EGYPT AND U.S. INTERESTS

Alfred Leroy Atherton, Jr.
The Johns Hopkins Foreign Policy Institute (FPI) was founded in 1980 and serves as the research center for the School of Advanced International Studies (SAIS) in Washington, D.C. The FPI is a meeting place for SAIS faculty members and students as well as for government analysts, policymakers, diplomats, journalists, business leaders, and other specialists in international affairs. In addition to conducting research on policy-related international issues, the FPI sponsors conferences, seminars, and roundtables.

The FPI’s research activities are often carried out in conjunction with SAIS’s regional and functional programs dealing with Latin America and the Caribbean Basin, U.S. foreign policy, U.S.-Japan relations, Canada, Africa, Europe, security studies, international energy, and international economics.

FPI publications include the SAIS Review, a semiannual journal of foreign affairs, which is edited by SAIS students; the SAIS Papers in International Affairs, a monograph series copublished with Westview Press in Boulder, Colorado; the FPI Policy Briefs, a series of analyses of foreign policy issues; and the FPI Case Studies, a series designed to teach analytical negotiating skills.

For additional information regarding FPI publications, write to: FPI Publications Program, School of Advanced International Studies, The Johns Hopkins University, 1119 Massachusetts Avenue, N.W., Washington, D.C. 20036.

© March 1988 by The Johns Hopkins Foreign Policy Institute.  
All rights reserved.  
Printed in the United States of America.
EGYPT AND U.S. INTERESTS

Between Anwar Sadat's assumption of the presidency of Egypt in late 1970 and the Egyptian-Israeli signature of the Camp David Accords eight years later, U.S.-Egyptian relations underwent a profound transformation. From a relationship that for the preceding decade and a half had experienced many more downs than ups, including a formal break in diplomatic relations in 1967, Egypt and the United States had by 1978 become, in Sadat's words, "full partners." Today that partnership extends to every important aspect of the United States' Middle East policy—the continuing search for Arab-Israeli peace; support for moderate Arab regimes against external and internal pressures, including those emanating from revolutionary Iran; and U.S. strategic planning for military contingencies in the region.

This paper will examine how the new U.S.-Egyptian relationship came about; what the U.S. stake is in that relationship; how stable the relationship is; and, underlying this question, how stable Egypt is today. It will conclude with an attempt to identify the policy issues and choices for Egypt and the United States.

THE EVOLUTION OF U.S.-EGYPTIAN RELATIONS

Relations between the United States and Egypt can be dated in a formal sense to 1835, when President Andrew Jackson commissioned the first American consular representative in Alexandría. The relevant period for the purposes of this paper, however, began in 1952, when a group of army officers led by lieutenant colonel, and subsequently president, Gamal Abdel Nasser, seized power, exiled King Farouk, and the following year abolished the monarchy and established the Egyptian Republic. The revolution in Egypt came at a time of growing American focus on the strategic importance of the Middle East in the cold war confrontation with the Soviet Union. It also followed by four years the establishment of the State of Israel, whose defeat of the combined Arab military challenge to its statehood was a factor in discarding the ancient regime in Egypt and precipitating its downfall. In addition, the revolution set the stage for Egypt's claim to leadership of the Arab world and its challenge to traditional regimes, in particular those in Iraq, Jordan, and Saudi Arabia, with which the United States had close and friendly relations.
The volatility of the U.S.-Egyptian relationship was exaggerated by exaggerated expectations of both countries and bitterness when those expectations were not fulfilled.

The course of U.S.-Egyptian relations over the next two decades were greatly influenced by differences, frequently quite sharp, in each country's approaches to these three sets of issues: the U.S.-Soviet struggle for influence in the Middle East, the Arab-Israeli (or, as it was then called, the Palestine) conflict, and the rivalries and conflicts within the Arab world. Throughout the eighteen years of the Nasser era, periodic attempts at U.S.-Egyptian cooperation were invariably frustrated by sharp differences between the U.S. and Washington concerning on one or more of these issues. The result was what has been described as a roller-coaster relationship, marked by extreme and sudden ups and downs as Egypt and the United States responded in different, often diametrically opposed, ways to regional developments. The volatility of the U.S.-Egyptian relationship during this time, much of it inherent in the volatility of the Middle East itself, was exacerbated by the sometimes exaggerated expectations each country had of the other and the consequent bitterness when those expectations were not fulfilled. As shall be discussed, this remains a problem today for those charged with managing the U.S.-Egyptian relationship.

First, however, in order to appreciate how fundamentally U.S.-Egyptian relations have been transformed in the post-Nasser era, but also to understand the residual memories of that era that occasionally color attitudes toward U.S.-Egyptian relations today, it will be useful to trace briefly the highlights of the roller-coaster relationship of the pre-Sadat period.

Soon after the 1962 Egyptian revolution the Eisenhower administration sought to cultivate the new Egyptian leadership in the hope that it would lead the Arab world in converting the 1949 Armistice Agreements into a peace settlement with the Jewish state and that it would participate in planning for a Middle East defense pact to secure the region against a perceived Soviet threat.

By the mid-1950s, however, against a background of rising tensions and pan-Arab nationalist sentiment, Nasser had set Egyptian policy on a course diametrically opposed to the foreign policy objectives of the U.S. administration. Conspicuously disenchanted by Egypt's partnership in the Non-Aligned Movement, its recognition of Communist China, its decision to turn to the USSR for arms, and its opposition to efforts to organize an anti-Soviet Middle East defense pact, Secretary of State Dulles in July 1956 announced withdrawal of the U.S. offer to help finance the Aswan High Dam, which was to be a showpiece of the new Egypt. With Nasser's subsequent nationalization of the Anglo-French Suez Canal Company, the stage was set for France, Israel, and the United Kingdom, each with its own grudge against Nasser, to launch a combined military attack against Egypt in October, U.S. opposition to the tripartite attack and pressure for the withdrawal of forces from Egypt led to a brief improvement in U.S.-Egyptian relations. The roller-coaster relationship plunged downward again, however, as the Eisenhower administration renewed its efforts to forge a regional anticommunist alliance (the Eisenhower Doctrine), and Nasser responded with the charge that this was nothing more than an American attempt to enslave the Arabs in a neocolonial embrace.

Efforts early in the Kennedy administration to improve U.S.-Egyptian relations soon ran aground on the shoals of the same three sets of issues that had plagued earlier attempts at U.S.-Egyptian rapprochement. First, Egyptian intervention in Yemen, perceived by Saudi Arabia as a threat to its security and leading the Saudi regime to seek U.S. protection, became a major factor in souring U.S.-Egyptian relations. Second, as the United States grew increasingly preoccupied with the war in Vietnam—a war to which what was seen as the threat of international communism in Asia—Egypt, with its close ties to the Soviet Bloc, was perceived by many to be in the enemy camp. Third, a heightening of Arab-Israeli tensions—themselves in part a by-product of inter-Arab rivalries combined with Nasser's sometimes overblown rhetoric of a Middle East war that was to be a war that would become a major watershed in the history of the Arab-Israeli conflict. Its repercussions in Egypt and throughout the area continue to this day.

