

Vance Visit Leaves Sadat On Even Shakier Ground

The government of Egyptian President Anwar Sadat has been left in a weaker position than ever before, possibly facing complete collapse, as a result of U.S. Secretary of State Cyrus Vance's efforts to torpedo an overall peace settlement in the Middle East. Peace is key to Sadat's belief that he can attract enough foreign investment in the Egyptian economy to turn around the economic crisis that last month provoked nationwide riots that almost toppled his regime. But in the wake of the Vance visit — in which the Secretary of State collaborated closely with the Israelis to spurn Sadat's proposal to link the proposed Palestine Liberation Organization state with Jordan — Sadat's shaky credibility in Egypt has plunged even further.

The *New York Times* this week expressed concern over Sadat's growing vulnerability, while the British *Daily Telegraph* openly warned of "a French-style revolution" with Nasserist officers in the forefront (see excerpts below).

Vance and the Wall Street policymakers around him are counting on International Monetary Fund-backed pro-austerity forces in Egypt to take the upper hand in the situation and implement the across-the-board budget cutbacks and other belt-tightening measures that Sadat has so far been unable to carry out. World Bank President Robert McNamara, as well as a delegation from the IMF are currently in Egypt to exert maximum pressure on Egyptian leaders to cut back consumption levels of the already impoverished Egyptian population.

Such pressure, which last month led to mass demonstrations throughout Egypt, now threatens to lead directly to civil war. According to the *Baltimore Sun*, a "shadowy power struggle" has developed between nationalist, Europe-oriented Gen. Mohammed Abdel-Ghany Gamassy, the Defense Minister, and Prime Minister Mamdouh Salem, the leading proponent of IMF policies in the Egyptian government bureaucracy. Gamassy is known to maintain close relations with Vice President Husni Mubarak, a powerful, Soviet-trained nationalist with extensive influence in the military. The French-language weekly *Afrique-Asie* reported that unrest is continuing to mount in the ranks of the armed forces.

On the right, the Soviet news agency Tass reported this week that the reactionary muslim Brotherhood has become active once more for the first time since their roundup during the Nasser era.

Soviet Pressure

Following Sadat's effort to please the Carter Administration with his PLO-Jordan confederation

proposal, and Vance's summary rejection of the Sadat offer as "not enough," the Soviet Communist Party daily *Pravda* issued its most scathing attack to date on Sadat. Using the occasion of the publication in Egypt of Sadat's memoirs, *Pravda* criticized the Egyptian president for his "lies, slanders, and falsifications" regarding the Soviet role in Egypt and the Middle East.

The *Pravda* article served both to warn Sadat that there are limits to how far he can bend to satisfy the Carter Administration, while at the same time providing needed support for the nationalist layers in the military and government who are resisting the IMF pressure for austerity.

In commenting on the *Pravda* attack, the leftist Egyptian weekly *Rose el-Youssef* tacitly recognized the possibility of Sadat's overthrow by the rightist forces allied to Salem and the Muslim Brotherhood, and called upon the Soviets to attack not Sadat but the rightist "billionaires." *Rose el-Youssef* also quoted a year-old speech by former U.S. Undersecretary of the Treasury Edwin Yeo which suggested that Sadat be overthrown by a pro-austerity government.

Sadat himself, meanwhile, may be moving towards closer collaboration with the old Nasserist forces. Last week he appointed Hafez Ismail, a prominent veteran diplomat from the Nasser era and former head of Egyptian intelligence to be his ambassador to France.

Europe, Saudis Back Sadat

The French financial daily *Les Echos* this week called for a multi-billion dollar aid program to Egypt as the only alternative to social chaos and a possible coup. Last week, the Saudi-led consortium of Arab oil-producing states reportedly extended a long-promised \$2 billion aid package to Egypt, fearful that if they withheld the aid any longer, the Sadat regime would collapse.

According to a Washington Mideast specialist (see below), the Saudis sent a message to Carter last month warning him that if aid wasn't forthcoming, Sadat would be toppled and replaced by a Nasserist Revolutionary Command Council. For months, the Saudis themselves withheld the aid from Egypt, demanding that Sadat implement austerity as a precondition for extending credit. After last month's riots, according to the Washington source, the Saudis have dropped their austerity demands. The decision by the Saudis bucks recommendations put out by the U.S. Federal Reserve to hold back aid to Egypt until the IMF creditors' meeting, scheduled to convene on April 12 to discuss the Egyptian situation.

