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UNITED STATES FOREIGN POLICY TOWARD EGYPT UNDER SADAT: 1970-1981

*University of California, Riverside*

PH.D. 1983

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UNIVERSITY OF CALIFORNIA  
RIVERSIDE

United States Foreign Policy Toward Egypt

Under Sadat: 1970-1981

A Dissertation submitted in partial satisfaction  
of the requirements for the degree of

Doctor of Philosophy

in

Political Science

by

Muhammed Ahmed Mufti

December, 1983

Dissertation Committee:

Melvin Gurtov, Chairperson

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December, 1983

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University of California, Riverside  
December, 1983

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I had the advantage of visiting Egypt five times, the last of which was between May and August 1982. While in Egypt, I had a chance to interact with the people, to gain personal insight, and to carry out simple observation upon the Egyptian society. As a result of visits to different research institutions, I was able to gain valuable information and insight. Although much of the dissertation utilizes American sources, the Arabic literature, which I reviewed, was extremely helpful in providing a proper background for the completion of this dissertation.

Throughout the course of this dissertation, I have had the privilege of working closely with Melvin Gurtov, whose invaluable assistance facilitated the completion of my research. Professor Gurtov's patience, understanding and moral support encouraged me throughout my graduate studies at the University of California at Riverside.

I also would like to thank the other committee members, Ronald Chilcote and Arthur Turner, for their assistance and understanding.

I would especially like to express my appreciation to my brother Ali and his wife. Their compassion, moral

support and generosity made my work more enjoyable.

My greatest appreciation is extended to my parents,  
without whom I could never have pursued my academic goals.  
To my parents, I dedicate this dissertation.

ABSTRACT OF THE DISSERTATION

United States Foreign Policy Toward Egypt  
Under Sadat: 1970-1981

by

Muhammed Ahmed Mufti

Doctor of Philosophy, Graduate Program in Political Science  
University of California, Riverside, December 1983  
Professor Melvin Gurtov, Chairperson

This dissertation has analyzed the political and economic pattern of relationship between the United States and Egypt. Special emphases were placed on changes and continuity in U.S. foreign policy with an analysis of the role that both realism and globalism played in the formulation of U.S. foreign policy toward Egypt between 1970 and 1981.

The study was conducted in three phases. The first phase traced the historical origins of United States foreign policy toward Egypt with an emphasis on motivations and forces affecting this relationship since Nasser. The second phase focused on Sadat's rapprochement with the United States and the subsequent development of U.S. political, economic,

and strategic interests in Egypt. The third phase examined the impact of this relationship on both the United States and Egypt.

The framework which was adopted for the analysis of U.S. foreign policy toward Egypt focused on U.S. efforts to build regional surrogates, capable through continued military and economic assistance of maintaining regional order and stability. To understand further this pattern of relationship, the dissertation focused on the interrelationship between continued U.S. economic aid and the achievement of a separate peace between Egypt and Israel, and on U.S. efforts to strengthen Sadat's open-door economic policies. Moreover, the study also analyzed the interrelationship between United States arms transfer to Egypt and the role that Egypt played in undermining regional radicalism and in containing Soviet influence in the region.

The study pointed out that continued U.S. economic and military assistance contributed to the underdevelopment of the Egyptian economy, increased Egypt's dependence on the United States, and coincided with human rights violations in Egypt.

In the conclusion the dissertation provided a general assessment of the role that both realism and globalism played in the formulations of United States foreign policy toward

Egypt under Sadat. Both realism and globalism were used as a foreign policy instrument designed to serve U.S. economic, political, and strategic interests in Egypt. The dissertation closed by pointing out that only through internal transformation of Middle Eastern regimes would United States policy makers be challenged to reconsider the current power politics approach to the region.



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## CHAPTER I

### United States Foreign Policy Toward Egypt:

#### A Framework for Analysis

##### Policy Aspect

This study will evaluate the political as well as the economic character of the relationship between the United States and Egypt from 1970 to 1981. Emphasis will be placed on the United States' efforts to maintain the political stability of the Egyptian regime through economic aid, military assistance, and the promotion of a particular pattern of economic and political development.

The author will argue that the death of Nasser in 1970 radically transformed Egypt's internal political structure and its international alliances. In the mid 1970s Sadat reversed the development of state socialism initiated by Nasser and embarked on an economic liberalization policy. Al-Infatih al-Iqtisadi (the economic opening) became the cornerstone of Sadat's emphasis on private enterprise and capitalist development. Furthermore, to consolidate his internal power, Sadat, in May 1971, ousted the pro-Soviet Vice President Ali Sabry, and in July 1972 he liquidated Egypt's alliance with the Soviet Union. These internal and international changes were complemented

by Sadat's regional policies. Sadat normalized his relations with the conservative regimes of the Middle East in an effort to end the political and ideological fragmentations that characterized the "Arab Cold War," and, thus, gain financial support from them to overcome some of the economic problems that Egypt has been facing since the 1952 revolution.

In addition, it will be argued that the 1973 October War introduced a new dimension to the political struggle in the region. The United States became more committed to finding a lasting solution to the Arab-Israeli conflict, one that would enhance its influence in the region and, at the same time, maintain the security of Israel. Sadat's readiness to negotiate a settlement with Israel brought a significant change to United States' relations with Egypt. This relation was mainly reinforced by the "open-door policy," which affected United States-Egyptian relationships in two ways. On the one hand, the liberalization and de-Nasserization of the economy reinforced the pro-Western stance initiated by Sadat and complemented the overall policy of rapprochement. On the other hand, political as well as economic liberalization, motivated by Sadat's desire to secure international capital and to assure foreign investors, militated against any threat of future

nationalization.<sup>1</sup> Consequently, the United States came to play a major role in Egyptian politics through economic assistance which was established at \$1 billion annually beginning in 1976. Yet, while the open-door policy established a structural link between the United States and Egypt, it was the "Camp David" agreement, which resulted in the signing of a separate peace treaty between Egypt and Israel, that worked to further enhance United States-Egyptian relations. The Camp David accords were especially important because Egypt, through the negotiations and agreements, came to be politically as well as militarily dependent on the United States.

#### Theoretical Approaches

The dissertation will explore and analyze the various factors (e.g., economic, political, military) that have altered the character of the relationship between the United States and Egypt. In doing so, theories and approaches that offer conceptual frameworks to assess the pattern of relations between the United States and the

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<sup>1</sup>R. Michael Burrell, Abbas R. Kelidar, Egypt: The Dilemmas of a Nation - 1970-1977. (The Center for Strategic and International Studies, Georgetown University. The Washington Papers, Vol. V, No. 48, Sage Publications, 1977), p. 23.

Third-World will be considered. First, those who adhere to a realist geopolitical perspective view the international system as anarchical. Therefore, countries interact primarily to protect their national interest. Realists maintain that people are competitive and aggressive by nature, and that the desire to attain power and dominance ranks high among peoples' needs. Accordingly,

. . . if this inexorable and inevitable human characteristic is acknowledged, realism forces dismissal of the possibility of progress in the sense of ever hoping to eradicate the instinct for power.

Under such conditions, international politics is a struggle for power, a war of all against all.

The primary obligation of every state in this environment--the goal to which all other national objectives should be subordinate--is to promote the national self-interest, defined in terms of the acquisition of power.

The national interest necessitates self-promotion, especially through the acquisition of military capabilities sufficient to deter attack by potential enemies . . . .

The capacity for self-defense might also be augmented by acquiring allies, providing they are not relied upon for protection.

If all states search for power, peace and stability will result through the operation of a balance of power propelled by self-interest and lubricated by fluid alliance system.<sup>2</sup>

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<sup>2</sup>Charles W. Kegley, Jr. and Eugene R. Wittkopf, American Foreign Policy: Patterns and Process, (New York: St. Martin's Press, 1982), pp. 78-79.

Realists also tend to be strategic analysts who look at the Middle East as a subsystem of the international political system. Domestic politics are always assumed to have limited impact on foreign policy decision-making, and indeed to be separate from foreign policy. In addition, regional interaction is looked upon as an extension of U.S.-Soviet interests in the region. Strategic analysts, apprehensive about international communism and "Soviet expansionism," attribute a positive role to the United States' involvement in the international system. The United States has always been praised for its efforts to contain communism and, thus, to protect the "free world."

Economic analysis of U.S. foreign policy, on the other hand, constitutes a separate paradigm with its own interpretations, theories, and methodologies. The liberal approach, developed in the late 1960s and early 1970s, focuses on globalism and the growth of international "interdependence." Proponents of this school maintain that "broader human interests are being served best in economic terms where free market forces are able to transcend national boundaries."<sup>3</sup> This transnational approach

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<sup>3</sup>Jeff Frieden, "The Trilateral Commission: Economics and Politics in the 1970s," in Holly Sklar, ed., Tri-lateralism: The Trilateral Commission and Elite Planning for World Management (Boston: South End Press, 1980), p. 63.



assumes that the increased level of interaction between the countries of the Middle East and the West will create stability in that continuing wars are seen as antithetical to mutual economic prosperity. In this regard, old "isms" such as pan-Arabism, anti-colonialism, nationalism, and socialism will give way to new ones--pragmatism, realism, conservatism, and capitalism. This new trend of interdependence will presumably generate regional cooperation and internal economic prosperity. Stability is maintained through gradual development and modernization.

The author believes that an understanding of the role that each school plays in the formulation of U.S. foreign policy is important. Realism and globalism have always been used to justify continued U.S. economic and military aid to certain Third World regimes. Both schools, as shall be demonstrated, actually represent two sides of the same coin. Concepts such as "power," "order," and "stability" are used interchangeably both by realists and globalists to justify U.S. actions and policies in the Third World. In the 1950s, for instance, when the Cold War was dominant, rigid realism dominated the thinking of U.S. foreign policy-makers. The United States strove to build alliances and strengthen its allies militarily to counter alleged threats of "Soviet expansionism." Yet,

when military strategy alone proved inadequate to achieve foreign policy goals, economic globalism was used. U.S. aid was meant to maintain "peace" and "stability" by promoting capitalist development led by local and trans-national private enterprise.

In the 1970s and 1980s realism and globalism again converged. Economic aid and military transfers were both sought as means to maintain "order" through which U.S. strategic as well as economic interests could be fulfilled.

As the basis for this approach to the problem of analyzing and understanding the development and implementation of U.S. foreign policy in the Middle East, the study proposes that United States foreign policy is motivated by a desire to maintain "global order" through which U.S. corporate, political, and strategic interests can flourish. The United States works to create reliable allies in the Third World who will cooperate with it in maintaining "peace" and "stability." The United States' concern for stability led its foreign policymakers, from the Truman to the Reagan Administration, to establish and consolidate a patron-client relationship with countries of the Middle East.<sup>4</sup> The U.S. goal was, and continues to be, to build

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<sup>4</sup>John L. S. Girling, America and the Third World: Revolution and Intervention. (London: Routledge & Kegan, 1980), p. 126.

regional "surrogates" capable, through continued economic assistance and military aid, of undermining regional radicalism and maintaining "order," and thus protecting U.S. oil and other economic interests.

The United States followed two interrelated realist methods to maintain regional order.<sup>5</sup> While it always relied upon force as a foreign policy instrument of last resort, U.S. leaders more often sought, as under the Nixon Doctrine, to cultivate regional allies and create regional "police forces" to carry out the American mission. President Carter continued that practice. As he said in March 1978:

We have important historical responsibilities to enhance peace in East Asia, in the Middle East, in the Persian Gulf, and throughout our own hemisphere. Our preference in all these areas is to turn first to international agreements that . . . minimize the threat of conflict. But we have the will, and we will also maintain the capacity, to honor our commitments and to protect our interests in those critical areas . . . . In all these situations, the primary responsibility for preserving peace and military stability rests with the countries of the region. We shall continue to work with our friends and allies to strengthen their ability to prevent threats to their interests and ours. In addition, however, we will maintain forces of our own which can be called upon, if necessary, to support mutual defense efforts. . . The Secretary of Defense at my direction is improving and will maintain quickly deployable forces--air, land and sea--to defend our interests throughout the world.<sup>6</sup>

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<sup>5</sup>Ibid., p. 197

<sup>6</sup>Quoted in *ibid.*, p. 151.

In accordance with this, the study contends that U.S. policy toward Egypt under Sadat aimed at building a regional gendarme subservient to the United States. Economic assistance, military aid, and political support were meant to consolidate U.S.-Egyptian relations and further enhance U.S. regional interests. This study integrates two levels of analysis. First, it is argued that the transfer of U.S. arms to Egypt has been associated with the perceived role that Egypt would play in the region. The breakdown of the symbol of status quo (i.e., the Shah) has tended to generate a coalition of radical groups in the entire Middle East. The American fear was that the new Iranian revolutionary power might be able to cooperate with the Palestinians in the Middle East, in general, and, with their large and vocal members in the Gulf, to form a radical anti-American, anti-imperialist coalition. Such an act would eventually bring together the radical Palestinians, other radical Arab elements, assisted wholeheartedly by the new Iranian radicals to undermine stability of the Middle East oil supplies as well as the propensity of the American multinational corporations operating there. The American goal was that Egypt would be able to play the American surrogate role in preserving a "tranquil" and pro-Western Middle East. Sadat's

anti-Soviet rhetoric and his efforts to undermine its influence in the Middle East and Africa contributed substantially to the enhancement of the U.S. strategic design for the region. The Soviet invasion of Afghanistan also contributed to the consolidation of U.S. regional strategy.