In Egyptian eyes, and Arab eyes generally, the United States was associated with Israel in the latter's rapid and total defeat of the Egyptian, Jordanian, and Syrian armed forces in the Six Day War of June 1967. The roller coaster of U.S.-Egyptian relations plunged to a new low as Cairo, along with most Arab governments, severed diplomatic relations with Washington. Even during this period of maximum strain, however, channels of communication were kept open through Interest Sections staffed by Egyptian and American officials in third country embassies in each other's capitals and at the United Nations in New York. The United States was an active participant in the New York negotiations that resulted in passage by the Security Council on November 22, 1967, of resolution 242—all the more broadly accepted basis for a settlement of the Arab-Israeli conflict.

During the first three years of the Nixon administration the United States actively participated in various peacemaking initiatives based on Resolution 242. Most of those focused on Egypt as the key country on the Arab side, and there were some limited successes—notably the cease-fire negotiated through U.S. mediation in the summer of 1970, which ended the escalating "war of attrition" along the cease-fire lines, especially on the Suez Canal front. The legacy of mutual suspicion and distrust that had accumulated during the Nasser era, however, continued to cast a shadow over U.S.-Egyptian relations until Nasser's death in September 1970. In a sense, Nasser's passing from the scene that he had dominated for much of the preceding eighteen years cleared the air psychologically between Cairo and Washington.

When Anwar Sadat consolidated his position as Egypt's new president, he made clear that he wanted to open high-level channels to Washington and to engage the United States actively in efforts to end the Arab-Israeli conflict. The Nixon administration, preoccupied with Vietnam and with pursuing U.S.-Soviet detente, and viewing as unrealistic Sadat's expectations of the concessions the United States could obtain from Israel, was not prepared to expend the energy and political capital on Middle East peace efforts that Sadat hoped for. In retrospect, the United States clearly underestimated Sadat's determination. It also failed to appreciate the significance of his 1972 decision to terminate the massive Soviet military presence in Egypt, in effect freeing his hand militarily vis-à-vis Israel. In October 1973 Sadat played his ace in the hole, launching (in collaboration with Syria) a military attack across the 1967 cease-fire lines, putting the Middle East squarely center stage as a crisis of major proportions.

In October 1973 Sadat launched a military attack across the 1967 cease-fire lines and put the Middle East squarely center stage as a crisis of major proportions.
made possible by a convergence for the first time of policies based on shared regional and global views and objectives. Egypt and the United States agreed to work together for the ultimate goal of a comprehensive Arab-Israeli peace settlement. The Carter administration, building on the groundwork laid by Henry Kissinger's intensive diplomacy during the administrations of presidents Nixon and Ford and on the new opportunities created by Sadat's dramatic visit to Jerusalem in November 1977, worked with Egypt and Israel to achieve the Camp David Accords in September 1978 and the Egyptian-Israeli peace treaty the following March.

These landmark agreements were by their terms intended to be steps in a continuous process toward the goal of overall Arab-Israeli peace. In reality, however, that goal—important to Cairo and Washington—did not have the same priority for the Israeli government of prime minister Begin. The perception that had succumbed to Israeli and U.S. pressure to make separate peace serving only Egyptian interests increased the political costs to Egypt in terms of its Arab relations as well as in domestic political terms. Added to this was the obvious fact that, by parting so many of its eggs in the American basket, Egypt was locked into a relationship with the United States that limited its freedom of action. Peace with Israel, so long as it did not evolve to bring in other Arabs, thus planted seeds for future differences in U.S.-Egyptian relations. This cloud on the horizon notwithstanding, the dominant reality is that Egypt and the United States joined in 1973-79—and remain joined today—in a commitment to work for comprehensive Arab-Israeli peace.

Egypt and the United States also share the objective of bolstering regional stability and the security of moderate Arab states against pressures generated by radical governments and movements in the area, which are frequently supported by the Soviet Union. U.S.-Egyptian cooperation for regional security grew particularly close, including the holding of periodic joint military exercises in Egypt, following the revolution in Iran and the Soviet invasion of Afghanistan in 1979. It is a measure of the centrality of the U.S.-Egyptian relationship to U.S. policy that Egypt is the largest recipient, after Israel, of U.S. financial support, totaling since 1974 over $12 billion in economic aid and over $8 billion in military assistance.

This brief review of the evolution of U.S.-Egyptian relations makes clear that, just as differences between the United States and Egypt over their respective approaches to the Arab-Israeli conflict, to the role of the superpowers in the Middle East, and to inter-Arab differences divided Cairo and Washington during the Nasser period, broad agreement between them on these issues drew them together in the Sadat era. Before examining the extent to which this remains true as Sadat's successor, President Hosni Mubarak, begins his second six-year term, it will be useful to examine in somewhat greater detail what interests of the United States are at stake in its relationship with Egypt.

U.S. INTERESTS

In the final analysis, the importance of Egypt to the United States is a function of the importance of the Middle East as a whole to U.S. interests. The complex bilateral relationship that has developed between the United States and

Egypt is the largest recipient, after Israel, of U.S. financial support, totaling since 1974 over $12 billion in economic aid and over $8 billion in military assistance.

Egypt in little over a decade, and that is so important to both nations politically, economically, and in the security field, cannot, in terms of U.S. national priorities, be separated from its regional context. Without that context, the United States' relations with Egypt would not be very different from its relations with many other Third World developing nations and would certainly not command so large a share of U.S. foreign assistance resources. It is necessary, therefore, to start by examining the regional context.

Ever since the advent of the cold war the United States has recognized the Middle East as a region where vital U.S. interests are engaged. Successive administrations in Washington have defined those interests in classic geopolitical terms—the need for the United States and its allies to have unimpeded access to the sea and air routes and the energy resources of the area, and for America to have political influence and presence as a counterweight to the Soviet Union and as a guarantee against Soviet domination.

To protect its interests, the United States over almost four decades has pursued dual and often alternating strategies in the Middle East. At times it has emphasized the perceived Soviet threat and the importance of developing the capability in the region to counter that threat militarily. At times it has emphasized the search for a solution to the Arab-Israeli conflict in order to eliminate that conflict as a factor inhibiting stable U.S. relations with the nations of the Arab world and offering opportunities for the Soviets to establish positions of influence in the region.

In pursuit of a militarily based strategy focusing on the Soviet threat, the United States beginning in the 1950s sought to forge an alliance system of regional states—first a Middle East Defense Organization (which founded inter alia on Egyptian opposition) and then the Baghdad Pact, which, after Iraq's withdrawal following its 1958 revolution, became the Central Treaty Organization (CENTO) consisting of Iran, Pakistan, Turkey, the United Kingdom, and the United States. The United States had air bases in Saudi Arabia (until 1981) and in Libya (until 1969) until these ultimately became casualties of the political dynamics and changes in that region. Although the United States continues to maintain a military presence in the eastern Mediterranean at NATO facilities in Greece and Turkey, experience has demonstrated (for example, during the 1973 war) the limitations of these military facilities in Middle East crises when a host nation does not share the U.S. view of what its interests require.

