

## Sadat Turns To The Right — But Can He Survive?

Egyptian President Anwar Sadat and Prime Minister Mamdouh Salem, on orders from Rockefeller's Chase Manhattan Bank, yesterday rejected a national consensus against Sadat's post-1973 "Open Door" economic policy. In a major government shake-up following nationwide riots on Jan. 18, Prime Minister Salem personally assumed charge of the feared Interior Ministry, which controls the national security forces, and appointed two high-ranking police officials as his deputies.

The intention of the new regime is to force a showdown with the opponents of the New York banks and the International Monetary Fund, whose program for Egypt — the elimination of government subsidies on fuel and oil, a 50 per cent devaluation of the Egyptian pound, and the dismantling of the state-owned industrial sector — was the target of the mass protests that almost toppled the Sadat regime a week ago.

Sadat's decision follows the visits of two key Rockefeller agents to Egypt: Trilateral Commission member J. Paul Austin, the chairman of Coca-Cola and the prime political sponsor of President Carter; and former U.S. Attorney General Edward Levi.

So far, it is impossible to tell whether the decision by Sadat to crush the domestic opposition to IMF austerity will affect the long-standing policy of Egypt to support a reconvening of the Geneva Conference on peace in the Middle East. Although the crippled Egyptian economy and poorly equipped armed forces are in no condition to sustain even a limited war mobilization, not to speak of a renewed Arab-Israeli conflict, the lack of political will within the Sadat regime to resist U.S. pressure may cause Cairo to back off its oft-stated support for Geneva and to abandon the Palestine Liberation Organization.

According to reports from Cairo, former Planning Minister Ismail Sabri Abdullah (who recently proposed the formation of a new international bank to replace the IMF), fears that the rightist trend in Egypt will shortly end in "the Brazilianization or Chileanization of Egypt, and a clear and open shift to the right."

But it is extremely doubtful that Sadat and Salem have the internal muscle to re-impose the austerity demanded

by the IMF, and any attempt to do so will likely lead to an uprising that would spark an anti-Sadat coup by Nasserists and pro-Soviet military officers. According to one observer, Sadat can only rely on the elite Security Forces, controlled by Salem, to keep order in the streets in the event of another outbreak of strikes and demonstrations. Although the Egyptian Army is tightly controlled at the top by officers who are supporters of the Sadat regime, within the junior officers' corp there is unbridled hatred of the present rule, while a former State Department official claims that deep divisions extend to the level of the General Staff.

Despite the intent of the regime to re-impose the IMF's program at the earliest opportunity, there is every indication that neither Sadat — nor any regime in Egypt — could survive another upsurge by the Egyptian working class. A number of political analysts agree that within the Egyptian population there is powerful resentment against the current Government, which has become known in Cairo as the "Royal Family" because Sadat has brought so many of his relatives into key positions in the regime.

The spokesman for the opposition is Khalid Mohieddine, the former ally of Nasser's Free Officers in the 1952 revolution who now heads the leftist National Progressive Union of the Egyptian People's Assembly. Two days ago Mohieddine held a press conference — itself almost unprecedented in Egypt — to denounce the regime's campaign against the Egyptian left. Mohieddine charged that Sadat is "a captive of Carter," and he blasted the disastrous Open Door policy as the basic cause of the crisis.

Mohieddine was the chief target of a anti-communist tirade delivered on Jan. 29 by Prime Minister Salem, who virtually called for the abolition of Mohieddine's leftist organization. It is interesting to note that Sadat, speaking the same day to trade unionists, did not support the prime minister's demand to abolish the left party, but reaffirmed his commitment to "democracy in Egypt," leading observers to wonder whether Salem and the Egyptian right are pushing Sadat into a more aggressively anti-communist stance.

## **Economist:**

### **Egyptian Security is Open to Question**

*The following is excerpted from the London weekly Economist Jan. 29, titled "Voices from Egypt's Bottomless Pit":*

One significant point about the government's handling of the riots is that in Cairo at least the ordinary police were conspicuously absent. For instance, no policemen were visible in the central area near Tahrir Square for several hours around midday on Wednesday, Jan. 19, when the rioting was at its height. Possibly their superiors did not want to test their reliability....The rioting came under control only when the central security force, a specialised group within the police, went into action.