The U.S. used other means to achieve "peace" and "stability," considered indispensable to continued economic, political, and strategic interests in the region. Economic aid and foreign investments were part of a "globalist" design aimed at promoting and sustaining private enterprise, and at linking U.S. regional allies with the international and capitalist system.

In order to understand this globalist design, the study evaluates the political economy of the United States' aid policies towards Egypt; a special emphasis is placed on the motives, goals, and implications of U.S. aid to Egypt; and U.S. aid policies towards Egypt are analyzed in relation to U.S.-Third World policies in general. Contrary to the conventional analysis that views aid as a vehicle for development in the underdeveloped countries, it is proposed that U.S. aid policies serve its political-economic interests and create a dependent economy in Egypt. Such a dependence on U.S. capital has resulted in the transformation of the Egyptian economy, as will be shown

in great detail in chapter IV. Aid also served as leverage over Sadat and this was closely linked to Egypt's endorsement of U.S. peace proposals.

By showing the congruence of policy aims between Realism and Globalism, this analysis will also demonstrate the connections between policy issues, such as between arms aid and human rights violations in Egypt. The relationship between continued U.S. political and economic support of Sadat and its policy toward the Middle East and the U.S.S.R., and between multinational corporations and development politics will also be analyzed. This case study has the virtue of tying together these different levels and types of policies by observing their interaction on both sides (U.S. and Egyptian) of the political relationship. By adopting this holistic approach one can see how the strategy and tactics, and the motives and objectives, of foreign policy interrelate. This approach will also clarify the continuity and changes in U.S. foreign policy making, and will focus attention on the belief system, the "shared images,"<sup>7</sup> and the "ideological"

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<sup>7</sup>Morton H. Halperin, Bureaucratic Politics & Foreign Policy, (Washington, D.C.: The Brookings Institution, 1974), p. 11.

premises of foreign policy.<sup>8</sup> While U.S. goals in the region remained unchanged, as is argued throughout the study, the tactics and methods have changed to serve better U.S. interests. In this regard, Kennedy's and Johnson's "Cold War liberalism," Nixon and Kissinger's "strategic realism," and Carter's "constructive global involvement" were all designed to serve similar U.S. strategic, political, and economic interests.<sup>9</sup>

The following chapters will discuss the vital factors affecting the continuity and changes in the United States foreign policy towards Egypt during the years 1970-1981. Chapter II will offer an historical review of the evolution of U.S. foreign policy towards Egypt. The impact of the 1973 October War and the subsequent peace proposals on U.S.-Egyptian relations are the thrust of Chapter III. In Chapter IV, the interrelationship between the opening up of the Egyptian economy and the U.S. economic assistance will be analyzed. As an expansion of Chapter IV, Chapter V will explore the arms transfer to

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<sup>8</sup>Melvin Gurtov, The United States Against the Third World: Antinationalism and Intervention, (New York: Praeger Publishers, 1974), p. 4.

<sup>9</sup>John Girling, America and the Third World, p. 120.

Egypt and the role Egypt was expected to play in the region, as well as the U.S. peace proposals, such as Camp David and the Egypt-Israeli Peace Treaty, and their impact upon U.S.-Egyptian relations. These factors will substantiate the argument concerning the interrelationship between realism and globalism as instruments serving U.S. economic, political, and strategic interests.



## CHAPTER II

### Evolution of U.S. Foreign Policy Toward Egypt:

#### An Overview

#### U.S. Foreign Policy Objectives in Egypt

The analysis of United States relations with Egypt forms an integral part of U.S. policy in the Middle East. United States objectives in the Middle East are commonly considered to be the maintenance of peace and stability through the consolidation of regional conservative forces vis-a-vis radical elements; security for Israel; access to oil; and the limitation of Soviet incursion or influence in the area.<sup>1</sup> Oil constitutes the major economic interest that motivates the United States to play a dominant role in the Middle East. The importance of oil to U.S. foreign policy towards the region was clearly stated by President Eisenhower: "The Middle East is the bridge joining Europe, Asia and Africa . . . Under its surface lies the greatest store of oil known in the world,

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<sup>1</sup>William B. Quandt, "United States Policy in the Middle East: Constraints and Choices" in Paul Y. Hammond and Sidney S. Alexander, eds. Political Dynamics in the Middle East (New York: Elsevier Publishing Company, 1972), p. 489.

the black gold on which we depend in this age of the Machine."<sup>2</sup> As such, the continued presence of Soviet influence in the region, coupled with increased radicalism, in nationalist form, presents a direct threat to U.S. interests. To contain the perceived Soviet challenge and the threat of nationalism, the U.S. has had to rely on different methods. U.S. support of the conservative regimes of Saudi Arabia, Iran (under the Shah), Jordan, and Egypt (after Nasser) is concomitant with its continued efforts to undermine local and regional radicalism. At the same time, continued U.S. support of Israel is considered indispensable to the commitment of anti-communism.<sup>3</sup>

In order to achieve these goals, the United States pursued two general policies. The first was the formation of military alliances--right-wing anti-Soviet coalitions capable of checkmating radicalism and countervailing any potential Soviet threat. The second policy was aimed at strengthening the United States' regional allies internally through the provision of economic and military aid. Two

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<sup>2</sup>Dwight Eisenhower, The White House Years. Waging Peace, 1956-1961, (New York: Doubleday, 1956), p. 20.

<sup>3</sup>Barry Rubin, "America's Mid-East Policy: A Marxist Perspective," Journal of Palestine Studies, V. 11, No. 3, Spring, 1973, p. 54.

general approaches were advanced to justify continued U.S. support of its regional allies. One line focused on the perceived connection between aid and economic development. Economic development and growth were believed likely to lead to political development, which was defined in terms of democracy, stability, anti-communism and pro-Americanism. The second line emphasized security problems and Cold War considerations. Aid was used as an instrument to promote pro-U.S. security policies, win allies and contain communism.<sup>4</sup>

In periodizing United States' policies toward Egypt, one cannot help but notice that in the early 1950s, during the era of containment and cold war, the "realist" strategic dimension was overemphasized. The politics of the Cold War between the two superpowers were extended to the Middle East. Containment of communism became the core component of U.S. strategic design for the area. U.S. policymakers assumed that Egypt, the largest and most militarily powerful state in the region, could play a leading role in forming a pro-Western alliance capable of deterring the

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<sup>4</sup>Robert A. Packenham, Liberal America and the Third World: Political Development Ideas in Foreign Aid and Social Science, (Princeton, New Jersey: Princeton University Press, 1973), pp. 4-5.

spread of communism, and thus protecting Western oil interests. Continued U.S. access to oil was considered indispensable to the enhancement of United States' regional influence and prestige, as Navy Secretary Forrestal stated in a memorandum to the Secretary of State in 1944:

The prestige and hence the influence of the United States is in part related to the wealth of the Government and its nationals in terms of oil resources, foreign as well as domestic . . . . The bargaining power of the United States in international conferences involving vital materials like oil and such problems as aviation, shipping, island bases, and international security agreements relating to the disposition of armed forces and facilities will depend in some degree upon the retention by the United States of such oil resources.<sup>5</sup>

Oil was important for two other reasons. "U.S. corporate control of oil," Steven A. Schneider argues, "was to play a key role in establishing the liberal economic order that American policy makers sought to create, for cheap Middle East oil would facilitate the recovery of Western Europe and Japan."<sup>6</sup> Western Europe and Japan imported 85 and 90 percent of their oil from the Middle

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<sup>5</sup>Quoted in Joe Stork, Middle East Oil and the Energy Crisis, (New York: Monthly Review Press, 1975), p. 36.

<sup>6</sup>Steven A. Schneider, The Oil Price Revolution (Baltimore: The Johns Hopkins University Press, 1983), p. 19.

East and North Africa.<sup>7</sup> Moreover, as Melvin Gurtov stated:

Apart from the strategic and economic need of Middle East oil, U.S. government [had] to take account of the heavy investment in it by American oil conglomerates. Five of the seven major foreign oil companies in the region are American . . . , and among them are the biggest U.S. corporations from the standpoints of profits, sales, and net capital assets.<sup>8</sup>

"The Seven Sister's"<sup>9</sup> profits from Middle East oil jumped from \$1.7 billion between 1913-1947 to \$12.8 billion between 1948-1960.<sup>10</sup>

Egypt, however, refused to participate in a military alliance with the West for fear that such an alliance would perpetuate Western imperialism, especially since it was determined to end British occupation of the Suez Canal. Egypt's refusal to join an anti-communist pact and its espousal of positive neutralism and nationalism under Nasser, were perceived as direct threats to U.S. interests

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<sup>7</sup>Melvin Gurtov, The United States Against the Third World. Antinationalism and Intervention, (New York: Praeger University Press, 1974), p. 15.

<sup>8</sup>Ibid., p. 16.

<sup>9</sup>Anthony Sampson, The Seven Sisters: The Great Oil Companies and the World They Shaped, (New York: Bantam Books, 1975).

<sup>10</sup>Joe Stork, Middle East Oil, p. 56.

in the region. Positive neutralism ran counter to U.S. efforts at building a pro-Western alliance to counter alleged "Soviet expansionism" in the region. Nationalism, likewise, presented a direct threat to U.S. efforts at maintaining the status quo and thus protecting its oil interests in the region. U.S. policymakers demonstrated a lack of sensitivity to such ideas as Nasserism, nationalism, and Pan-Arabism, and other forms of radicalism that threatened U.S. interests in the region. Truman, Eisenhower, and their Secretaries of State, Dean Acheson and John Foster Dulles, understood nationalism through "the metaphors of traditional balance of power diplomacy and what had become the quasi-theological dogma of confrontation between 'communism' and the 'free world.'"<sup>11</sup> This naturally led to complications between the United States and Egypt.

However, between 1959 and 1964, the United States adopted a new "globalist" "outlook," aimed at improving its position in the Third World. Thus, despite the "complications," economic aid and trade became major instruments in U.S. foreign policy towards Egypt. The

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<sup>11</sup>James S. Nathan and James K. Oliver, United States Foreign Policy and World Order, (Boston: Little, Brown and Company, 1976), pp. 206-207.

U.S. worked during this period to improve its relations with Egypt through the extension of economic aid and food grants. Also, during this period, the U.S. strove to maintain regional stability by containing Nasser's power. Economic development and modernization were pursued as means of diverting Nasser's interest inward and away from foreign involvements.

The third period extends from 1967 to 1973, and was characterized by an increased U.S. commitment to Israel and a subsequent decline of United States strategic position in the Arab world. This period was of critical importance to the United States, and the changes that took place within Egypt after the 1967 Arab-Israeli war laid the groundwork that was to establish the future direction of its involvement in the region.

The fourth period that extended from 1974 to 1981 was a period of rapprochement, reconciliation and mutual commitment between the United States and Egypt. Egypt's liquidation of its alliance with Moscow, under the leadership of Sadat; its "open-door" policy; and its willingness to pursue a separate peace with Israel induced the U.S. to come closer to Egypt. The 1973 oil embargo, and the subsequent quadrupling of oil prices, shifted U.S. policy-makers' interests into a more liberal approach towards the

region. Special emphasis was placed on interdependence, mutual prosperity, and economic development. Regional development in the late 1970s and early 1980s, however, gave impetus to a rising "realism." Thus, the 1970s and early 1980s saw the rise and consolidation of both "realism" and "globalism."

#### Evolution of U.S. Policy Towards Egypt

Enduring American political and strategic interests in the Middle East date only from World War II, when President Roosevelt in 1941 declared the defense of Turkey and the Middle East vital to the defense of the United States. Since then, the U.S. has been directly and indirectly involved in the Middle East.

By the end of the Second World War, the United States began to take a direct role in the Middle East, primarily for two reasons. First, Britain's preponderance in the Middle East was declining. Second, Soviet pressure on Turkey in 1945 over the Dardanelles, and the presence of Russian troops in Iran in 1946, induced the United States to adopt a more direct approach towards the Middle East. This fact was pointed out by William Polk, when he argued that "It was because of its determination to contain the Soviet Union, then, that America first undertook direct and



large-scale responsibility for events in the Eastern Mediterranean."<sup>12</sup>

The policy of containment was first initiated in the Middle East by the Truman Administration. The Truman Doctrine, enunciated on March 12, 1947, presented a new world view and underscored the United States' efforts to create a new capitalist world order under its control and conforming to its anti-communist ideology and rapidly expanding economic interests. The Doctrine was an attempt to implant a Middle East version of the Marshall Plan firmly in the region. It called for the provision of \$400 million to Greece and Turkey under the Point Four program.<sup>13</sup> The Point Four program provided economic aid and technical assistance to certain Third World countries, and was mainly designed to help them counter communism. It was "consistent," as President Truman pointed out, "with our [U.S.] policies of preventing the expansion of communism in the free world . . . ."<sup>14</sup> The United States also

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<sup>12</sup>William R. Polk, The United States and the Arab World, (Cambridge, Massachusetts: Harvard University Press, 1975), p. 366.