The establishment of U.S. military facilities in Israel—the one Middle East country with which the United States could probably have forged a military alliance—would have constituted a political liability vis-à-vis the Arab countries that control the geographic region of the Middle East, thus severely hampering the use of such facilities precisely in circumstances in which they would be most needed. As a consequence, the United States has relied primarily on sea-based power to maintain a Middle East-oriented military presence in the Mediterranean and the Persian Gulf.

Efforts to resolve the dilemma of how to develop a credible land and air power projection capability in the face of Middle Eastern political constraints received new impetus from two developments in 1979—the Iranian revolution, which abruptly ended the United States' reliance on the shah of Iran to safeguard Western interests in the Persian Gulf area, and the Soviet invasion of Afghanistan.
The Carter administration responded by affirming the Gulf's importance to U.S. vital interests, establishing the Rapid Deployment Joint Task Force (REDFOR) to intervene in a crisis to protect those interests, and looking to Egypt as a de facto strategic ally in the region. REDFOR subsequently became CENTCOM (Central Command), headquartered in Florida for lack of a base of operations in the region. Despite its limitations, CENTCOM has added a new dimension to the U.S. strategic position in the Middle East through arrangements with Egypt, and, on a smaller scale, Oman for periodic joint military exercises. The training experience and area familiarity gained in these exercises would clearly be assets to the U.S. military in responding to crises in the region requiring U.S. military intervention, provided, of course, that Egypt agreed that such intervention was in Egyptian as well as U.S. interests. While short of the more formal base rights and pre-positioning arrangements the United States originally sought from Egypt, these joint exercises have strengthened professional ties between the U.S. and Egyptian military establishments and have given the United States an added measure of force projection capability.

In pursuit of the other strand of its Middle East policy—a regional political strategy focused on ending the Arab-Israeli conflict—the United States has launched a number of initiatives over the years. Egypt has figured—often centrally—in most of these:

- The United States took the lead in proposing the British-French-U.S. Tristate Declaration in 1860, designed to prevent an Arab-Israeli arms race.
- President Eisenhower sent a personal emissary (Robert Anderson) on secret missions to Israel and Egypt, seeking to promote understanding between prime minister Ben-Gurion and president Nasser. He also named a special representative, Eric Johnston, to seek agreement among the three nations on an equitable distribution of the waters of the Jordan River.
- The Kennedy administration was instrumental in supporting the efforts of the Joseph Johnson mission in the 1960s to develop a plan for settlement of the Palestinian refugee problem.
- Following the June 1967 Arab-Israeli war the United States played a central role in United Nations efforts to develop a framework for peace negotiations, which culminated in Security Council Resolution 242.
- During the Nixon administration, there were the 1969 Rogers Plan; the 1970 Rogers initiative to restore the cease-fire; the 1971 proposal for an interim Suez Canal agreement; joint U.S.-Soviet sponsorship of Security Council Resolution 288, which ended the 1973 war and laid the basis for postwar negotiations as well as for Henry Kissinger's active Middle East diplomacy, which in turn led to the 1973 Geneva Middle East Peace Conference; the 1974 Egyptian and Syrian Disengagement Agreements with Israel; and the second Egyptian-Israeli Disengagement Agreement in 1976.
- In its first two years the Carter administration launched a major effort to reconvene the Geneva Conference, mediated the Camp David Accords, and played an indispensable role in ensuring the successful conclusion of the Egyptian-Israeli peace treaty. In 1982-83 the United States sought (unsuccessfully) to broker an agreement between Israel and Lebanon.
- In September 1982 President Reagan put forth a U.S. proposal for getting Arab-Israeli peace negotiations restarted.

One lesson to be learned from this history of U.S. policies to protect U.S. interests in the Middle East is the futility of a strategy that views the area predominantly through the prism of U.S.-Soviet relations and that subordinates efforts to resolve regional conflicts, including above all that between Arabs and Israelis, to the attempt to build regional positions of strength vis-à-vis the Soviet Union. Another lesson, however, is that a strategy that ignores the need for the United States to have the capability to project military power into the area seriously undermines U.S. credibility. As the American experience in Lebanon demonstrated, capability by itself is not sufficient; it must be seen to be backed by determination and by the wisdom to know when and how to employ it. But a military capability is a necessary starting point—as a tool of a regional political policy, not a substitute for such a policy.

Another lesson, therefore, is that U.S. interests are best served by seeking some mix of the two Middle East strategies the United States has pursued over the years, not by adopting one to the exclusion of the other. These two strategies have come together in the U.S.-Egyptian relationship forged since 1973. Egypt's peace treaty with Israel was the first major breakthrough in thirty years toward a solution of the Arab-Israeli conflict, and it would not have happened without U.S. participation. Egypt has at the same time become an important factor in the post-1979 development of a U.S. military strategy for the Middle East. Nothing could more graphically illustrate the importance—indeed the centrality—of Egypt and of the new U.S.-Egyptian relationship to U.S. interests in the Middle East.

**EGYPT TODAY: HOW STABLE A PARTNER?**

The key question relating to U.S. interests is how stable a partner is Egypt today and will it be in the years ahead. Another way of putting this is to ask how likely it is that Egypt will stay on the policy course, and above all the commitment to peace with Israel, charted by Sadat and maintained by President Mubarak—a course Cairo and Washington know constitutes the foundation of the present close relationship between them.

Sadat reversed some of the most basic but increasingly discredited policies of the Nasser era—leadership of the Arab nationalist cause against Western imperialism and Israel; acceptance of economic, military, and political support from the Soviet Union; and economic policies based on state-directed socialism. These new directions in Egyptian policy were initially welcomed by a nation tired of economic deprivation and a seemingly endless and humiliating cycle of wars with Israel. Sadat's success in restoring Egyptian honor in the 1973 war and his promises of "no more wars," democracy, and economic progress in partnership with the United States enjoyed broad popular support during the early years of his regime.

This is not to say that Sadat was ever without critics. He alienated most other Arab governments and, internally, many Egyptian intellectuals with their strong Arab nationalist sentiments, who charged that the peace with Israel was a sellout of the Arab and especially the Palestinian cause. Nasserites and members of the leftist opposition parties attacked Sadat's "open door" economic policy, designed to encourage private sector domestic and foreign investment, which
FPI POLICY BRIEFS

had been largely buried during the Nasser regime. The U.S. aid program, closely identified with Sadat’s economic policies, became a frequent target of opposition criticism. The Muslim Brotherhood, whose leaders were imprisoned by Nasser and freed by Sadat as a countermass to the leftists, criticized the secularism of Sadat’s regime, its measures to strengthen women’s rights, and the Western life-style of the first family, particularly Mrs. Sadat, Islamic extremists, who found the aging brotherhood leadership too modern and the economic policies of the regime that perpetuated periodic acts of violence against the regime. One such group, with adherents in the army, succeeded in assassinating Sadat in October 1981.