It is also worth noting that the army was brought in only after it was decided to cancel the price rises, and was pulled out pretty sharply thereafter. Looking at the soldiers at street corners, lumpish and dishevelled, one can guess that these true sons of the Nile would not fire on their own people rioting for bread for very long. Only one regular infantry unit was used and that was stiffened by three or four battalions of military police and the brigade of the presidential guard. The fact that the rioting went on long after curfew (itself a new thing for Egypt) shows that Egyptians are no longer cowed by authority. From now on the security structure of the state is open to question.

### **The View From Cairo: Sadat is Isolated**

*The following is the evaluation on the Egyptian situation by a Princeton University specialist on Egyptian affairs recently returned from Cairo.*

I held long talks with AID (Agency for International Development) directors from the U.S., with Egyptian intellectuals and economists and this is what it looks like: for one, take the American community in Cairo. There is a great deal of apprehension among the American community about Sadat's position. People are extremely shocked by what has happened. The Americans I spoke to are distant from the pulse of the regime, they don't have an independent fact-finding apparatus, they take the word of the regime for reality, or they have done this until now, and Sadat has consistently, in channeling evaluations to them, overstated his capacity to survive. But this has changed. Now they know they have put all their eggs into one basket, but there is nowhere else to go. So there will have to be some kind of re-assessment, but what this will look like neither they nor I know....

The Egyptian Gazette late last week editorially blamed the IMF (International Monetary Fund), acknowledged IMF pressure on Egypt. At the end of last week, around Tuesday or Wednesday, editorials and news items on IMF pressure, including dispatches from

Washington on IMF pressure, began to appear for the first time. This was a change from earlier coverage. The editorials began to target the World Bank, the IMF, the Arab States, finally displaying a reasonable modicum of honesty...

Overall, this is a bad situation for Sadat. It can now be reliably spoken and reported about it in Egyptian circles that there is growing unrest in the junior officer corps level of the army. These men know the army is ill-equipped, that Sadat has whitewashed the Israeli issue. The frustration mood is reaching a crisis proportion worse than ever before. Sadat is being attacked more and more as heading a royal family. This is a hot issue, and he must purge some of them, hence the Abu Wafia affair. One Cairo rumor is that Sadat will designate his wife as Vice-President, which people believe because of the credibility of the royal family theme. Sadat had to make an official statement recently denying his wife's involvement in politics because of this.

Think about it this way: Sadat does hold meetings with Sayed Marei, and Othaman Othman, who is also in the family, and it's altogether credible that they actually discussed this. It's all very scandalous. Look at Othman, the guy's up to his neck in the most incredible real estate speculation.

After the food riots, the government's reaction is, "let's patch it up, let's impose a taxation system." But no one believes this regime has the machinery to tax the rich, the rich are involved in activities where you simply can't track them down like speculation and things like that. They are getting away with murder.

The class cleavage, one of Egypt's leading sociologists told me, is getting worse than before, the class issue is as sharp as 1952. The riots had middle class support, from government employees who actually participated. Middle-class people, professors and so on, can't get apartments, you can't buy anything at current salary rates. This is not a Brazilian-type middle class, so Sadat doesn't even have a middle class base.

Sadat himself is isolated, there is growing evidence of his personal isolation from the population, of increasing distance. Sadat has cultivated a myth, dating back from his World War II exploits, of how well he understands mass psychology, and in fact used this capability in the way he deals with close family members and those types, have left him far away from popular concerns. Maybe he believes the communist scapegoat theory. As for Salem, he definitely believes in this communist stuff. People who are close to Salem, who know him, say he really believes the communism angle.

The Egyptian right exists in the police system, the party system, the banks, those circles close to Americans, Al Akhbar, and Al Ahram, which has a right-wing tendency. As for the Saudis, they are playing it safe, they are very worried that if they encourage right-wing intransigence, the regime will falter. The Saudis know Sadat's weakness, better than the Americans do, the Americans are incapable of knowing what's going on. Ismail Sabri Abdullah, who runs the Institute of National Planning, is afraid of a right-wing coup d'état. Now, of course, the regime is a proxy for the right-wing, but what Abdullah is talking about is a clear, open shift to the right.