<sup>13</sup>Thomas A. Bryson, American Diplomatic Relations with the Middle East: 1784-1975. A Survey, (Metuchen, New Jersey: The Scarecrow Press, Inc., 1977), p. 146.

<sup>14</sup>Ibid., 176.

extended \$540 million in economic and military assistance under the 1951 Mutual Security Program. Thus, between 1947 and 1959, the U.S. provided \$2.9 billion in military assistance to the region.<sup>15</sup> Economic and military aid were initially perceived as a useful means of containing communism, of stabilizing the region, and, thus, of protecting the oil interests in the Persian Gulf. As Herbert Feis, a wartime economic advisor to the State Department maintained, "it has been taken for granted . . . that American interests must have actual physical control of, or at the very least assured access to, adequate and properly located sources of supply."<sup>16</sup>

Military assistance by itself, however, was considered to be insufficient to contain alleged "Soviet expansionism." Therefore, the U.S., from 1950 on, started looking for other instruments to defend the Middle East.<sup>17</sup> Three international events led U.S. policymakers to re-evaluate American foreign policy with respect to the region in the critical period between 1949-1950. The first was the

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<sup>15</sup>Ibid., p. 177.

<sup>16</sup>Quoted in Joe Stork, The Middle East Oil, p. 29.

<sup>17</sup>Thomas A. Bryson, American Diplomatic Relations, p. 177.

victory of the communist revolution in China; secondly, Russia's explosion of the atomic device; and the third and most important international event was the outbreak of the Korean War in the Spring of 1950. These events, as Nathan and Oliver argued, resulted in "a call for a decisive shift away from dependence on the political and economic instruments of containment . . . to a remobilization of American political and military power equal to the task of global containment."<sup>18</sup>

In January of 1951, Secretary of State Dean Acheson stated the new U.S. objectives for the region in a letter to Defense Secretary Marshall:

Our idea was that the primary responsibility of the British . . . [was] to supply armed forces for the defense of the area and the considerable assistance that we were furnishing to individual countries hence could be coordinated under a plan for the defense of the area as a whole.<sup>19</sup>

Consequently, the United States and Great Britain engaged in a concerted joint effort to create a Middle East defense organization. Despite the decline of British power after World War II, its position in the Middle East was predominant and it controlled most of the needed defense

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<sup>18</sup> Nathan and Oliver, United States Foreign Policy, p. 96.

<sup>19</sup> Dean Acheson, Present at the Creation, (New York: Norton, 1969), p. 562.

facilities in the region.<sup>20</sup> Britain, for example, was still in control of the Suez base, and the base was "considered indispensable for such defense by both the U.S. and Britain."<sup>21</sup> And, thus, the United States assumed that any defense arrangement for the region that did not include Britain would necessarily fail.

Britain, for its part, sought a regional defense organization that would diffuse the growing Egyptian tension over its concerted efforts to renew the 1936 treaty. The Egyptian goal was to expel the British forces from Suez.<sup>22</sup> And the United States, despite its awareness of the declining role of British imperialism in the region, worked with Britain to form the "Middle East Command," because of its apprehension over Soviet ambitions. It was assumed by both the U.S. and Britain that such a proposal would work to internationalize the Suez Canal and "would permit continued use of the Suez base facility."<sup>23</sup>

Thus, on October 13, 1951, the U.S., Britain, France,

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<sup>20</sup>John C. Campbell, Defense of the Middle East: Problems of American Policy, (New York: Harper and Brothers, 1958), p. 39.

<sup>21</sup>Ibid.

<sup>22</sup>Thomas A. Bryson, American Diplomatic Relations, p. 179.

<sup>23</sup>Ibid.

and Turkey proposed to the Egyptian government the formation of the "Middle East Command." The proposal, according to Glenn Earl Perry, indicated that "Egypt belongs to the free world and in consequence her defense, and that of the Middle East in general, is equally vital to other democratic nations."<sup>24</sup> Thus, Egyptian participation in the Command was considered vital for two reasons:

First, the Suez base was the key to the structure. Second, Egypt was considered the most important of the Arab states. If Egypt joined . . . the other Arab states were likely to follow her lead.<sup>25</sup>

The same false assumption had also guided United States peace proposals in the 1970s. It was assumed in Washington that Egypt's adherence to a U.S. sponsored peace would set a precedent for the rest of the confrontationalist states to follow.

Egypt, however, rejected the proposal. The idea of a defense pact designed to protect the region against international communism seemed irrelevant to Cairo, because the primary threat to Egyptian security was perceived as

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<sup>24</sup>The Department of State Bulletin, XXV, October 22, 1951, p. 647-648 quoted in Glenn Earl Perry, United States Relations with Egypt 1951-1963. Egyptian Neutralism and the American Alignment Policy, Ph.D. dissertation, Charlottesville, Virginia, August 1963, p. 77.

<sup>25</sup>Thomas Bryson, American Diplomatic Relations, p. 179.

coming from Israel and not the Soviet Union.<sup>26</sup> Furthermore, the spread of nationalism, anti-colonialism and the rise of Arab awareness of Western pernicious role in the area made it less likely that Egypt would endorse such a proposal. The Egyptians were reluctant to participate because of their fear that their acquiescence to the Middle East Command might set a precedent for the perpetuation of Western imperialism.

Nevertheless, the United States' failure to induce Egypt to participate in a Western-oriented defense did not put an end to U.S attempts to achieve this goal, and its efforts were renewed again under the Eisenhower Administration.

Eisenhower, Dulles, and the Defense of the  
Middle East

The accession to power of a Republican administration in 1953 presented the United States with an opportunity to evaluate its previous policies in an effort to enhance its future position in the Middle East. Yet, despite the failure of the Truman Administration to form a regional

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<sup>26</sup>Cholam Reza Maghroori, United States Policy Towards the Arab-Israeli Conflict 1969-1976: Changes and Continuities. Ph.D. dissertation, Department of Political Science, U.C.R. December, 1978, p. 44.

military alliance with Egypt, the Eisenhower Administration continued to perceive communism as the primary threat to regional stability. President Eisenhower and his Secretary of State, John Foster Dulles, were committed to the idea of regional defense to contain communism. This aspect of American foreign policy has been pointed out by Miles Copeland, who argued that:

President Eisenhower as a military man [saw communist] ambitions being furthered by military means, comparable to those by which the Nazis overran Europe. The proper defense against them was military defense, first through the North Atlantic Treaty Organization (NATO). . . and then by similar alliances in other parts of the globe. . . . 'MEDO,' the Middle East Defense Organization, was the first to come after NATO.<sup>27</sup>

Secretary of State Dulles shared this common objective with the President. Dulles was particularly concerned with the danger of "hypothetical" Soviet influence on continued Western access to oil. In an address to the nation on January 27, 1953, he stated:

In the Middle East, we find that the Communists are trying to inspire the Arabs with a fanatical hatred of the British and ourselves. That area contains the greatest known oil reserves that there are in the world, and the Soviet interest is shown by the fact that Stalin, when he was negotiating with Hitler in 1940, said that the area must be looked upon as the center

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<sup>27</sup>Miles Copeland, The Game of Nations: The Morality of Power Politics, (New York: College Notes & Texts, Inc. 1969), p. 133.

of Soviet aspirations. If all of that passed into the hands of our potential enemies, that would make a tremendous shift in the balance of economic power. And furthermore this area also has control of the Suez Canal and that is the portion of the world . . . which has long been guarded and called the lifeline which made it possible for Europe to be in communication with Asia. There are difficulties at the present time between the question of the defense and control of the Suez Canal.<sup>28</sup>

Accordingly, constructing regional defense became the primary component of U.S. strategy of containment for the region. Dulles visited the region in May 1953, in an attempt to encourage the states of the area to participate in a Western defense arrangement against communism.<sup>29</sup>

However, on his visit Dulles acknowledged the rising anti-British sentiment in the region and the growing fear of Israeli's expansionism. "He found," according to Thomas Bryson, "that . . . the Arab's fear of Israeli aggression paralleled the American fears of Soviet aggression."<sup>30</sup>

Dulles further concluded that any regional alliance must arise from within the states themselves and must correspond

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<sup>28</sup>Department of State Bulletin, February 9, 1953, pp. 213-214 quoted in Faiz S. Abu-Jaber, American-Arab Relations from Wilson to Nixon, (Washington, D.C.: University Press of America, Inc., 1979), pp. 53-54.

<sup>29</sup>Bryson, American Diplomatic Relations, p. 183.

<sup>30</sup>Ibid.



to the needs of the region, and that most of the governments of the Middle East were not inclined to participate in a Western-sponsored defense organization. Dulles indicated further that the "northern tier" states of Iran, Turkey, and Pakistan were the most likely to cooperate with the West in a regional pact.<sup>31</sup>

The willingness of the "northern tier" countries to participate in a regional defense pact induced Dulles to encourage the creation of a collective defense system composed of regional forces. Thus, the treaty of friendship signed in April 1954 between Turkey and Pakistan gave the United States an opportunity to use it as a step towards the formation of a more comprehensive regional security pact.<sup>32</sup> His long-range goal was, of course, to extend this initial step to the whole of the Arab World. He specifically wanted a pact in the Middle East that would complete the United States' strategy of containment and provide the missing link between NATO in the West and SEATO in the Far East. For that reason he encouraged the formation of the Baghdad Pact, a collective security

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<sup>31</sup>John C. Campbell, Defense of the Middle East: Problems of the American Policy, (New York: Harper and Brothers, 1958), p. 49.

<sup>32</sup>Bryson, American Diplomatic Relations, p. 184.

organization that included Britain, Pakistan, Iraq, and, finally, Iran. Within this context, one of Dulles' most important goals was to persuade Egypt to adhere to the pact. He maintained that Egypt's adherence to the pact would serve U.S. security interests in the region.<sup>33</sup>

His thinking, however, was out of tune with Nasser's domestic and regional interests. "Nasser," as Thomas Bryson correctly stated, "was opposed to the Baghdad Pact, which broke up Arab solidarity and he regarded pacts with Western Powers as anathema. Moreover, Iraq's accession to the pact challenged Nasser's leadership in the Arab World."<sup>34</sup>

Even before the creation of the Baghdad Pact, Nasser accused the United States of attempting to divide the Arab World. He stated in April 1954 that:

. . . the American insistence on creating a pact in the Middle East is going to wreck the Arab world and stand in the way of its unity. There is duplicity in American policies in this area. They say one thing and do another . . . . It seems clear that the United States is walking with the 'wheel of imperialism' so far.<sup>35</sup>

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<sup>33</sup>Dean Robin Fetter, Evaluation of American Foreign Policy, Ph.D. dissertation, Department of Political Science, U.C.R., June 1977, p. 89.

<sup>34</sup>Bryson, American Diplomatic Relations, p. 89.

<sup>35</sup>Al-Ahram, April 16, 1954, quoted in Faiz S. Abu-Jaber, American-Arab Relations, p. 110.

In a move designed to counterbalance the "northern tier alliance," which later came to be known as the Baghdad Pact,<sup>36</sup> Nasser worked with Saudi Arabia, Syria, and later with Yemen to create a military alliance within the "southern tier." The full implications of the Baghdad Pact, however, came out only after Israel launched an air raid on the Gaza strip in February 1955.<sup>37</sup> Israel's military action was primarily motivated by its fear of Egyptian adherence to the pact, which Nasser might then use against Israel. Nevertheless, Israel's military action put Nasser under great military pressure. He had little support from his Arab neighbors, mainly due to regional as well as ideological differences among the Arab leaders. Nasser's Pan-Arabism and national socialism hindered Arab regional cooperation since it ran counter to their ambitions and internal integrity as well.

On the other hand, U.S. promises to provide Egypt with arms failed to materialize. An integral part of the strategy of containment was the provision of military and

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<sup>36</sup>Dwight D. Eisenhower, The White House Years, p. 26.

<sup>37</sup>William B. Quandt, "United States Policy," p. 504.

economic aid to various countries to strengthen them internally and to induce them to participate in a Western-oriented military organization that would maintain the predominance of the West, and especially of the U.S., and keep the Soviets out. Thus, between 1952-1955, various military offers were made to the Egyptian government, "running from \$40 million to \$100 million worth of equipment."<sup>38</sup> Within one month of the 1952 revolution, the Egyptian Revolutionary Command Council approached the American Ambassador, Jefferson Caffery, and indicated Egypt's desire to purchase arms from the United States. Egyptian representatives, headed by Ali Sabri, were sent to the U.S. between October and November 1952, and a provisional agreement totaling \$10 million in military aid was reached. The Sabri mission, however, failed because the political strings attached to the deal were unacceptable to Nasser. The U.S. not only insisted on making military aid contingent upon reaching a settlement with the British over Suez, but also on Egypt's adherence to a Western-oriented regional defense pact.<sup>39</sup>

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<sup>38</sup> Ibid.

<sup>39</sup> Fuad Jaber, The Politics of Arms Transfer and Control. The United States and Egypt's Quest for Arms, 1950-1955, (Southern California Arms Control and Foreign Policy Seminar, July 1972), pp. 16-17.