Well before his death, Sadat’s popularity had been on the wane, as it became apparent that the high expectations of the 1974–79 period were unrealizable and disillusionment with Sadat’s policies grew. It was charged that Sadat had tied Egypt too closely to the United States; that the promised economic miracle had not happened; that the open-door policy had made a favored few rich and fostered corruption in high places; that the treaty with Israel had not opened the way to peace and the recovery of occupied territory for the Palestinians, Jordan, and Syria but rather had freed Israel to pursue hard-line policies toward the other Arabs; that Egypt, once a leader of the Arab and Islamic worlds, was now isolated from them; and that moves toward democracy had been reversed and the political opposition repressed.

Hosni Mubarak, Sadat’s vice president and chosen successor, was elected quickly to the presidency, constitutionally, without opposition, and with the full support of the political and military establishment. He saw his task as consolidating a national consensus to stay on the main policy course Sadat had charted while correcnting what were seen as the extremes to which Sadat had carried it. Having reaffirmed Egypt’s commitment to the peace treaty with Israel, the Camp David framework for a comprehensive Arab-Israeli peace and continued close relations with the United States, Mubarak set out gradually to end Egypt’s isolation in the Arab and Islamic worlds—a process whose success has been greatly enhanced in recent months by the need of the Arab world (and the wealthy Gulf and petroliums Arabian in particular) for Egypt’s countermass to the Iraqi side in the Iran-Iraq conflict. Mubarak also set out to restore normal relations with the Soviet Union. Domestically he sought to project the image of a hardworking, low-key, mediator. He made a number of conciliatory gestures to the political opposition, announced a crackdown on corruption, and gave high priority to tackling Egypt’s deeply embedded economic problems. At the same time he made clear he would deal sternly with perpetrators of political violence—meaning first and foremost the Islamic extremists. He also instituted a process of democratization, with political and press freedoms far exceeding those during Sadat’s paternalistic experiment with democracy. This has probably been the most far-reaching single innovation of the Mubarak regime to date.

The road for Mubarak has not been an easy one. Politically, he has had to confront the shock waves in the Arab world and at home created by Israel’s 1982 invasion of Lebanon. He has had to contend with the murders and attempted murders of Israelis and of Egyptian officials or ex-officials associated with his regime, with a nearly successful attempt to ambush an American embassy vehicle, and with a violent riot by security police. He has also had to manage strains in relations with the United States, arising from differences over the peace process and relations with Israel and from the aftermath of the hijacking of the cruise ship Achille Lauro and the subsequent diversion by U.S. military aircraft of an Egyptian civilian airliner with the hijackers aboard.

ECONOMICLY, MUBARAK PUT OFF UNTIL RECENTLY COMING TO GRIPS WITH EGYPT’S UNDERLYING ECONOMIC PROBLEMS, FEARING THAT DRITIC STEPS TOWARD ECONOMIC REFORM WOULD HAVE DESASTORIZING POLITICAL REPERCUSSIONS. FACED BEGINNING IN 1985 WITH A NORMED BROKERAGE EXCHANCE CRISIS, EGYPT REACHED AGREEMENT IN MAY 1987 WITH THE INTERNATIONAL MONETARY FUND (IMF) ON A PACKAGE OF ECONOMIC REFORM MEASURES AND IMF CREDITS, WHICH IN TURN LED TO A RESCHELING OF DEBT PAYMENTS IN THE PARIS CLUB OF EGYPT’S WESTERN CREDITORS, INCLUDING, MOST IMPORTANT, THE UNITED STATES.

Mubarak has thus weathered the political and economic storms of his first six-year term. He starts his second term, however, with none of Egypt’s basic problems solved. What are his and Egypt’s prospects for the six years ahead, and beyond into the twenty-first century? Barred death by accident or assassination (a risk not uniquely Egyptian), Mubarak’s position seems reasonably secure. Lacking Nasser’s charisma or Sadat’s flair for the dramatic, he sought initially to cast himself as the custodian of the accomplishments of both his predecessors and of the revolution of which they were a part. Despite more recent efforts to become, to speak, his own man, he has not captured the popular imagination as did his predecessors. He is seen as cautious to the point of being at times indecisive. On the other hand, he is credited with being hardworking, honest, and sincere. He has avoided alienating important constituencies (other than the permanently alienated Islamic militants). He has no obvious rivals for power and has proved shrewder than many expected at managing the several political balancing acts with which he must contend. His regime has the support of the Egyptian establishment—the military, the senior bureaucracy, the government political party, and the business community—which above all wants stability. By giving Egypt an unprecedented degree of democracy, Mubarak has to some extent even co-opted the legal opposition, which has a vested interest in not seeing the clock turned back in this respect.

Finally, there is the underlying factor that over the centuries has been the greatest asset in ensuring Egypt’s durability and relative stability as a nation—the character of the Egyptian people, with their homogeneity and sense of identity, their roots deep in the narrow valley and the delta of the Nile, and their patience, tolerance, and good humor in the face of the poverty that is the lot of most Egyptians. Egypt has long enjoyed a stable social system based on strong family ties and traditions, an innate conservatism, and a deep commitment by the overwhelming majority of Egypt’s 60 million people to their Islamic faith. While tensions break out from time to time between Muslims and the ancient Coptic Christian community (estimated at 3 to 5 million), the government remains firmly committed to preserving communal harmony.

POLITICAL AND SOCIOECONOMIC FACTORS SHAPING EGYPT TODAY

The popular image of Egypt unchanged through the ages is romantically appealing but historically incorrect. While change comes slowly in Egypt, it does come. Pharaonic Egypt, with its monumental symbols of permanence, ended...
with the conquests of the Persians and then the Alexandrian Greeks. Greece gave way to Rome, followed by Byzantium, a succession of non-Egyptian Islamic rulers culminating in the rule of the Fatimid caliphs from 909 to 1171. The Saladin conquest in 1171 and the Mongol invasions in 1260 and 1269 followed, which eventually brought the Mamluks to power in 1299. The Mamluks, who were originally slave soldiers, rose to power and ruled Egypt and Syria for almost 200 years, from 1260 to 1517.

Another duality of modern Egyptian history consists of a long and deep-rooted Islamic heritage and of the Westernizing and secularizing direction of government policies. Beneath Egypt's changing political surface, there is a sense of continuity about the country and its people that many observers believe gives Egypt a measure of stability not enjoyed by most newer developing countries. Others, however, pointing to undercurrents of political discontent, and to the magnitude of Egypt's economic problems, find in this too complacent a view and warn of growing threats to stability. To begin to sort out where the truth lies between these two poles, one must consider the political and socioeconomic factors that shape Egypt today and that define the parameters within which the Egypt of tomorrow will develop.

