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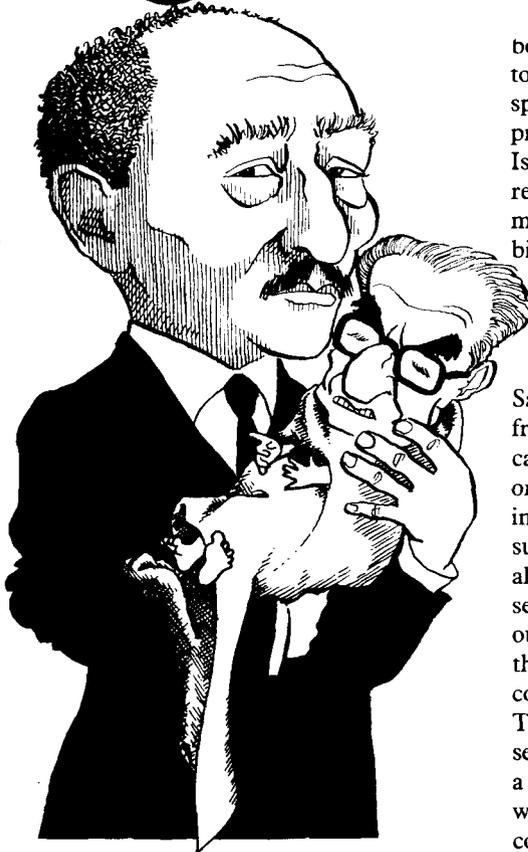
EYEGPT

Anwar el Sadat took his first steps towards Camp David and the US/Egyptian/Israeli alliance very soon after he succeeded Gamal Abdel Nasser as President of Egypt in October 1970. The reversal of Nasser's foreign policy was heralded in May 1971 by the arrest and imprisonment of a group of prominent political leaders known for their active support of a policy based on friendly relations with the socialist countries. By July 1972, Sadat had expelled from Egypt all the Soviet military technicians, a move rightly understood as a signal that the way was open for Egypt's alignment with US strategy in the Middle East. This became obvious after the October 1973 war. When the ceasefire took place, Egypt had regained only a narrow band of the Israeli-occupied Sinai peninsula, but the effects of even this limited achievement were extremely worrying to the Zionist state whose claim to invincibility in the military field had been shattered. The indecisive outcome of the fighting gave the US State Department its chance to step in.

The aim of Kissinger's shuttle diplomacy after October 1973 was a peace settlement on terms that would meet the needs of American strategy. This meant an initial rapprochement and then a separate peace between Egypt and Israel whose armies, the most powerful in the Middle East, would both become dependent on American assistance and available to defend American interests in the whole region and beyond. The two Sinai disengagement agreements of 1974 and 1975, negotiated under Kissinger's leadership, marked a further American advance. Under the pretext that a watchman over both the Egyptian and Israeli forces was needed, the US installed its own personnel in the Sinai, thus establishing a precedent for the present use of Egypt's air bases by the US air force operating in the Middle East.

Meanwhile, the Geneva Conference set up in October 1973 under United Nations auspices with joint US and Soviet chairmanship, had been adjourned in 1974. It was intended to negotiate a comprehensive Middle East settlement with the participation of all the parties concerned including the representatives of the Palestinian people demanding their right to self-determination. Rather than this comprehensive settlement, Sadat's 'peace initiative', ie, his visit to Jerusalem in November 1977, led to a hardening of the American and Israeli positions and to a series of Egyptian capitulations culminating in the peace treaty signed in Washington in March 1979.

Sadat told the Knesset in November 1977 that Egypt insisted on the withdrawal of



Israel's military forces from all the occupied territories, including the West Bank of the Jordan, the Golan Heights in Syria, the Gaza enclave and the Arab part of Jerusalem; that he would not sign a separate peace treaty; and that he would defend the right of the Palestinians to their own State. Yet while the negotiations were proceeding and then after the signing of the Washington treaty, the Israeli Prime Minister repeatedly declared that he would never accept a withdrawal to Israel's pre-June 1967 borders, or to return the Arab part of Jerusalem to Arab sovereignty, or grant territorial autonomy to Arab Palestinians in the West Bank and Gaza.

The peace treaty of March 1979 in fact upholds these claims, since it acknowledges the right of Israel to station its military forces within the West Bank and Gaza even after the proposed 'Palestinian autonomy' and provides for discussions to determine the form of this 'autonomy' without the participation of the Palestinians themselves. The Palestinians never authorised Sadat to speak on their behalf, let alone make concessions to Israel in their name in contradiction with UN resolutions.

Sadat has so far managed to manoeuvre thanks to two important factors in Egypt's life in the 1970s. There is little doubt that a large part of the Egyptian people aspire to peace and therefore welcomed his initial steps towards reconciliation with Israel. The devastation of the Suez Canal Zone by Israeli

bombing and shelling and the enormous cost to the economy were all too apparent when he spoke to the Egyptian people of the era of prosperity which would follow peace with Israel. Few imagined that, instead of a reduction in military expenditure, this peace meant that the Egyptian army would need bigger armaments and more men than ever in order to play its new role as US policeman to defend unpopular regimes in the Arab countries and in Africa.