Daily Telegraph:

How Long Before Fresh Riots Break Out?

The following are excerpts from an article in the Feb. 23 British Daily Telegraph entitled "After Sadat, the deluge?"

...The real question (in Egypt) now is how long it will be before fresh riots break out to show President Sadat that his palliatives can work only for a very limited period, for it is the President himself who is held responsible for Egypt's ills....

Egypt, according to some economists, is in a Bangladesh situation — a totally hopeless state with little prospect of improvement. Sadat ... has promised that though there will be another four "lean" years, each one will be better than the one before. There is no evidence at all to support this....

Unless Sadat can achieve in the next year what he has failed to do in the past three, some change of regime in Cairo, perhaps violent, perhaps peaceful, seems certain....

In Cairo, the well-to-do openly express their fears of a French-style revolution.... Others talk of Nasser, remembering his personal austerity and incorruptibility.

There may be some Divisional Commander who might fill the bill, for it would have to be someone very senior now to carry out a Nasser-style revolution. What is more likely, if things go on as they are, is that a deputation from the party, the Government and the arms is going to

tell President Sadat that his way doesn't work. Something else must take his place, probably austere socialism....

Saudis to Carter:

Do You Want Sadat Or Another Revolutionary Command Council?

The following is an interview this week with a Washington-based Middle East specialist:

Q: How do you see the situation in Egypt unfolding?

A: The situation in Egypt is very bad. Official figures say inflation is 35 percent. But the reality is that inflation is 50 percent or more. Last month or so, the Saudis sent a message to Carter that said outright, "Do you want Sadat or another Revolutionary Command Council?" After the riots last month, the Saudis eased off on their demands that Egypt tighten its belt. But the situation is still bad. Debt repayments and servicing take up 35 percent of Egypt's export earnings.

Q: What is the likelihood of a progressive, Nasserist coup in that country?

A: There is a very real possibility of a coup by the left wing of the military, which is still very strongly Nasserist. I don't have any details or names on the people involved....

Carter To Inject Middle East War Threat Into SALT?

The Carter Administration may be contemplating an insertion of the touchy Middle East issue into the already delicate SALT negotiations with the Soviets. This is the possibility that emerged from an exchange on the relationship of Israel's nuclear weapons to the overall world strategic balance at the Feb. 22 convention of Brierley, a Jewish-Zionist organization of doves and "hawks in doves' clothing." Participants in the exchange were Marcus Raskin, the founder of the Washington-based Institute for Policy Studies who is a National Security Council-linked nuclear strategist close to the Carter Administration, and Professor Shlomo Aronson of Hebrew University, who is currently at the Brookings Institution, also in Washington.

Aronson, who spoke first, tried to develop an analysis of the Middle East situation that justifies an Israeli reliance on its nuclear arsenal as a basic line of defense, citing former Defense Minister Moshe Dayan as his authority on this issue. In reply, Raskin suggested that the U.S. and the Soviets include the threat of nuclear war in the Middle East as a "bargaining point" in the overall SALT negotiations, a proposal which would link the

threat of a Middle East "limited" nuclear war to the U.S.-Soviet relationship.

The following unofficial transcripts of their remarks were compiled by observers at the conference, and are in lieu of the official transcript which is not yet available.

Prof. Aronson: "The Bankruptcy of Israel's Conventional War Strategy"

The problem with the Arabs is not Arab ideology, but the actual structure of the society of the Arab world. By the inherent, built-in competitiveness of the Arab world, the Arabs can be dragged into an escalatory process leading toward war, because of powerful internal pressures on Arab elites and Arab leaders. President Sadat and Yasser Arafat may be moderates now, with the best of intentions — but developing pressures can force them to enter into war. And this can happen even if there is no intent on the part of the Arab leader to go to war, as happened to Nasser in 1967.

The political logic of the Arab world is conflict-oriented. Peace arrangements can be acceptable on a