

slavia's Marshal Tito, will be in Egypt Jan. 20-28 for consultations with Sadat.

In Europe, Britain and Italy have so far had the most encouraging response to Egypt's appeals. According to the Algerian government daily *El Moudjahid*, Britain officially endorsed Egypt's position on Geneva and, for the first time ever, came out in favor of the formation of a Palestinian state. Former shadow cabinet foreign minister, conservative Reginald Maudling was in Egypt last week for meetings with Fahmy, and top British Middle East operative Lord Caradon, the author of the UN Resolution 242 on the Mideast, has just returned to Britain from an extensive Mideast tour. Caradon is lobbying

within ruling British circles for an extensive British role at Geneva and support for the creation of a Palestinian state.

Italian Premier Giulio Andreotti has announced a trip to Syria at an unspecified date in the near future, while Italian Socialist Party leader Bettino Craxi is traveling to the other wing of the joint command to counsel Israel's leaders on the necessity for a Mideast settlement. Andreotti-linked editorialists, meanwhile, are warning of the imminence of an international crisis over the Mideast, and the Italian government has signaled its support for Egyptian peace efforts by granting a moratorium of \$80 million on the Egyptian debt owed to Italy.

## Rabin's Dissolution of Israeli Gov't: Opens Way for New, Pro-Peace Regime

*Exclusive to NSIPS*

The dramatic resignation of Israeli Prime Minister Yitzhak Rabin two weeks ago—an event that startled both Israeli and U.S. political circles—has opened the way for the consolidation of a new, pro-peace government in Israel that is willing to make territorial concessions and to negotiate an overall peace settlement with the Arab states.

Rabin's deliberate dissolution of the government was a virtual coup d'etat against Israel's pro-war factions. By resigning, Rabin has ensured that Israeli elections, formerly scheduled for late 1977, will be held May 17, a move that undercuts the power bids by hawkish forces inside and outside Rabin's Labour Party alignment. At the same time, Rabin, who will continue as caretaker prime minister until the elections, has afforded himself badly needed maneuvering room to establish a pro-peace government.

Rabin's move has thrown the Israeli rightwing into disarray. The neo-fascist movements being built by generals Yigal Yadin and Ariel Sharon have effectively collapsed, and Sharon, according to reliable reports, is about to rejoin the traditional opposition party, Likud. Leading warhawk Defense Minister Shimon Peres was "stunned into uncharacteristic silence," as the *Washington Post* put it, upon learning of Rabin's action.

While the rightwing forces flounder, a poll carried out by the liberal Israeli daily *Haaretz* revealed that as much as 47 percent of the Israeli population favors negotiations with the Palestine Liberation Organization under certain conditions. Armed with this popular mandate, Rabin must rapidly put forth a comprehensive peace program to ensure that Peres does not seize the Labour Party nomination for the premiership or coalesce with the forces in the Likud and around Yadin, Sharon, and several other rightwing splinter groups that adamantly oppose recognition of or conciliation with the PLO.

The consolidation of Jimmy Carter's pro-war cabinet, however, threatens to strengthen the hand of the rightwing forces in Israel led by Peres, former defense

minister Moshe Dayan, and Likud leader Menachem Begin.

Last week Yigal Allon, Israel's foreign minister and a supposed ally of Rabin, suddenly announced that Israel will not negotiate a Middle East peace under pressure, even at Geneva. Allon further insisted that talks be held face-to-face with the Arabs *without* the PLO, and he categorically opposed an important role for the Soviet Union at Geneva on the grounds that "the Russians are accelerating their hostile propaganda against Israel every day."

Similarly, in their first response to the meeting between Egyptian President Anwar Sadat and Syrian President Hafez Assad two weeks ago in Cairo, Israeli officials charged that the Arabs have adopted an extreme position. According to *Agence France Presse*, the Israeli officials said that the Arab demand to include the PLO at the Geneva talks makes the question of a Middle East peace "problematic."

### *Rabin: Pressured for Peace*

Rabin's decision to collapse the Israeli government was a direct response to the mounting pressure exerted on him from within Israel and from leading Arab and socialist sector leaders to ensure the establishment of a comprehensive Middle East peace settlement. His resignation, pre-empted a move by the Likud, the extremist National Religious Party, and several related groups to bring down the government via a parliamentary no-confidence vote after Rabin fired three Religious Party cabinet members.

The pressure continues to build on Rabin to ensure that he does not abandon or compromise his decisive moves. Former foreign minister Abba Eban, a leading pro-peace moderate in the ruling Labour Party, announced last week that he will run against Rabin for the Labour Party nomination for prime minister at the party's national convention in February. Eban's challenge is an effort to pressure Rabin, who is almost certain to get the nomination, to stand firm in his fight against warhawk Peres, the third contender, in a fight the *Montreal Star*

has described as "total warfare." The *Star* reported that Rabin will soon undertake an aggressive peace campaign.