Equally important for the conduct of Sadat's policy was the support it received from a significant section of the Egyptian capitalist class. Nasser's main achievements on the economic front were the removal of the influence of the big landowners thanks to successive agrarian reforms, and the nationalisation of a large part of the industrial sector. These measures were however carried out without parallel political advance, with the trade unions under tight government control and democratic rights strictly limited. Thus it was inevitable that the large public sector should be exploited to the advantage of a small part of the population. The outcome was the expansion of a class of entrepreneurs, contractors etc, who accumulate immense fortunes without investing in productive projects, while the nationalised industries decline for lack of investments and administrative neglect.

Sadat's response to the disastrous state of the productive sectors and the roaring inflation was the 'open door' policy intended to attract foreign investments. But while it failed to attract significant investments from abroad, rewards for his political line did come from reactionary Arab countries and the US in the form of larger and larger loans, grants and military supplies. For 1980 alone the promised US financial assistance to Egypt is 1,500 million dollars, to be followed by 4,000 million in the next four years.

The enormous debts contracted since 1973 have inevitably been accompanied by foreign interference. In 1976 the International Monetary Fund investigated Egypt's finances and imposed severe restrictions, including the cancellation of state subsidies on essential food items which led to nationwide riots in January 1977. Another IMF agreement signed in 1978 stipulated further restrictions.

Disillusionment with Sadat's policies is now spreading to all classes including the capitalists who had hoped to turn his policies to their own advantage. The opposition remains muzzled but is growing despite more and more repressive laws passed by a National Assembly dominated by Sadat's own party, the National Democratic Party.

Some of these laws were recently publicly denounced by the Egyptian Bar Association and the Journalists' Union. The Progressive National Unionist Party which claims a membership of 150,000, groups Marxists, Nasserites and other progressive opponents of the regime and remains active despite the banning of its official newspaper. The trade unions affiliated to the PNUP have supported its denunciation of the Washington peace treaty. A recently formed National Front of opponents of the regime is active in Egypt and abroad. Groups of religious fundamentalists, opposed to the Israeli alliance, represent a threat of a different character.

The Sadat regime has survived so far partly because of the lack of a cohesive opposition and partly because of the American money poured into its coffers. The price Sadat has had to pay is complete subservience to the US and the disgrace attached to pro-Americanism in the Middle East.

Japanese ally. PSA are also negotiating a technical and licensing deal with Nissan to help their exports to Japan. In Europe they are linked even to their arch-rivals Renault, as well as Volvo, in the jointly-owned Douvrin engine plant. They have strong links with Matra, and arrangements for production of speciality cars and vans with Matra, Chausson, Pininfarina and Lotus. On the commercial vehicle side they are establishing joint production plans with DAF Truck, which is 33½ owned by the giant International Harvester, which itself owns Seddon-Atkinson in the UK.

What will actually survive of all these castles in the sand will depend largely on the effects of this year's expected downward lurch of the car market, as part of the general depression, and on whether the hoped-for revival takes place in 1981-4. PSA's plan is to use the scope for rationalisation offered by the possibilities for integration resulting from their takeover of Talbot. PSA bosses have stated in newspaper interviews that of the 45 plants in the group 20 might be expected to close in the next few years.

They intend to do this by integrating the model range within the whole group and developing the standardisation of components across Peugeot-Citroen-Talbot models. For instance, different types and capacities of

engine will be developed for the group as a whole, so that each model can be offered in a range of variants. Production of such common components will be pumped, while others can be closed down. Some of this investment is being supplied by the French government, as part of the scheme to create jobs in northern and eastern France, following the steel closures and subsequent riots. But the French unions are well aware that these subsidies are being given under false pretences: as this investment programme proceeds, PSA will be reducing not increasing employment overall, even in France, by closing down other plants, mainly in the Paris region.

The effect on Talbot UK would be to reduce it to a disposable module in the PSA structure. Inevitably, the UK assembly plants will be duplicating models produced in France and Spain, with a sharply reduced local content. The successful Alpine and Horizon models were designed in Coventry but produced almost entirely on the Continent. The 'notchback' variant of the Alpine, launched in May as the Solara, was originally intended to be produced only at Ryton for the whole European market, but PSA decided last year to produce it also at Poissy. A new 2-litre designed in Coventry was delayed by PSA for redesigning to take

Peugeot engines, and will be launched on that basis. This trend must mean the rundown or shutdown of independent production capacity for engine, gearbox, foundry and mechanical parts production at the Stoke and Linwood plants, as well as related suppliers, with the consequent loss of thousands of jobs.

PSA's refusal to put any new investment into the UK operation has merely continued Chrysler's policy of milking dry the assets acquired from Rootes. The company's financial position is still crucially dependent on the Iran contract originally negotiated by Rootes, under which the aged Hunter is exported in kit form. Even this is now threatened by the Thatcher government's blind and servile backing of US sanctions against Iran. This would mean 2,000 immediate layoffs in Coventry, with a spread effect in related suppliers of maybe twice that number. Should Iran retaliate by cutting off all links with Talbot and buying car kits or a model for local production on the increasingly cut-throat world car market, this could prove the death-knell for Talbot UK. It could become a mere assembler of cars with less local content than is permitted by many developing countries.