Despite these setbacks, the coming to power of a new Republican administration in 1953 renewed Egypt's hopes of obtaining military aid from the United States. As an indication of this, Dulles discussed the matter with Nasser when he visited Cairo in May of 1953.<sup>40</sup> But President Eisenhower's continuing commitment to establishing and maintaining a strong regional defense strategy in the region shattered the Egyptian hope of obtaining military aid from the United States. Both Eisenhower and Dulles insisted on reaching a settlement over Suez and over Egypt's participation in a Middle Eastern defense organization. President Eisenhower wrote to Churchill on June 10, 1953, that "the United States would continue to defer arms aid to Egypt pending a final settlement between Nagib and the British."<sup>41</sup>

Nevertheless, shortly after the conclusion of the Suez Canal agreement with Britain in November 1954, the United States sent two Defense Department envoys to Cairo to discuss terms of military aid to Egypt. One of them, after a long meeting with Nasser, stated:

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<sup>40</sup>Ibid., p. 23.

<sup>41</sup>Dwight D. Eisenhower, The White House Years, quoted in *ibid.*, p. 21.

Whether it made sense or not our military planners [in Washington] wanted to see a workable area defense plan and that all military and economic aid to Middle Eastern countries would be proportionate to their respective degree of enthusiasm for the idea.<sup>42</sup>

Nasser, not unexpectedly, rejected the new plan since it would, like the others, place unacceptable political demands on Egypt. Yet, on March 10, 1955, Nasser made an additional request for military aid from Washington after the Israeli raid on the Gaza strip. The United States, this time, also demanded cash payments for the aid requested, and Eisenhower's announcement that the "State Department [was] confident that . . . [Nasser] was short of money"<sup>43</sup> revealed U.S. unwillingness to provide Egypt with military aid. The American failure to provide Egypt with arms required for its self-defense encouraged the Soviet Union to step in. On September 27, 1955, an agreement was announced between Nasser and Czechoslovakia for a supply of arms, and "it was well known," as Thomas Bryson argues, "that Russia was a party to the deal."<sup>44</sup>

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<sup>42</sup>Miles Copeland, The Game of Nations, p. 148.

<sup>43</sup>Eisenhower, Waging Peace, p. 24.

<sup>44</sup>Thomas Bryson, American Diplomatic Relations, p. 189.

The arms deal with Egypt presented the Soviet Union with an important opportunity to break the American policy of containment, to counterbalance the Western-oriented Baghdad Pact, and, subsequently, to challenge American predominance in the region. For Nasser, the arms deal was a means of "expressing his independence, emerging Pan-Arabism, and [his] concern about Israeli attacks in the Gaza strip."<sup>45</sup> As for the United States, the arms deal was considered a major mistake of American foreign policy. Part of the responsibility for this must be borne by Dulles, who failed to anticipate that Nasser would turn to the Soviets if he were denied a necessary and critically important arms deal with the Americans. It also must be pointed out that Dulles, during this period, worked diligently to undermine Nasser's power, and an arms deal would have served to strengthen Nasser's position in the region and to help him pursue his anti-American objectives. Following this, as one commentator has pointed out:

. . . With Russian entry into the Middle East via the arms agreement a reality, the United States hoped to woo Nasser away from the Soviet bloc using a proposed high dam at Aswan as bait. It was announced on December 17, 1955, that the U.S. and Britain would supplement a \$200 million

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<sup>45</sup>Melvin Gurtov, The United States, pp. 12-13.

loan from the World Bank with a \$70 million grant (\$56 million from the U.S. and \$14 million from Britain).<sup>46</sup>

But, on July 17, 1956, the U.S. abruptly withdrew its financial support for the Aswan Dam. This position was based on many factors. First, there was considerable Congressional opposition to the project because it was felt that an offer to Egypt might offend the pro-Israeli lobby in the United States.<sup>47</sup> Furthermore, it was assumed that the building of the dam would increase Egypt's output of cotton and create unnecessary competition with the production of cotton in the South.<sup>48</sup> Third, the United States, according to the New York Times, claimed that "it [had] been discovered by the State Department after the offer was made that a much greater amount of arms had been purchased--probably \$250,000,000 worth."<sup>49</sup> Fourth was the suspicion regarding Nasser's ambitions and policies in the Middle East. Nasser was accused of intervening in the internal affairs of other Arab states in the region. It

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<sup>46</sup>Thomas Bryson, American Diplomatic Relations, p. 170.

<sup>47</sup>William Quandt, "United States Policy," p. 506.

<sup>48</sup>Ibid.

<sup>49</sup>New York Times, July 21, 1956 quoted in Glenn Earl Perry, United States Relations, pp. 305-6..



was argued in the New York Times, for instance, that "the Egyptian Government was allegedly working against Western interests in Algeria, Lebanon, Libya, Iraq, the Sudan, Cyprus, and Sub-Sahara Africa."<sup>50</sup>

Fifth, it is also possible that one of the motives for the United States' withdrawal was Egypt's espousal of "neutralism." On June 9, 1956, Dulles stated before the Iowa State College that:

The principle of neutrality pretends that a nation can best gain safety for itself by being indifferent to the fate of others. This has increasingly become an obsolete conception, and except under very exceptional circumstances, it is an immoral and short-sighted conception.<sup>51</sup>

Thus, as Glenn Perry argued, "the timing of the withdrawal --coinciding with the debate which was going on in the Administration in mid-1956 concerning neutralism--might lead one to conclude that Dulles' move was directed, in general, at the allegedly 'immoral' position which was followed by such states as Egypt."<sup>52</sup>

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<sup>50</sup>New York Times, July 9, 20, 1956, quoted in *ibid.* p. 315.

<sup>51</sup>"Is Neutralism Immoral? What Republicans Think," Foreign Policy Bulletin, XXXV, August 6, 1956, pp. 180-184 quoted in Faiz Abu-Jaber, American-Arab Relations, p. 171.

<sup>52</sup>Glenn Perry, United States Relations, p. 322.

Finally, the United States was outraged at Nasser because he not only had concluded an arms deal with Russia, but also because he had recognized the People's Republic of China. Dulles maintained, for example, that:

Then there was the further fact that the Egyptians had during the immediately preceding period been developing ever closer relations with the Soviet bloc countries. Only a few days before I was asked for a definitive answer by the Egyptians, they had recognized Communist China--being the first Arab nation to do so. And indeed, it became, I think, the first nation in the world to do so since the attack on Korea.<sup>53</sup>

President Nasser, in retaliation for the United States' decision to withdraw its financial aid to Egypt, nationalized the Suez Canal, and his act directly led to the Suez Canal crisis. The U.S. government, although opposed to the retaliatory measures of President Nasser, refused to use force to diffuse the crisis and found itself on the same side as the Soviet Union in criticizing the Anglo-French-Israeli invasion of Egypt. Despite the fact that the United States took positive steps to end the crisis, its opposition to the tripartite invasion was mainly tactical. The U.S. shared the common objective with its allies of isolating and undermining Nasser's

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<sup>53</sup>Quoted in *ibid.*, p. 325.

political power. Nevertheless, the U.S. perceived that a military action against Egypt might adversely increase Nasser's popularity and enhance his prestige in the region.<sup>54</sup>

The U.S., though, cooperated with its allies to impose economic sanctions against Egypt. First, the U.S. froze about \$40 million dollars of Egyptian assets in reaction to Nasser's nationalization policy,<sup>55</sup> and refused to renew its economic assistance during 1957-1958, and even humanitarian aid in the form of "CARE shipments were suspended . . . ."<sup>56</sup>

The United States' tactics during the Suez War were also influenced by certain other factors. First, as Cholan Reza Maghroori points out, "the nationalization of the canal did not affect U.S. economic or security interests."<sup>57</sup> Second, Eisenhower feared that the Suez crisis might lead to a direct confrontation with the Soviet Union, or at least to an association of the U.S. with the "colonial powers." Either event would have serious

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<sup>54</sup>Joe Stork, Mid East Oil, p. 78.

<sup>55</sup>New York Times, January 1, 1957 cited in Glenn Perry, p. 342.

<sup>56</sup>New York Times, May 3, 1957, quoted in *ibid.*, p. 344.

<sup>57</sup>Cholan Reza Maghroori, United States Policy, p. 56.

repercussions on U.S. interests and influence in the Middle East.

Third, the President at that time was running for re-election, and the last thing he needed going into a presidential campaign was a war in the Middle East.<sup>58</sup>

Fourth, as Maghroori has argued:

. . . during October there was an uprising in Hungary which resulted in Soviet intervention there. It is possible that the political situation in Europe reinforced the American view that the crisis in the Middle East had to be dealt with through peaceful means.<sup>59</sup>

Finally, the United States was concerned with the development of events in China. Chiang Kai-Chek was still asserting his claim to be the legitimate leader of mainland China, and was attempting to obtain American approval of his intended invasion plans to regain the mainland. Therefore, American support of the British, French, and Israeli invasion would have set a precedent for a request from Chiang Kai-Chek to obtain similar support.

Nevertheless, the 1956 crisis gave the United States an opportunity to become the chief guardian of Western economic interests in the region. The decline of British

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<sup>58</sup>Ibid.

<sup>59</sup>Ibid.

and French influence in the region enabled the U.S. to play the role previously played by the old "colonial" powers. To justify its actions in the region, the Eisenhower Administration claimed that it had to step in to fill the so-called "vacuum" for fear that the departure of Britain and France induced the Soviets to take advantage of Western vulnerability in the region.

U.S. policy towards the region in the aftermath of the Suez crisis was stated clearly in the Eisenhower Doctrine, which extended the strategy of containment to the Middle East. The Eisenhower Doctrine was based on two premises. The first was that it was a continuation of Truman's economic and military aid policies; the second was the United States' demonstrated willingness to use force to maintain its hold on the region. As President Eisenhower stated:

The United States is prepared to use armed forces to assist any nation or group of such nations requesting assistance against armed aggression from any country controlled by international communism.<sup>60</sup>

The Eisenhower Doctrine was used to justify U.S. involvement in Syria and Jordan in 1957 and in its intervention

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<sup>60</sup>Quoted in William B. Quandt, "United States Policy," p. 508.

in Lebanon in 1958. And it was also clearly "devoted," as Malcolm Kerr has argued, "to the purpose of isolating Nasser . . . and building a strong anti-communist alliance without [him]."61 In this regard, the Doctrine worked to polarize rather than stabilize the Middle East as it created two antagonistic camps, the pro-West conservatives and the anti-imperialist radicals and nationalists. It could be argued, in fact, that the Eisenhower Doctrine played a considerable role in the rift that existed in the Middle East in the late fifties and early sixties that eventually led to the "Arab Cold War."

U.S. foreign policy problems and shortcomings in the Middle East during the early and mid-fifties can be attributed, in large part, to the rising nationalism and anti-imperialism that was developing in the region, and to Washington's failure to understand the nature of these movements. Nasserism, for instance, was viewed simply as a front for communism. Eisenhower indicated, for example, that "if [Nasser] was not a communist, he certainly succeeded in making us very suspicious of him."<sup>62</sup>

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<sup>61</sup>Malcolm Kerr, "Coming to Terms with Nasser," International Affairs London, Vol. 43, N. 1, January 1967, p. 73.

<sup>62</sup>Eisenhower, Waging Peace, p. 265.

This simplistic view of Nasser, which had its roots in Cold War ideology, led U.S. policymakers to distort the nationalist nature of the Nasserite movement in the Middle East (the same view was held of Massadegh in Iran in 1953), and to look at it as being vulnerable to communist penetration. This aspect of U.S. foreign policy was clearly understood by critics like Nathan and Oliver, who argued that:

By failing to distinguish international communism and nationalist and/or anti-colonial revolution . . . Eisenhower and Dulles set American policy against the nationalist revolutions of the non-Western world.<sup>63</sup>

Also, underlying this aspect of United States' foreign policy strategies and tactics in the region were the economic interests of the West. Egypt's Pan-Arabism, for instance, was viewed by Washington, in particular, as presenting a direct threat to these interests. Nasser's nationalization of the Suez Canal created a widespread reaction in the Arab world in general and in the oil-producing countries in particular. There were, for example, widespread pro-Nasserite strikes and protests against imperialism in Saudi Arabia and Bahrain.<sup>64</sup> The United

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<sup>63</sup>Nathan and Oliver, United States Foreign Policy, p. 276.

<sup>64</sup>Joe Stork, Middle East Oil, pp. 77-78.

States, deeply apprehensive about Nasser's growing political influence in the Middle East, used a variety of tactics, as have already been suggested, designed to contain Nasser's power and to undermine his regional prestige.

Unlike Great Britain, "the United States [had] no Ottoman Empire in the Middle East to . . . [which] she can look to preserve an acceptable strategic state of affairs."<sup>65</sup> And, the United States' policies in the 1950s can be viewed in light of its efforts to create an Ottoman-like empire capable of undermining Soviet influence and preserving U.S. and other Western countries' economic and resource interests in the region. As one author noted at the time,

Much of the American-Arab misunderstanding in recent years may be attributed to this practice of viewing Arab nationalism primarily from the angle of the East-West conflict and sometimes expecting the Arabs to subordinate many of their vital interests to the exigencies of the West.<sup>66</sup>

#### U.S. Policy under Kennedy

During the early sixties the tenets of American foreign

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<sup>65</sup>Malcolm Kerr, "Coming to Terms with Nasser," p. 69.