First, given Egypt's history of foreign rule, Egyptians are sensitive to anything that is perceived as a derogation of their sovereignty or a limitation on their national independence. This helps explain why the argument over the return of a small stretch of Sinai beach called Taba, on the Gulf of Aqaba south of Eilat, became a major source of friction in Egyptian-Israeli relations. It also helps explain Egypt's resistance to any arrangements with the United States, despite the close military ties between the two countries, that could be construed as permitting foreign bases on Egyptian soil. The defeat by Israel in 1967 and the presence of Israeli forces on the east bank of the Suez Canal, only recently liberated from British control, were continuing humiliation whose traumatic impact on the Egyptian national psyche was probably less understood by most outsiders. Having redeemed Egyptian honor in 1973, Sadat understood the need to overcome this trauma. He constantly exhort his people that they need have "no more complexes" about negotiating with Israel and agreeing to arrangements with the United States that had many characteristics of a de facto strategic alliance.

Second, Egyptians identify with the Arab world while at the same time thinking of themselves as different from other Arabs. This dualism between their Egyptian and their Arab identity runs through much of modern Egyptian history. Nasser appealed to the latter, and Mubarak to the former. Unfortunately, this tendency is a perilous one and needs to be confronted and the government efforts to suppress it. Clearly the dualism between the secular and the traditional Islamic view of how society should be organized and governed continues to be a factor in Egyptian political life today, with the secularists—despite some tactical compromises—still in charge.

Fourth among the factors shaping Egypt today is demography. In the final analysis, how this factor is managed may become the most critical single determinant of Egypt's future as a nation. The problems arising from the pressure of population growth on resources are not unique to Egypt. What does distinguish the Egyptian problem from others is the ratio in Egypt of habitable to non-habitable land and therefore the severe limits on room for expansion to absorb a population that is now growing at the rate of 1 million every four months. About 98 percent of Egyptian territory is uninhabitable and ecologically fragile. Except for very marginal additions achieved through building new cities and extending irrigation on the fringes of the Nile valley and delta, this will remain the case. The capital costs of developing new lands through irrigation outside the valley and delta are economically prohibitive, so there are limits to the water available even from the external Nile, and Egypt is a virtually zero rainfall country except near the Mediterranean coast.
A few statistics will illustrate the magnitude of the problem. In 1956 the population of Egypt was estimated to be about 21 million; in 1986 it was close to 50 million, living on and cultivating the same 4 percent of the land. With an annual growth rate of 2.7 percent, the population will double in twenty-six years. There is a continuing shift of population from the country to the cities as the rural areas are no longer able to support the annual increases (close to one-quarter of all Egyptians now live in Cairo, up from a little over one-tenth thirty years ago). Egypt has been transformed from a food exporting country to a nation dependent on imports for 60 percent of its total food requirements. Forty percent of the population is under fifteen years of age, so even a significant reduction in the rate of growth would not result in an early stabilization of the population, which is projected to reach at least 67 million by the year 2000. Egypt needs to create 360,000–400,000 jobs a year to absorb new entrants into the labor market.

CURRENT PROBLEM AREAS

The Economy

Sadat’s grand strategy for realigning Egyptian policy depended for its success on the assumption that large-scale Western, particularly U.S., economic assistance would be forthcoming to replace Arab subsidies (terminated when Egypt made peace with Israel) and Soviet support. Sadat promised his people that peace with Israel, coupled with his new open-door economic policy for attracting private investment and with generous American and other Western governmental aid, would make it possible to revitalize the Egyptian economy and usher in an era of prosperity. By the early 1980s Egypt in fact appeared to be making impressive economic progress. Real gross domestic product (GDP) has risen since the mid-1970s an average of 9 to 10 percent annually, employment was staying slightly ahead of the rate of population growth, per capita income had nearly doubled to $700 annually, and in 1982-83 Egypt had a balance of payments surplus of $89 million.

There were problems on the horizon, however. Some 70 to 80 percent of real growth in the economy was attributable to oil-related and external factors, which tended to mask the fact that growth in domestic productive capacity was sluggish and insufficient to keep pace with the growth in consumption demand. To an important extent, this was attributable to a legacy of the Nasser era, which had become an article of faith in postrevolution Egypt—the commitment to “social justice.” This had led to a system of subsidies, price controls, and artificial exchange rates designed to ensure access to basic commodities at affordable prices; public (or, in government) ownership and control of the bulk of industrial, financial, and service sector enterprises; land reform (one of the more successful products of the revolution); guaranteed employment (with the government the employer of last resort) for all graduates of the extensive state university system; and a large bureaucracy to administer all of the foregoing.

Many Western as well as some Egyptian observers of the Egyptian economic scene had for some time been warning that the country was consuming and importing beyond its means and ultimately beyond the means of the external resources available to finance the gap. They urged the Egyptian government to initiate a program of economic reforms while it enjoyed the cushion created largely by high earnings from oil exports, remittances from the 2 to 3 million Egyptians working abroad (especially in the booming oil-producing Arab countries), tourism, and Suez Canal tolls. The objective would be to reduce growing budget and trade deficits through a combination of measures designed to phase out the subsidies and controls dating from the Nasser era, thus beginning to eliminate the distortions in the economy that have increasingly insulated it from world market forces, fed inflation, and inhibited increases in productivity and private investment.

A January 30, 1986, report by the U.S. Agency for International Development (AID) estimated that Egyptian budget deficits created by rapid rises in the government payroll, defense outlays, subsidies, and interest payments had necessitated an expansion of bank credit that had contributed over the past decade or so to a domestic inflation rate of at least 15 to 20 percent per year. The same report noted that the 1982-83 balance of payments surplus had turned into a $1.3 billion deficit in 1983-84 as rising imports (especially consumer goods) outpaced receipts from Egypt’s primary sources of foreign exchange. The AID report concluded that the “underlying reasons for these sharply focused negative trends are an overvalued exchange rate, continuing structural imbalances in the economy, the declining world oil market, and fiscal policies that predictably have encouraged consumption and fueled inflation.” The report also noted a growing deterioration in Egypt’s debt situation. AID’s overall conclusion was that “without vigorous government initiative to institute a positive domestic incentive structure, implement meaningful economic reforms and dampen public and private consumption growth, prospects during the next two years (i.e., 1986-87) are for untenable deterioration in the balance of payments,” which has “reached the point where donor assistance will not be sufficient to fill the external financing gap.”

When the exaggerated expectations of economic prosperity created by peace with Israel and the new partnership with the United States were not fulfilled, the Egyptian leadership confronted a classic dilemma—how to administer the strong economic medicine that was needed without precipitating potentially destabilizing political repercussions. Memories were still fresh of the three days of violent rioting triggered by moves to eliminate subsidies on basic consumption items in January 1977. Unlike Sadat, who refused to acknowledge the potentially serious economic problems Egypt faced, President Mubarak early in his administration sought to lower public expectations by recognizing that problems existed and focusing attention on the need to deal with them. In practice, however, he approached the question of economic reform with great caution. While some limited steps toward reforms were taken in 1985-86, the developing foreign exchange crisis predicted in AID’s January 1986 report made clear that more far-reaching reforms would be required if Egypt was to avoid large-scale default on its foreign debt, with the adverse consequences this would entail for its international creditworthiness and ability to finance essential imports.