## The Saudi Question

*The following interview is with a U.S. Middle East strategist close to the Committee on the Present Danger.*

**Q:** Do you think the latest events in Egypt will isolate the Saudis and what do you think the Saudis will do?

**A:** It is clear by now that the Carter Administration has no clear priority for the Middle East. Obviously Carter will not go to Geneva. As a result by June the Saudis will move towards the 10 per cent increase.

**Q:** How do you know that the Saudis are considering moving with the rest of the OPEC countries?

**A:** They will have to. We are picking up rumors here, that in June if the Carter Administration does not show any signs for Geneva the Saudis will retaliate by agreement with the rest of the OPEC members. And you know what? Carter will follow his anti-Arab policy. But this will cost the U.S. the Middle East. Another thing is that an anti-U.S. Saudi Arabia means war.

**Q:** Are you serious — the Saudis will push for war?

**A:** No, Sadat will. Remember what happened in 1973. As for the Saudis they will have to take an anti-U.S. policy, or else they are finished and their tendency will be to re-ally themselves with the rest of OPEC. As far as I'm concerned the situation in the Middle East will become very sensitive by June, but the signs will start to come after Vance's trip.

## The Saudis Will Back Sadat

*The following evaluation is by John Campbell, member of the Council on Foreign Relations and specialist on Middle East affairs.*

Sadat seems to have temporarily backtracked on imposing austerity ever since the riots. The extent of the riots really surprised the world. Not only students took part, you know. You expect students to do such things. But the workers took part too, alongside the students. It was really something astonishing, something incredible. I don't know about Salem, but I do know that Kaissouni will disappear from the cabinet. He is too tainted, labeled as the proponent of the Open Door policy. He'll be out soon.

For Sadat, the whole affair was quite a setback. But it is still too soon to say if he will make any real shift one way or another. Sadat's situation depends on the army in the last analysis. So far, Sadat has been clever enough to keep the army happy, that has been his first priority. But now he is seriously weakened. It is hard to predict if and when the army will move against Sadat, but that is always a possibility.

As for the Saudis, they will support Sadat. Up to now, they have been cautious about handing money out to Egypt and have wanted guarantees. But now they see that in the long run the guarantees may be too costly in terms of Sadat's stability. I think you'll start seeing the Saudis and other oil-rich states start funneling funds back into Egypt.

## Israeli Hawks Outflank Rabin

Israeli Defense Minister Shimon Peres, in collaboration with Israel's other leading hawks, has virtually destroyed any chance moderate Prime Minister Yitzhak Rabin had to win the renomination of the Labour Party for the upcoming Israeli elections. Peres' success in outflanking Rabin brings to the fore in Israel a clique of generals committed to complying with a Carter Administration policy for a Middle East war.

Despite Rabin's pro-peace orientation, his failure to rally the Labour Party around an alternative peace program has left him vulnerable to Peres and proclaimed candidacy. The Peres operation, which is in fact under the direct command of Cyrus Vance and the Carter Administration, is specifically aimed at blocking any agreement by Rabin to reconvene the Geneva peace talks. Faced with a series of well-timed scandals which led last month to the suspicious suicide of Housing Minister Avraham Ofer, Israel's leading dove and Rabin ally, Rabin abandoned any plan he had to organize his candidacy around an overall peace settlement.

### *The Eban-Peres Axis*

Collaborating directly with Peres is former Foreign Minister and erstwhile dove, Abba Eban, who this week

withdrew from the race for the Labour Party nomination and endorsed Shimon Peres in an effort to channel some of the peace vote away from Rabin and for Peres. Said Eban: "In 1974, when the Labour Party nominated Rabin for the premiership, I thought that Mr. Shimon Peres had a greater chance of creating a unified and harmonious team, and I have not changed my views since then."

The pro-socialist Mapam party, an important pro-peace force in the current Labour Party coalition government, has threatened to break off its cooperation with the Labour Party if Peres wins the nomination. In addition, high level old-time Labour Party members are deserting the party and joining Gen. Yigal Yadin's newly formed Democratic Movement for Change, which is closely linked to the Washington-based Institute for Policy Studies. Its progressive veneer barely camouflages its pro-war orientation.

Yadin's synthetic movement is recruiting rapidly. Gen. Meir Amit, director general of the Labour Party-linked Koor Industries, the giant Histadrut conglomerate, quit the Labour Party this week to join up with Yadin, despite strong appeals by many Labour Party members to remain in the party.