are actively pushing for a moratorium on most of Turkey's \$13 billion debt. They are tying these proposals to the creation of new development arrangements involving the employment in new projects of Turkish skilled workers returning to Turkey from West Germany. Turkish Prime Minister Ecevit is now in Bonn to discuss these arrangements.

Following Egypt's lead, neighboring Sudan has informed the IMF that it is displeased with the Fund's austerity policies, and a special delegation has been dispatched to Saudi Arabia to seek financial aid for Sudan's prodevelopment efforts. The future breadbasket of the Mideast and Africa, the Sudan has long been the target of West German, Saudi, and Rockefeller circles for large-scale agriculture development projects. Chicago banker Abboud alluded to this program when he stated that plans were being drawn up to make this area a major food producer whose products could be shipped notably to West Europe, but also eastward to the impoverished countries of Pakistan, India, and Southeast Asia.

## Trade & Development — Way To Mideast Peace

*A. Robert Abboud, chairman of the First National Bank of Chicago, spoke at a meeting of the American-Israeli Chamber of Commerce and Industry on Monday May 10. Excerpts from his speech, entitled "The Key to Middle East Peace is Economic Development," are reprinted below:*

Since the beginning of history, the Middle East has been a crossroads — a crossroads for different civilizations, a crossroads for trade, and, unfortunately, a battleground for the peoples from three continents. Recent history has been more of the same....

Diplomacy, even in its most refined state, will... not produce peace. Diplomacy can establish channels of communication, but it is no substitute for substance. Diplomacy is only useful to settle grievances where the relationship of substance already exists.

The only possible solution for a meaningful peace in the Middle East is economics. Trade and investment must be made to flow freely throughout the region, creating interdependencies which transcend the cultural differences among the various peoples. A common currency, a common market, and free investment flows on a regional basis are the only possible catalysts for

peace. The great value of such an economic initiative is that peoples doing business together begin to understand each other, because no business will long endure if people do not know each other's history, or have an appreciation for each other's culture, and a respect for each other's traditions.

I know this sounds like a daydream. I also understand the formidable obstacles which make such a dream difficult to realize. On the other hand, there appears to be no other viable alternative other than the continuation of armed conflict, interrupted by armed truce, with economic devastation at best and the remote possibility of worldwide conflict at worst.

For a common market to be successful, the minimal area must include Lebanon, Syria, Jordan, Israel, Saudi Arabia, the Emirate States, Kuwait, Egypt, Sudan, Yemen, Aden and Oman. Then if the market were to be broadened to include Greece, Turkey, Iran, Iraq, and other nations in Asia or Africa, so much the better. But, in the beginning, the nations immediately abutting Israel appear to be the core nucleus with the Arabian peninsula and Sudan required for financial and economic viability.

This market, so defined, would embrace an area of 2,657,000 square miles, about the size of the U.S. excluding Alaska, Texas, and California, and 1.75 times the size of non-communist Europe. It would include a population of 90 million, which represents approximately 43 percent of the U.S. population. And it would include a wide variety of climate, access to three continents by land, sea, and air, agricultural land in abundance, mineral resources, and more energy and potential financial resources than almost anywhere else in the world. Lacking, of course, would be organization, infrastructure, communication, transportation, technology. But, these ingredients are available elsewhere in the world, and over time, could be the most modern and efficient anywhere. Moreover, as our energy needs move from hydrocarbons, through nuclear, to solar, where else in the world is there a greater abundance of concentrated solar density?

Let's review the feasibility of some of these projects. First, for any market to be operative, there must be a common currency or, at the very least, free interchangeability of currencies. Such an accord is not as difficult as one might imagine. Many of the currencies within the region are already freely convertible. The most difficult challenge would be for Egypt, but in a comprehensive accord, these difficulties could probably be resolved.

Secondly, there must be the free movements of goods.

Once again, however, the official barriers appear more formidable than the actual course of conduct. The movement of goods through the invisible markets, including the movement of goods to and from Israel, is already formidable. A customs union could be negotiated, much along the lines of other customs unions throughout the globe.