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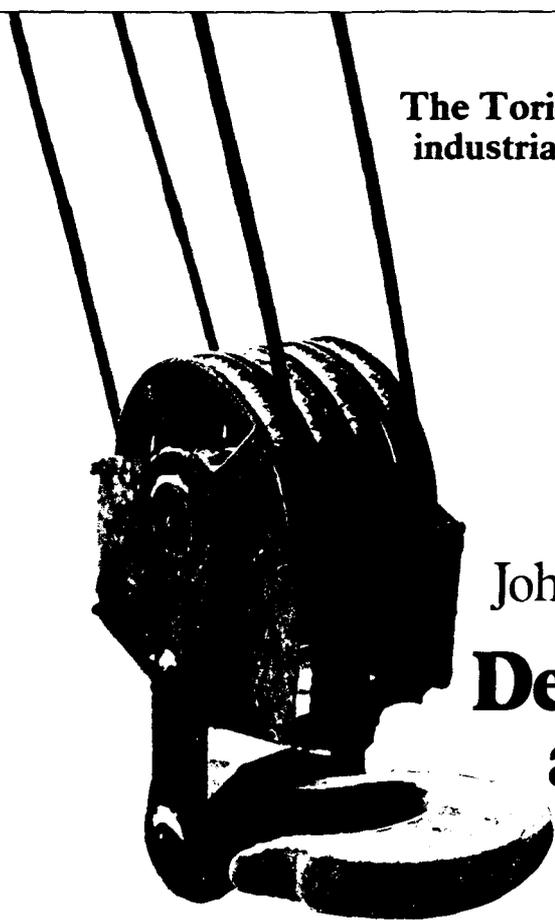
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The Tories, far from reversing our industrial decline, are exacerbating it

John Grahl

De-industrialisation and the Tories

The term, 'de-industrialisation' is increasingly used to describe economic decay in Britain.² Essentially, it refers to two closely related problems: firstly, the inability of British manufacturing industry to maintain its position in foreign and domestic markets; secondly, the failure to provide industrial employment for the British workforce.

The dramatic pace of de-industrialisation since the Tories returned to office is easy to illustrate. The TUC lists the following redundancies in UK industry announced in just two weeks of February this year.

Date	Company	Location	Jobs Lost
1.2.80.	Dunlop	Birmingham	600
1.2.80.	Courtaulds	Larne	235
		Carrickfergus	
4.2.80.	British Cargo Airlines	Stanstead	50
5.2.80.	National Smokeless Fuels	Manvers, Yorkshire	580
5.2.80.	Tootal	Northampton/London	800
6.2.80.	Weir Group	Sheffield	850
8.2.80.	Stone-Platt	Oldham	850
11.2.80.	SCM	Glasgow	500
11.2.80.	Massey-Ferguson	Liverpool	550
14.2.80.	Pickering Foods	Northern Ireland	300

TUC Economic Review

This process is going to continue. A Treasury official recently told a Commons Committee that the government was reckoning on a 4½% fall in British manufacturing production this year. Officials have been less forthcoming on the consequences of this sort of figure for unemployment.

Historical background

This double failure — to compete internationally and to provide work

— has very deep roots. Historians continue to discuss the reasons for Britain's relative decline as an industrial producer, but they are virtually unanimous in tracing it back at least as far as the last quarter of the nineteenth century.

Debate continues about the specific weight to be attached to economic, social and cultural factors in accounting for this loss of dynamism in British economic development. However, in view of 'neo-liberal' doctrines of competitive capitalism and the related cult of small businesses among the Thatcherites, it is worth making a simple point. *Britain's economic decline has its origin precisely in the failure of a liberal economic order, an economy of small businesses almost completely free from legal restraints and bureaucratic interference. The laissez-faire economy of mid-Victorian Britain failed to use science to reshape its technology, lagged behind its rivals in the extension of factory production, and was unable to create and exploit new mass markets for consumer goods.*³

From Relative to Absolute Decline

The decline discussed so far was *relative*. Britain fell behind the second generation of industrial powers — the US, Germany, Japan. Increasingly, she fell behind the third and fourth generations also, as industrialisation spread through Europe and into parts of Asia and Africa. But this loss of leadership did not mean a decisive halt to British economic development.

The limited but significant reforms of the nineteen forties,

¹ In writing this article, I have benefited considerably from papers by Mike Bleaney, John Fairley and Paul Levine presented to the Economic Committee of the Communist Party.

² For example, Agit Singh, 'UK industry and the world economy: a case of de-industrialisation?' *Cambridge Journal of Economics* No 1 1977; Frank Blackaby ed, *De-industrialisation*, Heinemann 1979.

³ E J Hobsbawm, *Industry and Empire*, Penguin, 1969, Chapter 9, 'The Beginnings of Decline'.