Eban's efforts to steer Rabin into campaigning on a solid pro-peace platform are coordinated with moves by Justice Minister Chaim Zadok, an Eban ally who engineered Rabin's resignation move. In addition, former prime minister Golda Meir has come out of retirement to campaign for Rabin.

Italian pro-development layers are also pushing Rabin. Bettino Craxi, General Secretary of the Italian Socialist Party, will arrive shortly in Israel to meet with Rabin, Allon and the pro-socialist Mapam wing of the Labour Party alignment to persuade these forces to seek a settlement with the Palestinians. The Craxi visit follows meetings between Mapam and the Italian Communist Party. Mapam has hinted strongly that it will pull out of the Labour Party coalition if Peres is awarded the Labour Party nomination in February, the *Jerusalem Post* reported.

The Soviet Communist Party daily, *Pravda* warned in a Dec. 22 commentary that while events in Israel demonstrate "growing splits" in the ruling parties, any changes will be only cosmetic transformations by "bankrupt intriguers" who have heightened regional tensions, unless concrete efforts are made to replace Israel's "militarized garrison state" with a regime committed to peace. The following day, the official daily of the German Democratic Republic, *Neues Deutschland*, welcomed the Rabin maneuver as a "tactical chess game" against "militarist generals" Yadin and Sharon that could "augur positive changes" if it were accompanied by a Rabin-led fight for a "just peace... and against austerity."

Any stalling by Rabin on mobilizing for an overall peace settlement will only reinforce the forces in the Arab sector—like Syria's Hafez Assad—who are bent on maintaining regional tensions and supporting Israel's

stubborn opposition to an independent PLO presence at Geneva.

#### *Rightwing Going for Showdown with Rabin*

The Peres-Dayan faction (Rafi) of the Labour Party, in coordination with Likud, is beginning to mobilize for a showdown with Rabin. Peres and Likud leader Begin have met frequently, according to the *Jerusalem Post* to conduct a "tour d'horizon" and discuss meetings that each has recently had with Carter national security adviser Zbigniew Brzezinski. Rumors abound of the possible formation of a Rafi-Likud coalition should Peres fail to win the Labour Party nomination. Dayan, meanwhile, publically threatened to pull Rafi out of the government if the Labour Party's electoral platform calls for substantial territorial concessions to neighboring Arab states. In a boost for Peres, Dayan warned the Labour Party to choose a prime minister not based on "power and the backing of party branches," that is, Rabin, but "within the realm of competence."

In a parallel attempt to dampen the momentum toward peace, the *New York Times* reported on Dec. 28 that Israel does not perceive any forward motion by the PLO in becoming more peaceful and moderate. The *Times* quoted Foreign Ministry director Shlomo Avineri: "Without a basic and fundamental change in the Palestinian movement, it cannot be expected that this moderation will be regarded in Israel as anything more than a tactical move."

Similarly, the agent head of the Histadrut trade union confederation is deliberately attempting to sabotage Rabin by calling early Histadrut elections in the hopes that this would destabilize the Labour Party. A counter-Eban movement is also springing up, with Chairman of the Knesset (Parliament) Finance Committee attacking Eban last week for "demeaning himself and the party."

Such attacks and threats will succeed only if Rabin fails to rally the Israeli population around a peace platform.

## Egypt Seeking Investments for Development, Bucking IMF

*Exclusive to NSIPS*

Over the past few weeks Egypt has manifested interest in increasing Euro-Arab trade relations and in seeking state and private investments from leading European industrial countries as an alternative policy to the austerity demands being pressed upon it by the International Monetary Fund. Simultaneously Egypt's leadership has delivered a direct and major setback to the IMF by refusing to comply with their demands, rather than risk the social upheaval which is certain to result if those demands are implemented.

Key features of the reforms being demanded by the IMF, abolition of food subsidies, making the Egyptian pound convertible, and cutbacks on foreign borrowing and internal deficit financing, are all presently being

ignored by the Egyptian government because Egypt's situation does not permit the government to implement them, and because the Egyptians are, in fact, not willing to impose such drastic measures on their population. Egypt's resistance is so stiff that the crucial talks scheduled for mid-January, 1977, between Egypt and its main creditors, the IMF, the International Bank for Reconstruction and Development, Western states and Chase Manhattan Bank, have been postponed for at least two months. Furthermore, President Sadat, according to the *Jerusalem Post*, has commissioned an economic review to take account of what Egypt owed and to whom.

Two weeks ago the IMF announced that it was dropping its demand that the pound be made convertible. Convertibility, said one investment banker, "would