Probably objective would be the establishment of free and easy investment with a guarantee of capital protection and repatriation. We all know the abundant liquidity represented in the oil producing states. This capital requires an investment outlet, preferably denominated in a local currency unit, which would not only serve to develop the region but also to create ever increasing streams of income for future generations.

To achieve such an objective would require a common central bank for the entire region which would issue its own notes as the universal currency. Obviously, the involvement of the Saudis would be imperative.... But, after all, they have the money, and their reserves would be essential to give the new central bank solvency and liquidity.

In addition, there would have to be a system of commercial tribunals or courts which would resolve commercial disputes. The adjudications of these tribunals would have to be overriding and enforceable throughout the region and despite any contrary pronouncements by local courts or local bureaucracies. Such could be accomplished through acceptance of a common treaty which would vest such authority in these commercial courts to be established.

It is not difficult to envision some of the benefits. Consider, for example, the advanced medical capabilities of the Israelis, which could be spread throughout the entire region. There would be no need for any inhabitant of the area to go beyond the union for the latest in medical knowledge and advancements. Some of the world's finest hospitals are located in Israel....

The opportunities in agriculture defy measurement. Areas of Lebanon, Northern Syria, and Sudan compare with the finest agricultural lands anywhere in the world. The agricultural innovation in Israel, where the desert has been turned into productive territory, is the most advanced anywhere. Then there is the Nile Valley, and the selected regions of Jordan and the Arabian Peninsula. All in all, the territory could produce more than enough food, not only to feed its own people, but also to export westward into Europe and eastward into the teeming population areas of Pakistan, India, and Southern Asia.

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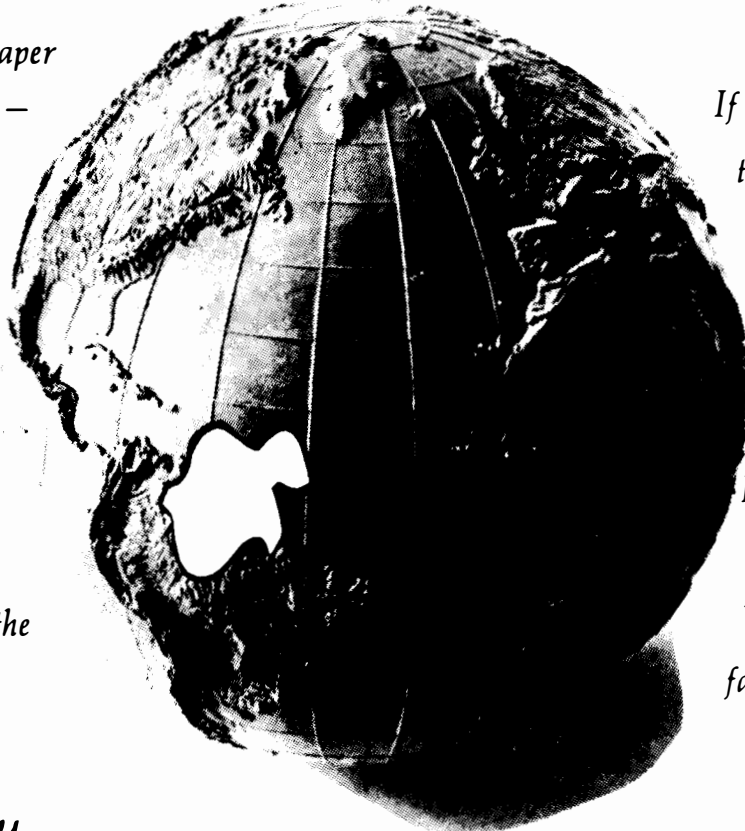
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THURSDAY, JANUARY 11, 1978

