

Egypt Puts IMF On Notice

Heralding New Era Of Economic Development

The political and military command structure of Egypt last week put the International Monetary Fund — architect of Egypt's austerity programs — on notice and outlined a course for the industrialization of the country through nuclear energy.

The Egyptian move, in the context of the recent historical accord between West Germany and the Soviet Union, signals that the basis now exists for a regional development plan for the Arab world and Israel, a plan that would provide the foundation for a lasting political settlement in the Mideast.

Reversing policy, President Sadat reshuffled the Egyptian cabinet, ousting the former Minister of Economics and Finance, Abdel Moneim el-Kaissouny, and creating a new Ministry for Economic Planning. The

long-rumored ouster of Kaissouny represents Egypt's virtual abrogation of the IMF's heretofore dominant role in Egypt's economic policy making.

Debt Payment Versus Development

Kaissouny's removal took place at a time when the Egyptian cabinet was deeply split over whether to implement a further round of IMF-ordered austerity measures which led to nationwide riots and the near overthrow of the Sadat regime in January 1977. At that time the Egyptian government announced that subsidies would be removed from food and other necessities, thus putting pressures on Egypt's poor.

According to the May 10 *New York Times*, Prime Minister Mamdouh Salem and Kaissouny "clashed over the issue of state treasury subsidies to keep basic consumer prices within reach of low-paid workers and peasants. Dr. Kaissouny wanted the subsidies trimmed as a step to help balance the budget. Mr. Salem, as Prime Minister, had to cope with the riots that broke out in January 1977 after an attempt was made to eliminate some food subsidies. He was reluctant to see the program tampered with."

The internal cabinet debate, though, is only a reflection of international and related Arab maneuvers to weaken the IMF's hold on the Egyptian economy. As the same *New York Times* article reported, "The Egyptian economy has been shored up by huge infusions of foreign aid. Such aid totaled slightly less than \$3 billion in 1977 alone, nearly a third from the United States. An even larger amount was provided by the Arab oil-producing countries, particularly Saudi Arabia and Kuwait, which formed a consortium called the Gulf Organization for the Development of Egypt." The GODE is known to be opposed to having its money flushed down the bottomless hole of Egypt's foreign debt-payment requirements. Egypt's foreign debt is estimated to be \$18 billion with debt service of over 25 percent per year.

International Economic Support

The centerpiece of Egypt's new economic policy is nuclear energy. The clearest statement of this commitment came from an April 26 conference of over 500 Egyptian scientists and engineers. A proposal was adopted by the conference to have the Arab League draw up a plan for a long-term Arab energy strategy in which "economical" and clean nuclear energy would play a central role.

According to sources at the West German Economics Ministry, Cairo has proposed that West Germany consider the construction of a series of nuclear power plants in Egypt to provide energy for industrial growth, and the West Germans are currently in contact with Washington to work out a cooperative effort on the project.

Egypt's Scientists Call for Nuclear Energy

Following their meeting in Cairo on April 26, the Egyptian Nuclear Science Association issued the following press release:

In its recommendations today the conference on nuclear applied science, which was organized by the Egyptian Nuclear Science Association in cooperation with the Atomic Energy Authority, called on the world's advanced states to work for the non-proliferation of all types of nuclear weapons. The conference also called on these states to prevent the production of the neutron bomb, which is a weapon for mass killing. The conference recommended that the Middle East should be free of nuclear weapons.

Concluding its sessions today, the conference recommended that the Arab states coordinate their plans and programs toward a unified strategy in the field of long-term utilization of energy, including nuclear energy, and direct the manpower and material resources into the Arab countries to serve these programs.

The conference, which was attended by 500 scientists and researchers from various scientific organizations and centers in Egypt, supported the state's plan to establish nuclear power stations as being more economical and better preservers of the environment than other, traditional methods, which failed to meet the country's energy needs.

The conference also recommended intensive prospecting and production of uranium and promotion of applied research in fields which serve development plans.