The expanded reform package and standby agreement concluded with the IMF in May 1987 and the consequent debt rescheduling agreement with its creditors

* Report to Congress on “The Egyptian Economy and Debt Repayment Prospects—1986” Most of the above data is drawn from this AID report.
enabled Egypt to avoid early default. The reform measures were less drastic than many economists thought necessary, but they were not insignificant—particularly with respect to currency devaluation. The position of the Egyptian government was that this was the maximum that was politically feasible and, by implication, that it would leave the rest to Egypt’s friends and to luck, both of which have for the most part been good to Egypt in recent years.

The steps taken so far are not in themselves a solution to Egypt’s economic problems. At best the IMF’s standby and creditors’ debt rescheduling agreements have bought some time for Egypt to begin to deal with an array of problems that have proved stubbornly intractable in the past. The key question, which remains to be answered, is whether the measures taken are sufficient and will be pursued with sufficient vigor and with manageable political risks to begin to reduce the burden of subsidies on the national budget as a step toward reducing the budget deficit from its very high level of 30 percent of GDP. Another unanswered question is whether the recent sharp deterioration in the Egyptian balance of payments can be reversed.

It is hoped that the recent reform measures will lead to a reduction in consumer demand for imports and greater competitiveness for Egyptian exports. This in turn should lead to an improvement in Egypt’s debt service ratio, which before the May 1987 rescheduling agreement stood at almost 53 percent (defined as the ratio of debt service obligations, not actual payments, to total foreign exchange earnings). Prior to rescheduling, actual payments (obligations minus arrears) were running at about $4 billion annually on a total debt of about $50 billion. About $9 billion of this is owed to the United States, 57 percent of it for the purchase of military goods and services. Egypt’s debt repayment obligation to the United States on military debt alone stood at $500 million in 1986.

Even if Egypt succeeds in bringing its budget and payments deficits under control, it will still face enormous challenges. On the one hand, it is economically nonsensical to feed itself, Egypt now imports 60 percent of its food requirements. More significant, Egypt’s $100 million trade surplus for the agricultural sector in the early 1970s has turned into a $2 billion annual deficit. Productivity in the industrial sector is low. There is a severe shortage of housing in the cities, and the infrastructure (water, sewage, and transportation, in particular) is overburdened—problems that are compounded by the high population growth rate and the influx into the urban areas. Wages of public employees, who number about 27 percent of the estimated labor force of 15 million, are extremely low, contributing both to low productivity and to resistance to increases in the prices of subsidized basic commodities.

Despite these problems, it would be incorrect to write Egypt off as an economic basket case. It has a rich and productive human resource base. With foreign economic assistance running at approximately $2 billion annually (about half from the United States and the balance from the World Bank, Europe, and Japan), and with roughly a quarter of its annual budget earmarked for investment, Egypt has made considerable progress over the past decade in modernizing and expanding an infrastructure whose needs were long subordinated to those of a war economy. Progress has been particularly impressive in the areas of power generation and telecommunications, and major efforts are now under way to modernize urban sewage disposal systems, particularly in Cairo and Alexandria. Large investments have been made to overcome production bottlenecks and increase import substitution (for example, cement and steel production). Port capacity, grain storage facilities, and urban transport capacity have been increased. Oil production is approaching the 1 million barrel per day level. The Suez Canal has been widened, deepened, and modernized. A large investment has been made in social services, particularly in education and health care. Facilities for foreign tourism have been expanded.

While the Egyptian economy as a whole has been relatively stagnant in growth terms the past few years, the private sector has demonstrated greater buoyancy. While the Egyptian economy as a whole has been relatively stagnant in growth terms the past few years, the private sector has demonstrated greater buoyancy. Private investment, both foreign and domestic, has continued to grow, though at a slower rate than the government had hoped. The private sector share of industrial output has increased from 25 percent in 1974 to one-third today. The government envisions that the private sector will contribute a growing share of investment under the economic development plan in the future. There are indications that financial aid from Arab oil-producing countries, terminated after the peace treaty with Israel, may be resumed. To avoid adding further to Egypt’s debt burden, U.S. economic and military assistance is now on a grant basis (except for highly concessional food sales under Public Law 480).

Egypt’s economic prospects thus clearly present a mixed picture. Much will depend on how successful the government’s eleventh-hour economic reform measures are in achieving their objectives of reducing Egypt’s excessive budget and trade deficits, increasing the productivity and competitiveness of the large public sector, and stimulating a higher level of foreign and domestic private investment. To cite one important example of potential financial resources that economic reform is designed to mobilize, it has been estimated that nearly 30 percent of the total foreign exchange earnings of Egyptians working abroad and from official tourism earnings, and amounting to as much as $2 billion, has been held in the free market—that is, outside the banking system.*

On the basis of experience, it is likely that for the next decade or so at least Egypt will succeed in managing its economic problems through a combination of technological adaptations, cautious reform measures, and continued high levels of external assistance. Egypt’s principal donors—the United States and other Western (and perhaps Arab) countries and international financial institutions—all have a vested interest in helping prevent Egypt’s economic difficulties from becoming so critical as to undermine political stability and moderation. The further one looks into the future, however, the more imponderables enter the picture. Debt rescheduling, important as it is as a short-term relief measure, is not debt forgiveness. The repayment burden has been shifted to the United States and the balance at the cost of increased future repayments. This in turn puts a high premium on Egypt’s ability to use the breathing space of debt rescheduling to achieve dramatic increases in export earnings. Even so, Egypt’s financial viability will continue to depend in part on factors

---


**AID, "The Egyptian Economy and Debt Repayment Prospects—1986."
That there has been an Islamic revival in Egypt, in the sense that more and more Egyptians are stressing Islamic values, teachings, and practices in their lives, is clear. This trend has been accentuated by the Islamic trends in other countries, especially the impact of the Islamic fundamentalists and their influence on Islamic politics in the region. The key to understanding the Islamic revival in Egypt is to recognize that it is a form of political Islam, which seeks to bring about a return to the pre-modern Islamic world.

Egypt and U.S. Interests

In recent years, the United States has had a strong interest in Egypt, both because of its strategic location and its role as a major ally in the Middle East. The United States has provided Egypt with billions of dollars in military aid, and has worked closely with Egyptian leaders to support democratic reform and counter the spread of Islamic extremism.

The continued ability of the military leadership to insulate the armed forces against political pressure that would undermine their stabilizing role is critical for Egypt's future. The Egyptian military has been a key player in recent events, and it is crucial that they remain strong and independent of political pressure.