<sup>66</sup>Fayez Sayegh, "Arab Nationalism and Soviet-American Relations," Annals of the American Academy of Political and Social Science, V. 324, July 1959, p. 104.



policy remained intact. However, there was a gradual shift of instrumentalities. Where the Eisenhower Administration emphasized the political strategic dimension, the Kennedy Administration shifted its main efforts to the economic level. This has been pointed out by Thomas Bryson, who suggested:

The U.S. continued to perceive the need to defend the Middle East . . . . But policymakers were aware that continuity of the policy of defense could also be achieved by new tactics based on the premise that the force of Arab nationalism was a good deterrent to Soviet expansionism.<sup>67</sup>

Furthermore, "the Kennedy Administration sought to expand American military and economic assistance programs in an effort to anticipate and defeat communist efforts in the Third World."<sup>68</sup>

The now-prevalant assumption in Washington was that poverty was the major contributing factor to the high level of instability in the Third World, and that economic aid could work to diffuse internal tensions that were generated by the lack of economic development within a capitalist context, and create, at the same time, a climate favorable

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<sup>67</sup>Thomas Bryson, American Diplomatic Relations, p. 222.

<sup>68</sup>Nathan and Oliver, United States Foreign Policy, pp. 288-89.

to the United States, both economically and politically, and, thus, serve to contain the penetration and expansion of communism as previous tactics under Truman and Eisenhower had attempted. The U.S., during this period, for example, increasingly used economic and agricultural aid as a leverage to improve its political relations with Egypt.<sup>69</sup>

The new American approach resulted in the signing of various agricultural agreements, through the Public Law 480 Food Program. For example, during the Eisenhower Administration Egypt received \$24 million worth of food between December 1958 and May 5th, 1959. However, under Kennedy, between July 29, 1959, and March 26, 1960, Egypt received \$57 million and \$15 million worth of wheat, wheat flour and agricultural products respectively. An additional \$58,200,000 worth of wheat was scheduled in August 1, 1960, which was increased by June 24, 1961, to \$79,800,000. Throughout 1961 and 1962, Egypt continued to receive a considerable amount of aid. "Thus," as Glenn Perry points out, "in less than four years \$365,640,000 worth of agricultural products were supplied . . . to Egypt."<sup>70</sup>

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<sup>69</sup>William R. Polk, The Arab World (Cambridge, Massachusetts: Harvard University Press, 1980), p. 336.

<sup>70</sup>Glenn Earl Perry, United States Relations, p. 380.

The United States' foreign policies with respect to the Third World were directly aimed at strategically enhancing its international and regional interests. Regionally, U.S. aid sought to divert Nasser's interest inwards in an effort to maintain stability. It was perceived in Washington, just as it had been previously, that Nasser's regional involvement presented a threat to the status quo, and thus endangered U.S. economic interests in the Middle East. Increased aid would lessen the influence of Nasser's criticism of the pro-U.S. regimes in the region and would stimulate internal development in Egypt along the lines designed by the U.S. Internationally, the aid provided to Egypt was aimed at moving it away from the Soviet Union and into normal relations with the West.<sup>71</sup> Thus, Nasser's clash with Kassem of Iraq and his detachment from the Soviet Union--beginning in 1958, Egypt started having differences with the Soviets over Arab unity and Nasser's suppression of local communists between 1959-1964--appeared to reinforce the Administration's belief that economic aid was a valuable instrument capable

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<sup>71</sup>U.S. Congress, House, Committee on Appropriations, Foreign Operation Appropriations for 1964. Hearing before a subcommittee of the Committee on Appropriations. Economic Assistance Program. 88th Cong. 1st session. (Washington, D.C.: U.S. Government Printing Office 1963), pp. 1165-1166.

of deflecting Nasser's anti-U.S. policies.<sup>72</sup> It was noticed, for instance, by Malcolm Kerr, that "in the Cairo Press and in Nasser's public statements criticism of both Britain and the United States was noticeably restrained."<sup>73</sup>

Despite the political differences between the two countries, economic aid did work, as intended, to strengthen the United States' relations with Egypt. For instance, in 1962 Egypt signed a cultural agreement with the United States, and in 1963 it "entered into an Investment Guarantee Agreement with the United States aimed at stimulating and protecting American business interests [in Egypt]."<sup>74</sup>

Aid by itself, however, proved insufficient to maintain regional "stability," and to strengthen U.S.-Egyptian relations. Certain factors contributed to a growing distrust and misunderstanding between the two countries. One was Egyptian involvement in Yemen in 1962, when civil war broke out in September between the royalists and the republicans, and Egypt, motivated by ideological as well as political ambitions, sent troops in to aid the

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<sup>72</sup>Malcolm Kerr, "Coming to Terms with Nasser," p. 76.

<sup>73</sup>Ibid.

<sup>74</sup>John S. Badeau, "USA and UAR. A Crisis in Confidence," Foreign Affairs, Vol. 43, No. 2, January, 1965, p. 282.

republicans against the royalists, who were being aided by Saudi Arabia, Jordan, and Britain.

The United States entered the Yemen conflict out of fear that the continuing crisis might undermine the integrity of the Saudi regime, "especially since the Saudi monarchy had been weakened by the ineffectual rule of King Saud"<sup>75</sup> and, thus, jeopardize U.S. oil interests in Saudi Arabia. The United States was willing to support the Saudi dynasty against any external involvement from Egypt, because it was perceived that "the fall of the House of Saud, with unpredictable political realignment in its train, could be disastrous to American interests in the Middle East."<sup>76</sup>

In an effort to undercut Nasser's growing influence in Yemen, the United States on December 19, 1962, recognized the republican regime. It moved through diplomatic channels in an attempt to resolve the crisis, but when this failed, the United States quickly resorted to a more direct approach: Nasser was informed that the continuation of

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<sup>75</sup>Christopher J. McMullen, Resolution of the Yemen Crisis, 1963. A Case Study in Mediation, (Georgetown University, Institute for the Study of Diplomacy, 1980), p. 4.

<sup>76</sup>Ibid.

Public Law 480 "was contingent upon his withdrawal from Yemen."<sup>77</sup> It has been correctly noted by William Polk that Public Law 480 was used during the 1960s by the United States as an instrument designed to further its foreign policy goals: "Governments could be rewarded or punished in visible ways, by the application or withdrawal of P.L. 480 wheat, as their actions pleased or displeased Americans."<sup>78</sup>

The growing tendency of the United States to use agricultural aid as a political weapon in pursuing its foreign policy goals in the Third World increased mutual distrust and led to the deterioration of U.S.-Egyptian relations. Nasser openly opposed political and economic restrictions placed on agricultural aid by the United States, and consequently was forced to turn to the Soviet Union for such aid. Total Soviet economic-non military aid reached \$1,023 million between 1958 and 1970.<sup>79</sup>

In Yemen, the U.S. aimed at containing Nasser and preserving the status quo. The U.S. was concerned that

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<sup>77</sup>William B. Quandt, "United States Policy," p. 516.

<sup>78</sup>William R. Polk, The Arab World, p. 338.

<sup>79</sup>A. I. Dawisha, Egypt in the Arab World. The Elements of Foreign Policy, (London: The Macmillan Press, 1976), p. 86.

Egypt's intervention on behalf of the republicans might legitimize Nasser's actions in other Middle Eastern countries, and that a triumphant pro-Nasser revolution in Yemen might set a precedent for an era of revolutionary upheavals throughout the entire Middle East, a matter that posed a threat to continued Western access to oil. This growing concern was reinforced by the fall of Kassim's regime in Iraq and the succession to power of a pro-Nasserite, Abdul Salam Aref, in 1963.<sup>80</sup>

The Yemen war ended the period of rapprochement between the United States and Egypt and marked the beginning of a serious deterioration of their relations. In addition to its intervention in Yemen, Egypt supported revolutionary Algeria in its border dispute with Morocco in 1962, and provided arms to Cyprus in its dispute with Turkey in 1963. Both Morocco and Turkey had good relations with the U.S. In February, 1964, President Nasser "called for the ending of British and American base rights in Libya."<sup>81</sup>

Moreover, by the end of 1964, U.S.-Egyptian relations began to deteriorate even further when Egypt supported

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<sup>80</sup>John S. Badeau, "USA-UAR," p. 288.

<sup>81</sup>William B. Quandt, "United States Policy," p. 517.

the Congolese rebels against Belgium and the U.S.<sup>82</sup> At the same time African students "burned the U.S. Information Service Library and attacked the U.S. Embassy in Cairo."<sup>83</sup>

Another factor contributing to the growing tension came when Egypt's air force shot down a U.S. oil company plane on December 9, 1964. The U.S. Ambassador to Egypt, Lucius D. Battle, protested the incident to the Egyptian authorities. However, the Egyptian Government indicated on December 20th that "the plane did not have clearance to fly over U.A.R. territory."<sup>84</sup> United States' displeasure over the incident became apparent when its ambassador was asked by the Egyptian Government to explain the reasons behind U.S. delay of its food and economic aid, and to discuss the possibility of increasing the amount of aid delivered to Egypt. "Cairo," according to John Donovan, "has asked the U.S. for \$35 million worth of corn, meat and chicken in September . . . ."<sup>85</sup> However, the U.S.

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<sup>82</sup> Christopher J. McMullen, Resolution of the Yemen Crisis, p. 8.

<sup>83</sup> John Donovan, ed., U.S. & Soviet Policy in the Middle East, 1957-1966, (New York: Facts on File Inc., 1974), p. 190.

<sup>84</sup> Ibid., p. 191.

<sup>85</sup> Ibid.



Ambassador declined to negotiate the matter with the Egyptians.

President Nasser, according to Quandt,

. . . reacted by declaring at Port Said, on December 23, 1964 that . . . if the Americans think that they are giving us a little aid to dominate and control our policy, I would like to tell them we are sorry . . . . The U.S. Ambassador has told the deputy premier that he cannot at present talk about this matter [P.L. 480 aid] at all. Why? Because he does not like our conduct, that is, conduct here in Egypt. I would like him to know that whoever does not like our conduct can go drink up the sea . . . . What I want to say is that we cannot sell our independence for the sake<sup>86</sup> of 30 to 40 or 50 million [Egyptian] pounds.

The United States, in reaction to the growing anti-Americanism, decided to postpone further consideration of food aid to Egypt until 1965.<sup>87</sup>

Actually, long before the U.S. government had decided to curtail its aid to Egypt, Congress started questioning the validity of continued U.S. support of Egypt. Nasser's policies were viewed as disruptive to the status quo and, in turn, to be in direct conflict with U.S. strategic and economic interests in the region. A Congressional study

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<sup>86</sup>Radio Cairo, December 23, 1964 quoted in William Quandt, "United States Policy," p. 518.

<sup>87</sup>John Donovan, U.S. & Soviet Policy, p. 192.

of U.S. foreign aid to the Middle East in 1963 drew a comparison between Nasser's Egypt and Khrushchev's Russia. The study argued, in typical Cold War rhetoric, that both Egypt and Russia were police states governed by dictators, and that both countries had centralized economies. It was also cited that the most common feature shared by the two countries was that "both Egypt and Russia want[ed] to export their own brands of governments."<sup>88</sup> The study concluded by arguing that U.S. aid to Egypt was used to help provide the economic support that allowed Nasser to intervene in Yemen, destabilize Saudi Arabia and Jordan, and buy arms to attack Israel.<sup>89</sup> Therefore, the study recommended that U.S. aid to Egypt be conditioned upon Egypt's willingness to reverse its previous anti-U.S. policies.

Despite these problems, however, during the period between 1965 and 1967, U.S.-Egyptian relations slightly

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<sup>88</sup>U.S. Congress, Senate, Committee on Government Operations, Report of a Study of United States Foreign Aid in Ten Middle Eastern and African Countries. Submitted by Senator Ernest Gruening to the subcommittee on Reorganization and International Organizations of the Committee on Government Operations. 88th Cong. 1st session. (Washington: U.S. Government Printing Office 1963), p. 130.

<sup>89</sup>Ibid., p. 167.

improved when Egypt ceased its support of the Congo rebels and promised to rebuild the U.S. library in Cairo. Consequently, President Johnson on June 22, 1965, resumed shipments of food aid. However, between 1966 and 1967, relations again deteriorated and U.S. aid was stopped again in February 1967.<sup>90</sup> President Johnson summarized the general attitude of U.S. policymakers and legislators towards Nasser and the reasons behind the U.S. decision to withhold aid to Egypt when he argued that:

Egypt had been trying to dominate the Arab world since Nasser came to leadership in 1954. For a time, in the early 1960s, we hoped that he was beginning to concentrate instead on improving the lot of his own people. On this assumption, we gave substantial aid to Egypt, mainly wheat . . . . In the end, Nasser persisted in his imperial dream. While his strained economy slowed down, he sent troops into Yemen to support revolutionaries trying to take over that country. To support his ambitions, he became increasingly dependent on Soviet arms. Nasser's attitude towards the United States grew more and more hostile and his speeches more inflammatory. It became impossible to maintain congressional support for even token assistance to Egypt.<sup>91</sup>

At the same time, U.S. policymakers started paying less and less attention to the Middle East in general as

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<sup>90</sup>William Quandt, "United States Policy," p. 518.