LEADING U.S. BUSINESS DAILY CALLS FOR CUTOFF OF NUCLEAR COOPERATION WITH INDIA

JAN. 11 - THE WALL STREET JOURNAL, A LEADING U.S. BUSINESS DAILY, RAN A MAJOR EDITORIAL TODAY CALLING ON THE CARTER ADMINISTRATION TO DENUNCIATE AND ABOVE ALL HIS COSMETIC CONCESSION THAT HE WOULD AUTHORIZE SUPPLY OF ONE SHIPMENT OF ENRICHED URANIUM TO INDIA, FOR FUELING NUCLEAR COOPERATION RELATIONS WITH INDIA. IN A SCATHING THE JOURNAL STATES: "SO WHILE THERE ARE AT LEAST SOME ARGUMENTS FOR ENDING NUCLEAR COOPERATION COLDLY AND BLUNTLY AS THE CANADIANS DID AFTER THE INDIAN EXPLOSION, THE JOURNAL CONCLUDES: 'IT IS IN ADDITION SO CONFUSED THAT MR. CARTER DOESN'T NOTICE HIS POLICY IMPACT DESPITE THE HEAVY WATER SHIPMENT. BUT ON THE OTHER HAND, PERHAPS THE INDIANS WHO WERE INTENDED TO OVERHEAR THE GEN MINE. PERHAPS THE CANDIDATE CARTER WHO PROMISED NEVER TO TELL US A LIE WAS USING THE PLOY TO MISLEAD THE AMERICAN PEOPLE."

**WHAT IS REALLY GOING ON?**

WHILE THE DUST HAS NOT YET SETTLED ON THE CARTER TRIP, BRITISH PRIME MINISTER JAMES CALLAGHAN HAS ARRIVED IN INDIA TO SUPPOSEDLY EVOLVE THE COMPROMISE FORMULA TO BRING INDIA INTO AN ACCEPTABLE STATUS ON THE NON-PROLIFERATION QUESTION. WHILE THE U.S. STATE DEPARTMENT TODAY ADAMANTLY DENIED ANY TRUTH TO THE STORY THAT CALLAGHAN HAS SUCCEEDED WHERE CARTER HAS FAILED, AS PRESENTED BY THE LONDON TIMES AT THIS TIME, TODAY'S SECRET "PROMISES AND GOALS" IS TO ARRIVE AT A COMPROMISE AGREEMENT WITHOUT TOTALLY DISREGARDING DETAILS AT THE DESAI'S LONDON DAILY TELEGRAPH ADDS THAT CALLAGHAN HOPES TO TAKE TODAY'S SECRET "PROMISES AND PLEDGES" TO PAKISTAN WHERE HE WOULD USE THESE ASSURANCES TO PRESS THAT COUNTRY TO AGREE TO NEW RESTRICTIONS AND SAFEGUARDS ON ITS CONTRACTED FRENCH NUCLEAR REPROCESSING PLANT. CALLAGHAN ANNOUNCED IN PAKISTAN JAN. 11, ONE DAY AFTER THE NEW YORK TIMES ANNOUNCED THAT FRANCE HAS REQUESTED THE PAKISTANIS CONSIDER ALTERATIONS IN CURRENT CONTRACTS.

**MIDWEST COLD FREEZES ONTO COAL STOCKPILES**

JAN. 11 - AS THE NATIONAL STRIKE OF U.S. COAL MINERS AND COAL-HANDLING MACHINERY, A SPOKESMAN FOR THE ELECTRIC UTILITY TOLD THIS NEWS SERVICE THAT THE STRIKE HAS BEEN ASKED TO VOLUNTARILY CUT BACK FACILITY IN SHIPPINGPORT, PA. HAS BEEN SHUT DOWN TODAY. HOWEVER A SECOND COLD FREEZE IS PREDICTED FOR WEDNESDAY. THE ONGOING MINERS' STRIKE IN OHIO COAL TO REPLACE FROZEN COAL DURING THE WEEKEND. THE STATE ENERGY OFFICE DURING TV COAL DELIVERIES TO RESIDENTIAL USERS.

**CONSERVATIVE BRITISH FIRING OPPOSITION**

A SPOKESMAN FOR THE U.S. DEPARTMENT OF ENERGY WILL DO NOTHING IN THE PRESENT STRIKE. HE MADE A STATEMENT HE ADDED THAT THE PRODUCTION BY THE ONGOING STRIKE AND UNTIL THEN THE GOVERNMENT.

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