Islam and the Domestic Political Scene

While there are many contrasts in style and emphasis between the Mubarak and Sadat regimes, the contrast is nowhere more marked than in Mubarak's approach to the democratization of Egypt's political life. Sadat introduced a limited multiparty system but kept the opposition on a short leash. Toward (and perhaps hastening) the end of his regime, Sadat imprisoned many opposition politicians and closed down their newspapers. Under President Mubarak, opposition parties and press have unprecedented freedom of action and expression. While the official government party, the National Democratic Party (NDP), emerged from the April 1987 elections with a safe, absolute majority of 75 percent of the seats in the People's Assembly, the fact that opposition parties ranging from the socialist Left to the rightist Nour Wafid (a revival of the dominant party in the prerevolution period) captured a total of 108 seats was a dramatic change from the pattern of earlier Egyptian elections. By far the most significant outcome of the 1987 elections, however, was the fourth, and a total of 36, in the number of seats won by candidates representing the Muslim Brotherhood—albeit in alliance with other parties, since parties based on religion (as well as the Communist party) are officially banned. Even more significant than the numbers, however, was the extent to which all parties, including the NDP, felt compelled to expound Islamic themes.
Egypts want a theocratic state & the Arab. The Egyptian tradition of tolerance and moderation has made possible the coexistence of secularism and Islamic fundamentalism, and of Islam and Christianity, for many generations.

While the Islamic revival in Egypt does not point inevitably toward ever greater fundamentalist Islamic influence over Egyptian policy, neither can it be dismissed as a passing phenomenon. It has roots in the modern Egyptian experience, and these need to be understood and their origins acknowledged. Most observers today trace the beginning of the reaction against Westernization and the rise of Islamic consciousness in Egypt to the defeat by Israel in the 1967 war. Arab nationalism under Egyptian leadership, the dominant ideology of the Nasser era, was a casualty of the defeat. The success and expansion of Islam and the corresponding humiliation of the Arabs were blamed not just on Israel but on the West and above all the United States. Egypt has lost its ideological focus and many Egyptians, in searching for a new ideology, rediscovered their Islamic heritage.

Although Egyptian pride and honor were restored in the 1973 war, the majority of Egyptians do not perceive that the postwar policies of the Egyptian government—peace with Israel, the open-door economic policy, and the de facto alliance with the United States—have benefited them or provided ideological goals to which they can aspire. Above all, Egyptians have grown increasingly disillusioned with Western economic models, whether socialist or capitalist, which for the large middle class and lower middle class have failed to bring the economic benefits promised. Even though in absolute terms their standards of living have improved, relative to Egyptian expectations they have not. What the average Egyptian urban dweller has seen are growing disparities between the rich (of which there are many in Egypt) and the vast majority of the poor; severe housing shortages; overcrowded and inadequate public services; inflation; and, for young university graduates in particular, a shortage of productive job opportunities.

It would be an oversimplification to say that the support the fundamentalists enjoy in Egypt today, especially among the youth, is entirely attributable to economic causes and frustrations. There can be little doubt, however, that many Egyptians are more responsive to fundamentalist appeals because of disillusionment over the failure of the present system to satisfy their economic aspirations or give them a vision to replace the disappointed hopes of the revolution. This seems to be particularly true of Egypt's university youth, many of whom are now the same age as the youth that was responsible for the mass protests against the Clinton government's policies that had made their home in Egypt in the past two decades or so. "Thus," as Yvonne Haddad says of an earlier period, "religious commitment to Islam as it had repeatedly done throughout history, provided a haven for protest for the disenchanted and disfranchised."

EGYPT'S FUTURE AND U.S. POLICY

As the heavy days of Camp David, now almost a decade old, recede in memory, there is a tendency to discount the benefits both Egypt and the United States have derived from their new relationship and to become preoccupied with current problems. Egyptians complain that the United States takes them and their contributions for granted and is insensitive to their feelings and concerns. Americans ask what Egypt has done to reduce its dependence on U.S. aid and wonder how much longer they can pour resources into Egypt at the rate of $2 billion or more a year.

Despite some symptoms of malaise in the U.S.-Egyptian relationship, the possibility of radical changes threatening its collapse seems remote today. The most volatile of the three factors noted earlier as responsible for the sharp ups and downs in U.S.-Egyptian relations—the Arab-Israeli conflict with its periodic wars—is markedly less volatile today, and the relationship is correspondingly more stable, as a result of the Egyptian-Israeli peace treaty. This is true despite the pressures on the Egyptian-Israeli (and therefore also the U.S.-Egyptian) relationship generated by the upsurge of unrest in the occupied territories and Israel's controversial measures to reconstitute the territories. The risk is not that the relationship will suddenly deteriorate but that it will erode over time to a point where the resilience and national will to withstand unexpected strains will be in doubt. In Egypt the cumulative frustrations resulting from unfulfilled political and economic expectations combine with criticism of the United States, on issues ranging from economic reform to Israeli and the peace process, to dilute popular support for the government's commitment to a strong U.S.-Egyptian relationship. The United States for its part has experienced own frustrations with Egypt over many of the same issues.

There are of course inherent asymmetries in the U.S.-Egyptian relationship that make some degree of frustration and some level of friction unavoidable. There are inevitably times when the United States, as a power with global responsibilities, and Egypt, whose concerns are largely regional, will have different foreign policy and security priorities. Add to this the asymmetries in the bilateral relationship—for example, the contrast between American wealth and Egyptian poverty and the one-sided favorable American balance of trade with Egypt (netting $2.5 billion in 1980)—and the potential for frictions is obvious.

What should also be obvious, however, is that the benefits of the U.S.-Egyptian relationship to both countries as it has evolved since the mid-1970s far outweigh the problems it entails for each of them. The challenge to the leaders of Egypt and the United States in the years ahead will be to recognize and contain the forces that could erode the relationship between their countries, to avoid the pitfalls of taking that relationship for granted, and to find ways of impressing on their respective bodies politic what would be at stake if the relationship were to change in its fundamentals.

For the United States, a good place to start is to recognize the benefits that accrue from the absence in Egypt of many of the kinds of problems that complicate U.S. relations with other strategically important Third World countries. Egypt has no nuclear weapons program and is a signatory to the Nuclear Non-Proliferation Treaty. Egypt has today a good record in the field of human rights. Egypt works closely with the United States and others to control the international narcotics trade. Egypt has made important advances, especially under Mubarak, toward establishing democratic institutions and reducing corruption.

The Arab-Israeli conflict is markedly less volatile today, and the U.S.-Egyptian relationship more stable, as a result of the Egyptian-Israeli peace treaty.
FPI POLICY BRIEFS

Egypt plays a moderating role in such forums as the Non-Aligned Movement, the Organization of African Unity, and the United Nations.