<sup>91</sup>Lyndon Johnson, The Vantage Point, (New York: Holt, Rinehart and Winston, 1971), pp. 289-290.

U.S. involvement in Vietnam grew deeper. Growing U.S. concern with Vietnam and its efforts to provide substantial aid to South Vietnam might have played a substantial role in causing U.S. policymakers to curtail aid to Egypt, especially since it proved to be inadequate in neutralizing Nasser's anti-U.S. policies.

United States policy in the early and mid 1960s aimed at containing Nasser and diverting his attention inward. Aid was used as an instrument to improve U.S. relations with Egypt. However, although political strings were not attached to aid, the Kennedy Administration hoped that Nasser would meet certain expectations. One was to reduce and/or limit his regional involvement. The second was to lure Nasser towards the West or at least tone down his criticism of U.S. and British policies in the Middle East. Finally, Washington hoped that the new approach to Egypt would undermine the growing Soviet influence in the region. Thomas A. Bryson summarized the changes in U.S. policies with respect to Egypt from the early 1960s until 1967:

[A]lthough the United States began the decade of 1960s with a new approach to the Arab world, one that offered high hopes of a more meaningful relationship with Arab nations [particularly with Egypt], the decade closed on a dismal note. While Washington had been willing to accommodate to the thrust of Arab

nationalism in the years of the Kennedy Administration, Johnson's pro-Israeli stance antagonized the Arabs and served as a prod to Arab antagonism towards the U.S.<sup>92</sup>

The 1967 Arab-Israeli War  
And Its Aftermath

U.S. relations with Egypt took a different form after the 1967 Arab-Israeli conflict. Egypt broke diplomatic relations with the United States on June 6, 1967, shortly after the outbreak of hostilities between the Arab states and Israel.

Between 1967 and 1973, U.S. position in the Arab world declined. Its close identification with Israel seriously undermined its relations with the Arab countries of the Middle East. Changes within the political and economic structure of the region between 1967 and 1973 were of critical importance to future U.S. relations with Egypt. The decline of Egypt's position in the aftermath of the 1967 defeat, the death of Nasser in 1970, Egypt's drift to the right under Sadat, and Sadat's expulsion of the Soviet advisors paved the way for future U.S. normalizations of relations with Egypt. Nasser's humiliating defeat

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<sup>92</sup>Thomas A. Bryson, American Diplomatic Relations, pp. 251-252.

in 1967 brought certain changes to Egypt. However, it was his death that brought an end to an era of distrust and mutual hostility, and provided the possibility for a new era of reconciliation and rapprochement.

The 1967 war brought fundamental changes to the area. The humiliating defeat that the Arab countries suffered led to a general criticism of the existing social, political, and economic structures that had evolved during the 1950s and 1960s. As one critic has argued, "there was an inchoate groping for something new, a relentless attack on most facets of Arab life, a desire to go beyond Arab nationalism's rhetoric, to transcend the ideological and intellectual framework within which preceding generations had worked."<sup>93</sup> Scholars began re-evaluating all aspects of Arab life and social relations, including the language itself and the verbal expressions and slogans used by Arab politicians before 1967. The political language of the past, which had created great disillusionment among the people and had attributed to the defeat, was, henceforth, to be abandoned. A new and a more realistic interpretation of political and economic life was to be

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<sup>93</sup>Fouad Ajami, The Arab Predicament. Arab Political Thought and Practice Since 1967, (Cambridge: Cambridge University Press, 1981), p. 25.

adopted.<sup>94</sup> Arab intellectuals contributed to the rise of a new radical ideology advocating complete social change and transformation. For example, George Trabishi, a former Ba'athist, translated several leftist studies into Arabic. Another former Syrian Ba'athist, Yasin al-Hafiz, attributed the 1967 defeat to the bankruptcy of leadership and "concluded that the petty bourgeois leadership of the Arab struggle was no longer qualified to lead the Arab masses to fulfill their aspirations."<sup>95</sup>

Furthermore, Sadig Jalal al-Azm, in his book Self-Criticism After the Defeat, launched a major attack on traditional Arab social, economic, and political life and maintained that a complete socialist transformation was the only means to rid Arab society of its backwardness. Al-Azm maintained that "without the emergence of new revolutionary forces which are ultimately committed to the [fulfillment] of the absolute majority of the Arab masses, the Arab world will have to wait a long time to liberate itself and achieve revolutionary transformations."<sup>96</sup>

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<sup>94</sup>Ibid., p. 26.

<sup>95</sup>Tareq Y. Ismael, The Arab Left, (New York: Syracuse University Press, 1976), pp. 102-103.

<sup>96</sup>Sadig Jalal al-Azm, al-Nagd al-dhati ba'da al-hazimah (Self Criticism After the Defeat), (Beirut: Daral-Taliah, 1969, pp. 127-128, quoted in *ibid.*, p. 104.

These radical movements were reinforced by two other factors. International "liberation" movements, such as the Vietnamese, Algerian, and Yemeni struggles for independence, "paved the way for the emergence of new political forces advocating struggle."<sup>97</sup> U.S. support of Israel further served to exacerbate the rising anti-imperialism and anti-Americanism outlined above.

At the same time, the 1967 Arab-Israeli war contributed to the rise of a right-wing alliance in the Middle East. Two phases dominated the development of the political structure of the Middle East after 1967. The first phase lasted up until 1970. This phase witnessed the decline of state radicalism and the triumph of Arab conservatism guided mainly by the Arab oil producing countries. The second phase, 1970-1973, saw the consolidation of the dominant political order. "The deradicalization of states begun in the first cycle was completed. Nasser's death and his replacement by Sadat in 1970, the coming to power of Hafez Asad [in Syria] in the same year, and the defeat of the Palestinians [in Jordan], gave the dominant political order a breathing spell."<sup>98</sup>

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<sup>97</sup>Ibid., pp. 106-107.

<sup>98</sup>Fouad Ajami, The Arab Predicament, pp. 8-9.



These changes affected the political and economic structure of the state in Egypt. Not only did Nasser eliminate his field marshal, Abdul Hakeem Amer, but on March 20, 1968, he also formed a new government in which civilians were to play a major role. Moreover, Nasser initiated the "March 30th programme," through which he attempted to eliminate the "power centers,"<sup>99</sup> restore political freedom, and reconstruct the Egyptian economy. The economic impact of the war was drastic. Egypt lost about \$400 million in hard currencies "resulting mainly from the loss of the Suez Canal revenue and of oil from the Sinai Peninsula, and the sharp decline in tourism."<sup>100</sup>

With the rise of the new civilian government the main economic trend saw a gradual shift towards the revitalization of the private sector. A "liberalization" of the economy to stimulate both foreign capital and the private sector would contribute to the revival of the economy.

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<sup>99</sup>Peter Mansfield, "Egypt Since June 1967," The World Today, Vol. 24, No. 10, p. 417.

<sup>100</sup>Eliyahu Kanovsky. The Economic Impact of the Six-Day War, Israel, the Occupied Territories, Egypt, Jordan, (New York: Praeger Pub., 1970), p. 284.

The decision to rely mainly on foreign "capitalist" firms for the development of the oil industry is a case in point. The decision to invite foreign private capital to spur the development and revival of tourism, and the increasing encouragement and aid offered by the government to local firms in this industry (almost all of them private) are also indicative of the more liberal economic trends in postwar Egypt.<sup>101</sup>

The 1967 war with Israel also marked the beginning of important changes in Egypt's foreign policy. Fear of revolutionary radicalism in the Middle East worked as a conciliatory force that culminated in the emergence of a new alliance between the conservative forces and the Pan-Arabist nationalist regimes. Fouad Ajami has argued that:

With the threat posed by the new radicals [Palestinian], it was easier for Nasser to work with King Husein [of Jordan], [and King Faisal of Saudi Arabia], than to work with someone like George Habash [the head of the radical faction of the PLO].<sup>102</sup>

It was at the Khartoum Conference, held in August of 1967, that Egypt's rhetoric in the Arab East came to an end. Egypt became increasingly more dependent on foreign aid mainly due to its economic problems and to its continuing high level of military expenditure that worked

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<sup>101</sup>Ibid., p. 292.

<sup>102</sup>Fouad Ajami, The Arab Predicament, pp. 72-73.

to drain the economy. Its dependence on the Soviet Union increased, and Saudi Arabia, Kuwait, and Libya agreed to provide Egypt with \$135 million in financial aid to help it overcome the existing economic crises. In return, Egypt promised to end its exhausting adventure in Yemen and to unite with the other Arabs against Israel. Furthermore, A. Dawisha contended that Nasser's

. . . endorsement of the Security Council Resolution No. 242 [which called for Israeli withdrawal from territories occupied in the recent conflict, and an end to the state of belligerency and respect for sovereignty, territorial integrity and political independence of every state in the area], his efforts to establish a coherent eastern military front consisting of Jordan, Syria and Iraq, his participation in the peace missions undertaken by the United Nations Ambassador Jarring and the United States Secretary of State Rogers, his initiation of the war of attrition, and finally his acceptance of the ceasefire along the Canal, were all measures consistent with the dictates of the Khartoum resolution.<sup>103</sup>

However, the full implications of Egypt's liberalization measures and its shift in foreign policy were not apparent until after Sadat's accession to power in 1970. Yet, at the same time the U.S. was not especially receptive to change within Egypt. To some extent, the Dullesian image of Nasser persisted, especially after the gradual

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<sup>103</sup>A. I. Dawisha, Egypt in the Arab World, p. 53.

deterioration of U.S.-Egyptian relations in the mid-1960s. Before the Arab-Israeli war broke out in 1967, the "objective was to preserve some form of a balance in the military equation in the Arab-Israeli conflict."<sup>104</sup> After the war, U.S. policy aimed at maintaining the status quo, which demanded increased aid to Israel. The American goal "was to preserve the existing stalemate in the Middle East, which was based on Israeli's military superiority and occupation of Arab territory."<sup>105</sup> In order to achieve this goal, the U.S. provided Israel with unprecedented amounts of military aid and equipment. In fiscal years 1968, 1969, and 1970, Israel received \$25 million, \$85 million, and \$30 million respectively. Moreover, in fiscal years 1971, 1972, and 1973 Israel received \$545 million, \$300 million, and \$307.5 million in military aid.<sup>106</sup> The reason for the shift was that by strengthening Israel militarily, it would deter the Arabs from attacks, but "even if attacked, Israel's military superiority would

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<sup>104</sup>Maghroori, United States Policy, p. 110.

<sup>105</sup>Mohamed Heikal, The Sphinx and the Commissar, (New York: Harper & Row Publishers, 1978), p. 192.

<sup>106</sup>William B. Quandt, Decade of Decisions: American Policy Toward the Arab-Israeli Conflict 1967-1976, (Berkeley: University of California Press, 1977), p. 163.

insure the defeat of the Arabs and thereby eliminate the need for American intervention," which might lead to confrontation with the USSR.<sup>107</sup> Continued U.S. support of Israel was also considered indispensable to its commitment to anti-communism.

Israel and the United States have so much in common in terms of mutual enemies that it would be highly inconsistent for the United States, with its global aim of opposition to the Soviet Union and national liberation movements, not to find an advantage in strengthening Israel, whose own interests include the erosion of Soviet and anti-imperialist national influence and the liquidation of the Palestinians.<sup>108</sup>

When President Nixon took office in 1969, he and Henry Kissinger, his Special Assistant for National Security, were apprehensive of the increasing role that the Soviet Union came to play in the Middle East. They began to fear "the global ramifications of the Arab-Israeli conflict."<sup>109</sup> As William Quandt points out, another set of concerns arose from the fear that regional trends in the Middle East could threaten United States interests in the region:

At State, one heard of the "erosion" of American influence, of "deterioration" of

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<sup>107</sup> Maghroori, United States Policy, p. 110.

<sup>108</sup> Barry Rubin, "America's Mid-East Policy," p. 54.

<sup>109</sup> William B. Quandt, Decade of Decision, p. 79.

the American position, of "radicalization," and of "polarization." Thus, it was widely believed that the continuation of the Arab-Israeli conflict would work to the advantage of the Soviet Union resulting in the isolation of the United States and Israel in a sea of radical anti-American Arabs.<sup>110</sup>

Consequently, the Nixon Administration initiated the four-power talks that included the United States, France, Britain, and the Soviet Union. Following this, the Rogers Plan, which called for the conclusion of a peace accord between Egypt and Israel, was presented to the governments of these two states and Jordan.