Next, it is important for Americans to recall what has been a basic premise of U.S. Middle East policy for four decades: that U.S. security interests in the region will in the long run be best served by an overall Arab-Israeli peace settlement. Realistically, this seems beyond reach at present, for reasons outside the control of either Egypt or the United States. Continuing and credible evidence of the U.S. commitment to that objective nevertheless remains an important factor in strengthening the efforts of the Egyptian government to prevent erosion of the U.S.-Egyptian relationship and to counter its critics at home and elsewhere in the Arab world. This reality has several policy implications for the United States.

First, it means that Washington must be perceived as playing an active and balanced role in keeping alive the hope in the peacemaking process until circumstances will be more conducive to genuine progress. This challenge is all the greater today, with the Soviet Union playing a more active role, with hints of greater flexibility and pragmatism, than was the case under General Secretary Gorbachev’s predecessors. Second, it means that a high level of U.S. economic support for Egypt must be sustained as evidence of the American commitment to the partnership for peace forged in the mid-1970’s.

The United States provides both economic and military assistance to Egypt, today on a grant basis, for essentially strategic reasons. This basis does not mean and attention must be given to the United States has no interest in how effectively its aid is utilized. It does suggest, however, that the United States’ own strategic interests require it to recognize the domestic political constraints on how fast and far Egypt can go in adopting economic reform measures that, in purely economic terms, are logical and desirable. There are limits on the “leverage” theoretically inherent in U.S. aid to Egypt. Nevertheless, the fact remains that major reforms are essential to Egypt’s economic viability and, ultimately, its political stability. As noted earlier, the Egyptian government has, though belatedly and only when it became necessary to avoid default on its foreign debt payments, instituted a program of reform. It will require a careful mix of firmness and political sensitivity on the part of U.S. policymakers to design policies toward Egypt that will keep it on this course while avoiding the risk of political backlash.

A third policy implication for the United States is that its interests in strategic cooperation with Egypt will prosper better if it does not seek to formalize such cooperation but is satisfied to let it develop on a de facto basis. Freedom from foreign political domination and military presence, nonalignment, and the return of Sinai to Egyptian sovereignty are important legacies of the revolution and the 1973 war. As such, they are sources and symbols of national pride. Against this historical background, attempts to persuade Egypt to enter formal military basing or similar agreements are unnecessary and unproductive irritants.

With wise and attentive management of the U.S.-Egyptian relationship, Egypt’s ability to stay on course and the United States’ ability to help it do so seem reasonably assured for the years immediately ahead. The issues of the

EGYPT AND U.S. INTERESTS

1956–67—competition between the superpowers for influence in the Middle East, the Arab-Israeli conflict, and inter-Arab rivalities—have not disappeared. They are all, at least for now, less volatile, however. And U.S.-Egyptian relations are sufficiently more mature, more experienced, and more stable so that it should be possible for leaders in Washington and Cairo to avoid the kind of roller-coaster ride that for so long characterized the relationship between them.

As one looks further into the future, the prognosis becomes murkier. Politically, it is not clear how Egypt will institutionalize the process of developing and choosing future leaders. And after six years Mubarak has yet to name a Vice President, as he was named by Sadat. Egypt also faces monumental challenges in the economic field to generate the resources needed to employ, feed, and otherwise support its rapidly growing and increasingly urbanized population, while working simultaneously to lower significantly the rate of population growth. Others can help, but the challenges are basically Egypt’s to meet. The consequences of failure are predictable, even if the time frame cannot be precisely defined. Declining standards of living will lead to accelerating social change and discontent, political destabilization, and at some point possibly even to pressures for emigration on a large scale to less populous areas across Egyptian borders.

None of this is imminent, and it need not be inevitable. Egypt has shown a remarkable capacity throughout its long history to survive and retain its social stability and homogeneity. Given the cumulative magnitude of the population and attendant pressures it is now facing for the first time, however, Egypt’s historical memory of somehow being able to cope and of relying on others to help it do so may become one of the biggest obstacles Egypt and its friends have to overcome today. The effectiveness of the hard decisions Egypt has just begun to face up to, and of even harder ones down the road, may well determine whether after many centuries time will begin to run out for “eternal” Egypt.

Alfred Leroy Atkerson, Jr., was U.S. ambassador to Egypt in 1979–88. During a long and distinguished career in government service ambassador Atkerson has served as assistant secretary for the Bureau of Near East and South Asian Affairs and as director general and director of personnel of the Foreign Service. He is currently director of the Harkness Fellowships Program of the Commonwealth Fund.
SAIS ENERGY PAPERS
3. Amercan Coal—Problems and Prospects, A. Denny Ellerman (March 1984), $3.50
5. The Oil Factor in International Debt, Karin Lissakers (April 1984), $3.50
7. The Role of Emergency Oil Stocks: A European Perspective, Ulf Lantto (July 1985), $3.50
8. The Restructuring of the U.S. Oil Industry, Dillard P. Spriggs (July 1986), $3.50
10. Petroleum Pricing in Developing Countries, Edward N. Krupals (November 1986), $3.50
12. The U.S. Natural Gas Market and Deregulation—Government and Industry Views (October 1986), $6.00
14. Prospects for Western European Energy Markets, Peter R. Oedel (September 1987), $5.00


WESTVIEW PRESS/FOREIGN POLICY INSTITUTE
The Strategic Defense Initiative: Shield or Snare? Harold Brown, ed. (1987), $27.00

SAIS PAPERS IN INTERNATIONAL AFFAIRS
12. Fiscal and Economic Implications of Strategic Defenses, Barry M. Blechman and Victor A. Ugooff (1986), $24.50
15. SDI and U.S. Foreign Policy, Robert W. Tudor et al. (1987), $21.00

To order copies contact Westview Press, Customer Service Department, 560 Central Avenue, Boulder, CO 80301-0030 444-3541. All prices are subject to change and do not include postage. VISA and MasterCard accepted.
ISSUES IN U.S. FOREIGN POLICY

Requiem for the Reagan Doctrine
CHRISTOPHER LAYNE

National Security: Past, Present, and Future
CLARK M. CLIFFORD

Promoting Change in South Africa
HERMAN W. NICKEL

The Gorbachev Effect in Eastern Europe
OTTO PICK

Soviet Trade with the Industrialized West
DANIEL FRANKLIN

Poland's Failed Social Contract
LEONET HETTENBERG

MORE THAN A JOURNAL, A RESOURCE!

SUBSCRIPTION RATES—

Institutions
☐ one year ........... $24
☐ two years .......... $40
☐ three years ......... $54

Individuals
☐ one year ........... $14
☐ two years .......... $24
☐ three years ........ $30

Students
☐ one year ........... $10
☐ two years .......... $18
☐ three years ......... $24

Oversees subscribers add:
☐ surface mail ......... $3.50 yr.
☐ air mail ............ $14 yr.

make checks payable to the SAIS Review, and mail to:

THE JOHNS HOPKINS FOREIGN POLICY INSTITUTE
SCHOOL OF ADVANCED INTERNATIONAL STUDIES
1619 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036