The Rogers Plan and other subsequent peace proposals failed. It aimed at indirectly separating and isolating the Palestinians, and at splitting the Arab countries' ranks by proposing separate talks with the Israelis. However, with the failure of the Rogers Plan, the United States, in order to counter rising Palestinian radicalism, strove to "Arabize" the Arab-Israeli conflict. Arabization of the conflict simply meant undermining Palestinian radicalism through the cooperation of Arab conservative forces in the region.<sup>111</sup> This trend was reinforced by two

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<sup>110</sup> Ibid., p. 79.

<sup>111</sup> Dr. Saad ad-Din Ibrahim, Kissinger wa sira'a al-Sharg al-Awsat (Kissinger and the Middle East Conflict), (Beirut: Dar al-Taliah, 1975), pp. 125-154.

important factors. First, the Jordan "crisis" was a direct effort by a conservative ally to undermine the Palestinian cause. During the crisis the United States supported King Hussein for fear that the collapse of his dynasty would bring the radical Palestinians to power. The second factor was the enunciation of the Nixon Doctrine. The Nixon Doctrine emphasized the creation of U.S.-assisted independent regional forces capable of maintaining U.S. interests at a minimal cost. The rise of the conservative force at the center of Arab politics in the region worked in precisely the direction desired by the Nixon Doctrine. Reconstruction of regional forces and capabilities with increased U.S. arms sales and grants subsequently led to a right-wing coalition of forces along the Tehran-Riyad axis. The U.S. hoped that both Iran and Saudi Arabia would prove capable of playing the role of "policeman" and would serve to contain and suppress Palestinian radicalism in the region, while Israel would be strong enough to deter any Soviet incursion into the Middle East.

#### The Death of Nasser: End of An Era

The death of Nasser in September of 1970 reinforced and consolidated the growing right-wing alliance in the

region. President Sadat began in 1971 to modify Nasser's policies. In order to consolidate his power, Sadat purged the pro-Soviet Ali Sabry faction in May 1971. "Internally, this signaled the rise of pro-Western bourgeois elements to a position of dominance over the seriously weakened Nasserist left."<sup>112</sup> Furthermore, the dismissal of Vice-President Ali Sabry, "shortly before the visit to Cairo of Mr. William Rogers, the U.S. Secretary of State, understandably led to the supposition that President Sadat had taken a positive decision to shift rightwards away from the Soviet alliance and towards the West."<sup>113</sup>

Upon consolidating his home base, Sadat began gradually to shift Egypt's policies and emphasis. For instance, Nasser's anti-imperialist campaign was transformed into an anti-Zionist struggle. Moreover, Egypt worked to modify its relations with the U.S. and Western Europe. Indicative of this trend was the transformation of its policy of recrimination and accusation into a cordial welcome of Western countries. Furthermore, as Dawisha attests,

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<sup>112</sup>"Soviet Policy in the Middle East," MERIP Reports, No. 39, July, 1975, p. 20.

<sup>113</sup>Peter Mansfield, "Egypt After Nasser," The World Today, Vol. 27, No. 7, July, 1971, p. 302.



. . . this transformation at the global level induced a modification in Egyptian attitude at the regional level, as a result of which the pro-Western, conservative Arab regimes, who had formed Nasser's major regional enemies became Sadat's main allies and supporters.<sup>114</sup>

Sadat aimed at ending the political and ideological fragmentations that had characterized the "Arab Cold War," and thus gain financial support to overcome some of the problems that Egypt had been facing since the 1952 revolution. As Mohamed Heikal points out, the oil producing countries and particularly King Faisal of Saudi Arabia,

. . . who had always been fundamentally opposed to everything that Nasser stood for, now saw an opportunity . . . [for] forging the new Riyadh-Tehran-Cairo axis which, with the secure backing of the United States, would . . . be able to guide the Arab world back into the path of orthodoxy and conservatism from which Nasser's dangerous radicalism had diverted it.<sup>115</sup>

The next phase of Sadat's move to the right was his decision to liquidate the presence of Soviet military advisors in Egypt in 1972. He was particularly dissatisfied with many aspects of Egypt's political and economic structures, as they had evolved since the 1950s,<sup>116</sup>

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<sup>114</sup>A. I. Dawisha, Egypt in the Arab World, p. 194.

<sup>115</sup>Mohamed Heikal, The Sphinx, p. 239.

<sup>116</sup>John Waterbury, Egypt: Burdens of the Past/Options for the Future, (Bloomington: Indiana University Press, 1978), p. 207.

especially Egypt's dependence on Soviet technology and trade. He was also disturbed by the Soviet's refusal to provide Egypt with military equipment, which was motivated by the fact that the Soviet leaders were apprehensive that the provision of the requested equipment would encourage Sadat to launch a preemptive attack on Israel, which eventually might lead to a direct confrontation between the two superpowers, and undermine detente.

Another reason behind Soviet reluctance to provide Egypt with arms was its involvement on the side of India in the Indo-Pakistani war that broke out in 1971. However, internal discontent played a considerable role in the decision undertaken by Sadat to expel the Russian Advisors in June 1972. In April 1972, ten prominent Egyptian figures signed a memorandum, in which they declared that "the time has come when we must examine our policy of overdependence on the U.S.S.R., for this policy has achieved nothing in five years since our defeat."<sup>117</sup> The memorandum called for restoration of Egyptian neutrality between the two superpowers.

Sadat's decision, on the other hand, was also

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<sup>117</sup>Michael R. Burrell, Abbas R. Kelidar, Egypt. The Dilemmas of a Nation 1970-1977, (The Center for Strategic and International Studies, Georgetown University, The Washington Papers, Vol. V, No. 48, Sage Publications, 1977), p. 18.

influenced by his realignment with the conservative forces of Saudi Arabia and Iran, and by his ideological inclination towards the West. Sadat was aware of growing U.S. concern over the presence of Soviet military personnel and equipment in Egypt. Kissinger has indicated that the

. . . continuing deadlock [in the peace initiatives] was in our interest; it would persuade Egypt to face the reality that Soviet tutelage and a radical foreign policy were obstacles to progress and that only the United States could bring about a settlement; it would demonstrate Soviet impotence and in time might impel a fundamental reconstruction of Arab, and especially of Egyptian foreign policies.<sup>118</sup>

Kissinger underscored the United States' policy at this time when he stated quite explicitly that the U.S. should work to "expel the Soviet military presence [from Egypt] . . . before they became firmly established."<sup>119</sup> Thus, President Sadat thought that his decision to expel the Russian advisors "would refute the American and Israeli charges that Egypt was becoming a base for Soviet dominance of the Middle East."<sup>120</sup> He further assumed that the

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<sup>118</sup>Henry Kissinger, White House Years, (Boston: Little Brown and Company, 1979), pp. 368-369.

<sup>119</sup>Ibid., pp. 579-580.

<sup>120</sup>Faiz S. Abu-Jaber, American-Arab Relations, p. 223.

inevitable result would be a more sympathetic U.S. policy that would put more pressure on Israel to withdraw to pre-1967 borders.

Nevertheless, the United States was reluctant to move toward ending the Arab-Israeli crisis by pressuring Israel. The timing of Sadat's decision to expel the Russian advisors in 1972, an election year in the U.S., hindered its efforts to do so, and the United States' reluctance to respond to the Egyptian initiative, multiplied by the existing pro-Israeli stance, aggravated the tension and finally led Sadat to go to war to break the deadlock.

The preceding analysis of U.S. foreign policy towards Egypt in the 1950s and 1960s is important for two reasons: it set a precedent for future analysis of U.S. policies, and it accounts for continuity and change in the formulation of U.S. policies towards the region in general, and towards Egypt in particular. The next chapter outlines the changes brought about by the October war and by Sadat's readiness to pursue peace. This chapter proposes that U.S. strategic goals remained unchanged throughout the 1970s and early 1980s. The U.S. used peace in the 1970s as an instrument to achieve its regional strategic goals and to cement the growing rapprochement with Egypt. Analysis of U.S. peace proposals

is indispensable to the understanding of U.S. economic and military aid policies toward Egypt. Chapters IV and V are devoted to the analysis of U.S. aid policies and military transfers and to the evaluation of their impact on Sadat's peace initiatives. It is further proposed that U.S. economic and military assistance, in the 1970s as in the 1950s and 1960s, were used as instruments to achieve U.S. foreign policy goals.

## CHAPTER III

### The 1973 Arab-Israeli War and U.S.-Egyptian Relations

The 1973 Arab-Israeli War and the subsequent search for a peace settlement contributed to the consolidation of U.S. strategic, political, and economic interests in the region. Strategically, the October War and the ensuing step-by-step diplomacy worked to undermine Soviet influence in the region. Politically, the United States continued its support of regional conservatism, which ensured the maintenance of a stable pro-Western political order. The October War also enabled the United States to consolidate its economic interests in the area. To this extent, this chapter proposes that the oil embargo and the quadrupling of oil prices were conducive to U.S. interests. The oil weapon increased the level of interdependence between the United States and the oil-producing countries, and created a suitable investment climate for the United States companies. Furthermore, the use of oil as a political weapon strengthened the conservative forces in the region. This, in turn, enhanced U.S. political and strategic interests as well.

Moreover, regional changes in the 1970s and internal

changes within Egypt enabled the United States to forge an alliance with the Sadat regime after 1973. Sadat's desire to cement relations with the U.S. and to liquidate Soviet-Egyptian relations ensured the success of U.S. post-1973 bilateral diplomacy.

From this perspective, this chapter provides an analysis of the use of oil as a political weapon and a look at the changes within the region that contributed to the development and consolidation of U.S.-Egyptian relations in the 1970s. Beyond this, the second part of the chapter focuses on U.S. goals and the motives behind its step-by-step gradualist peace proposals, and its impact on U.S.-Egyptian relations.

U.S. foreign policy toward the Arab-Israeli conflict has, to date, been analyzed from several perspectives. Military, strategic, and political economic dimensions have been introduced to analyze U.S. involvement in the regional politics of the Middle East. This chapter will delineate the general strategic goals and the political guidelines that underlined the United States' involvement in the Middle East after the October War of 1973.

U.S. efforts to achieve peace between Israel and its Arab neighbors were considered indispensable to the United States' general strategic, political, and economic design

for the region in general. In this regard, the strategic design set forth in the Nixon Doctrine was only complemented by the October War. The preceding chapter outlined the general characteristics of the Nixon Doctrine and analyzed its impact on the regional constellation of power. This chapter will instead focus on the impact of the strategic dimension on the development and consolidation of U.S.-Egyptian political and economic relations. Although the full manifestations of the U.S. strategic design did not surface until the late 1970s, the October War and the subsequent search for a peace settlement set a precedent for the fulfillment of such goals. U.S. efforts to build a coalition of conservative forces, of course, began long before the October War of 1973, although the 1973 Arab-Israeli War brought significant changes to U.S.-Egyptian relations. The political and economic repercussions of the conflict induced the U.S. to take an active role in diplomacy that aimed at compromising differences and reducing hostilities between the Arab states and Israel. The whole scenario of peace, that is, step-by-step disengagement, the Geneva conference, and the Sinai agreements, were piecemeal solutions that aimed at diffusing the volatility of the conflict, and were designed to bring about a partial solution that would



satisfy the dominant regional powers by strengthening the moderate forces and undermining the growth of Palestinian nationalism.

#### The October War and U.S. Goals in the Region

The 1973 October War, as already stated, brought about fundamental changes in U.S. policy toward the region in general and toward Egypt in particular. First, the oil embargo induced the United States to play a much more active political role in the region in order to maintain its interests within the conservative countries. Secondly, the war consolidated the growing right-wing alliance in the region. Thirdly, Sadat believed that the United States was the only country capable of exerting pressure on Israel and thus bring about a settlement of the Arab-Israeli conflict, as indicated by his statement that: "Whether we like it or not, and whether we want it or not, the key to the entire situation [in the Middle East crisis] is in the hands of the United States."<sup>1</sup> Sadat's willingness to endorse a peace settlement "under an umbrella of exclusive American hegemony which would be tantamount to

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<sup>1</sup>The Wall Street Journal, Thursday, November 20, 1975, p. 28.

a new political order in the region"<sup>2</sup> underscored his support of the step-by-step disengagement policies presented by the American Secretary of State, Henry Kissinger. In addition to this, the "Vietnam Syndrome" introduced new dimensions into the development of U.S. strategic designs in the Middle East.

President Nixon set forth a new U.S. strategy for the 1970s when he argued that:

A leading American role in world affairs continues to be indispensable to the kind of world our own well-being requires . . . . Our friendships are constant, but the means by which they are mutually expressed must be adjusted as world conditions change. The continuity and vigor of our alliances require that our friends assume greater responsibilities for our common endeavors.<sup>3</sup>

Prior to the outbreak of hostilities in 1973, U.S. strategic as well as economic interests were saved by the maintenance of a strong Israeli presence in the region.

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<sup>2</sup>Shimon Shamir, "Egypt's Reorientation Toward the U.S.--Factors and Conditions of Decision Making," Haim Shaked and Itamar Rabinovich, eds., The Middle East and the United States: Perceptions and Policies, (New Brunswick, New Jersey: Transaction Books, 1980), p. 283.

<sup>3</sup>U.S. Presidents. "Radio Address About the Third Annual Report to the Congress on United States Foreign Policy," Public Papers of Presidents of the United States, Richard Nixon. (Washington, D.C.: U.S. Government Printing Office 1974), p. 191.

Senator Henry Jackson, commenting on regional stability, indicated that:

. . . such stability as now obtains in the Middle East is, in my view, largely the result of the strength and western orientation of Israel on the Mediterranean and Iran on the Persian Gulf. These two countries, reliable friends of the United States, together with Saudi Arabia, have served to inhibit and contain those irresponsible and radical elements in certain Arab states--such as Syria, Libya, Lebanon, and Iraq--who, were they free to do so, would pose a grave threat indeed to our principal sources of petroleum in the Persian Gulf. Among the many anomalies of the Middle East must surely be counted the extent to which Saudi Arabia and the sheikhdoms--from which, along with Iran, most of our important oil will flow in the years ahead--will depend for regional stability on the ability of Israel to help provide an environment in which the moderate regimes in Lebanon and Jordan can survive and in which Syria can be contained.<sup>4</sup>

Furthermore, when asked for a justification for the unprecedented amounts of aid that the U.S. provided to Israel in 1972, U.S. Deputy Secretary of State Joseph Sisco replied, "Yes, our aid to Israel is immense, I admit that. But you must remember that America is looking after its interests. It does not see the Middle East Crisis as a question of Israel and the Arab countries; it sees it

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<sup>4</sup>MERIP Reports, No. 21, p. 20, quoted in Barry Rubin, "U.S. Policy, January-October 1973," Journal of Palestine Studies, Vol. III, No. 2, 1974, p. 100.

from the angle of the general political situation and its requirements."<sup>5</sup>

The war did, however, introduce certain new elements to the political-strategic equation in the region. First of all, the military and political repercussions of the war challenged pre-war assumptions of Israel's invincibility and of its capability to maintain stability through military preponderance. On the other hand, Arab solidarity and ability to fight were comparatively high. Furthermore, the Arabs, partially because of their solidarity necessitated by the war, were able for the first time to use oil effectively as a political weapon with which to apply political as well as economic pressure on the U.S. and the West.

As a result of the October War, the United States became more directly involved in the search for a peace settlement of the Arab-Israeli conflict. As a consequence, the conflict became part of the U.S. strategic design for the region. After 1973, the U.S. strove to maintain stability, but, as Kissinger pointed out, stability results not "from a quest for peace, but from a generally accepted legitimacy," which is defined as "no more than an

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<sup>5</sup>Al-Ra'y al-'Am, July 6, 1972, quoted in *ibid.*, p. 102.

international agreement about the nature of workable arrangements and about the permissible aims and methods of foreign policy."<sup>6</sup>

Such a legitimacy required a general acceptance of the de facto international order. From the perspective of U.S. foreign policymakers, maintaining stability in the Middle East required strengthening Israel. While it is true that Israel's invincibility was challenged by the October War, its centrality to U.S. strategic design was not radically changed by the conflict. It was assumed by many that the oil weapon would leave far-reaching effects on the U.S. that would eventually pressure it into an active role, favorable to the Arabs. Those who adhered to this proposition believed that the United States, under the pressure of oil, would be forced to reduce its "patron-client" relationship with Israel. It was believed that this, in turn, would lead to the "Taiwanization of Israel," which meant that the United States would reduce its support for Israel and would improve its relations with the Arabs.<sup>7</sup>

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<sup>6</sup>Henry A. Kissinger, A World Restored: Europe After Napoleon: The Politics of Conservatism in a Revolutionary Age, (New York: Grosset and Dunlop, 1964), p. 1, 2.

<sup>7</sup>Dr. Saad ad-Din Ibrahim, Kissinger wa Sira'a al Sharg al-Awsat (Kissinger and the Middle East Conflict) (Beirut: Dar al-Taliah, 1975). The author presents different interpretations of U.S. post-1973 policy toward the region.

However, overwhelming evidence supports the hypothesis that the U.S. actively worked to strengthen Israel and maintain its military preponderance during and after 1973. During the war, the U.S. continued its pre-war policies of supporting Israel. First, the U.S. government played down the threat posed by the oil embargo, claiming that only 6% of oil came from the Middle East. Secondly, Nixon sought to use the Arab-Israeli conflict to strengthen his prestige internally, especially after the resignation of his Vice President, Spiro Agnew, over charges of corruption. Nixon was able to win support for an additional \$2.2 billion in military aid to Israel during this period. Internal U.S. support for Israel worked to the advantage of Nixon. Indeed, Defense Secretary James Schlesinger noted that "there may be some irony that it has been typically those on the Hill who voted regularly to reduce defense expenditures across the board, who have most vigorously pressed the Department [of Defense] to supply fully all of Israel's needs."<sup>8</sup> Furthermore, a "strong" Israel was considered to be indispensable to the maintenance of law and order in the region. In keeping with that goal, the United States

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<sup>8</sup>Washington Post, October 25, 1973, quoted from Barry Rubin, "U.S. Policy," p. 110.

gave Israel, between 1970 and 1978, a total of \$15 billion in military aid, credit sales, and grants.<sup>9</sup>

Furthermore, assuring the survival of Israel became a strategic part of U.S. post-war policies. United States' efforts during the war were, in fact, also designed to lessen Soviet influence in the region by maintaining Israel's military dominance. Kissinger indicated that the U.S. emerged from the October War

. . . as the pivotal factor in the diplomacy. Egypt was beginning to move in our direction, thereby creating an incentive even for radical regimes, to re-examine the premises of their policy . . . . And all this had been achieved while we stood by our friends in Israel . . . .<sup>10</sup>

President Sadat underscored this when he stated in his autobiography that

. . . The United States was taking part in the war to save Israel . . . . And the Americans were using the Egyptian Al-Arish airfield, immediately behind the front, quite openly, so as to turn Israel's defeat into victory.<sup>11</sup>

In addition, in justification of the \$2.2 billion in military aid to Israel engineered by President Nixon,

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<sup>9</sup>Mansour Farhang, U.S. Imperialism: The Spanish-American War to the Iranian Revolution, (Boston: South End Press, 1981), p. 131.

<sup>10</sup>Henry A. Kissinger, Years of Upheaval, (Boston: Little, Brown and Company, 1982), p. 612.

<sup>11</sup>Anwar El-Sadat, In Search of Identity--An Autobiography, (New York: Harper & Row, 1978), p. 260.

Kissinger wrote:

If the Arabs won with Soviet support, Moscow would emerge as the dominant power, the radical course--the military option--would appear vindicated, and moderate Arabs would be in an even weaker position. The United States would lose influence . . . . If our arms aid blocked an Arab victory, then our central role would be confirmed.<sup>12</sup>

Kissinger's classical "realist" interpretation of the actors, states, and politics in the Middle East, which emphasized the primacy of East-West competition for regional dominance, required the maintenance and consolidation of U.S. regional interests. In this context, supporting Israel and creating regional "surrogates," capable, through U.S. aid, of maintaining "peace" and "stability," became an indispensable component of this strategic design.

#### The Regional Balance of Power and Oil

##### As a Political Weapon

What role did the oil embargo play during this period? Had it been effective in undermining U.S.-Israeli relations? Moreover, did it bring about a major change in U.S. relations toward the region that would bring about a settlement of the Arab-Israeli conflict?

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<sup>12</sup>Henry A. Kissinger, Years of Upheaval, pp. 478-79.



Paradoxically, the oil embargo contributed much to the enhancement of U.S. political, economic, and strategic interests in the region. On the one hand, the oil embargo inaugurated the rising right-wing alliance in the region and consolidated the power of the conservative countries at the expense of the radicals. On the other hand, the quadrupling of oil prices served U.S. economic interests through "petro-dollar" recycling.

The Middle East had undergone many fundamental changes in the late 1960s and early 1970s. These changes culminated in the ideological transformation of the Arab world from radicalism and Arab nationalism to a so-called "realism," or a conservative alliance between the oil-producing countries and the confrontation states, especially Egypt. This transformation was, in part, due to the economic and political repercussions of the 1967 Arab-Israeli war, the subsequent decline of Arab nationalism, and finally the death of Nasser.

The Egyptian shift to the right under Sadat increased Egypt's opportunity for more effective cooperation with the rest of the Arab world, particularly Saudi Arabia. King Faisal, "looking for a role that would give [him] pan-Arab legitimacy and would limit the influence of radicals

like Qaddafi,"<sup>13</sup> was willing to cooperate with the Sadat regime. Furthermore, Sadat's emphasis on Egyptian nationalism<sup>14</sup> removed the regional imperative that had impeded Saudi use of oil as a political weapon, and had led it always to assert that oil and politics should not mix. The Saudi dynasty had always been opposed to Nasser's pan-Arabism and nationalism, and Egypt's inwardness satisfied Saudi regional goals. Thus, when Sadat's political leanings appeared to be falling within the Saudi mold, Saudi Arabia endorsed Sadat's actions and policies. Thus, one can see that regional considerations lay behind the use of oil as a political weapon in 1973.

However, the oil embargo was reluctantly imposed on the United States. The use of oil as a political weapon was a face-saving device. It was primarily meant to reflect a relative degree of Arab unity and not to harm the West politically or economically. The Washington Post wrote on April 19, 1973, that "The Saudis are known to feel increasing pressure from the radical Arab states

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<sup>13</sup>Joe Stork, Middle East Oil and the Energy Crisis, (New York: Monthly Review Press, 1975), p. 218.

<sup>14</sup>A. I. Dawisha, Egypt in the Arab World. The Elements of Foreign Policy (London: The Macmillan Press, 1976), p. 195.

and the Palestinian guerrillas to use their oil as a political weapon for pressuring Washington into forcing Israel into a compromise settlement with the Arabs." Indeed, the imposition of the oil embargo on the U.S. was meant to pressure the U.S. into an active role of mediation in the Arab-Israeli conflict, a device that served U.S. national interest more than it served the Palestinian cause.

Hence, at the end of October 1973, Ahmed Zaki Yamani, Saudi Arabia's Oil Minister, told a group of congressmen that "King Faisal has done his best in the last two weeks to represent American interests . . . . We did not want the embargo. We hope that we can do something, but there must be something that we can show as a change . . . ."14

In addition, in a meeting with Kissinger in November 1973, King Faisal said, "It was very painful for me to have been forced to take this action [to enforce the oil embargo] against our American friends."15

The King, Kissinger remarked, "made it clear that he

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<sup>14</sup>Joe Stork, Middle East Oil, p. 238.

<sup>15</sup>Edward Sheehan, "How Kissinger Did It. Step-by-Step in the Middle East," Foreign Policy, No. 22, Spring 1976, p. 20.

would increase production when he lifted the embargo; indeed, he professed to be 'red-hot with anxiety' to expedite this as fast as possible."<sup>16</sup> Therefore, by the end of December 1973, after Kissinger successfully negotiated a separation of forces between Egypt and Israel at Kilometer 101, and helped convene the Geneva Conference, the Arab oil-producing countries announced a 10 percent hike in production that reduced their October cutbacks of 25 percent to 15 percent. When asked for reasons, Yamani said, "We only intended to attract world attention to the injustice that befell the Arabs."<sup>17</sup> Thus, the Arabs ended the embargo before it fulfilled the objectives for which it had been imposed.<sup>18</sup>

The end of the embargo was officially announced in Vienna on March 18, 1974. The discussion at Vienna centered around lifting the embargo and negotiating for a price increase of 15 percent, presented by Algeria, Indonesia, and Iran. Saudi Arabia opposed any hike in prices

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<sup>16</sup> Henry A. Kissinger, Years of Upheaval, p. 664.

<sup>17</sup> Quoted in Joe Stork, The Middle East and the Energy Crisis, p. 227.

<sup>18</sup> Mohamed Heikal, The Road to Ramadan, (New York: Bantam Books, 1975), p. 282.

and, in contrast, Yamani urged that the prices "should be reduced so as not to jeopardize the economic and political stability of the industrialized capitalist countries."<sup>19</sup>

Saudi Arabian opposition to the price increase and its call for the end of the embargo led the New York Times on March 20, 1974, to indicate that:

On the major issue of the embargo and the oil prices decided here [at the Geneva Conference], Saudi Arabia virtually imposed conditions that were closely in line with American desires, with considerable risk to the unity of the Arab countries and the world's major oil-producing nations.<sup>20</sup>

On the other hand, the oil crisis adversely affected the oil-producing countries. It attenuated the political bargaining chip of the Arabs, and the oil-producing countries became more technologically and militarily dependent on the West, and especially on the United States, after 1973. Such dependence reduced the likelihood of their using oil as a political weapon in the future. Thus, the oil crisis contributed more to the enhancement of U.S. interests in the region, rather than what had been previously expected.

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<sup>19</sup> Joe Stork, The Middle East, p. 243.

<sup>20</sup> Quoted in *ibid.*, p. 243.

During the 1970s, the United States emphasized the rising need for international interdependence. The post-World War II liberal international economic order, which was dependent upon the central role played by the dominant global power, i.e., the United States, suffered a severe crisis in the 1970s. Economically, the dollar was declining, balance of payments deficits placed severe strain on the economy, and the United States' predominance faced a challenge from the newcomers in Europe and Japan.

Politically, the war in Vietnam undermined U.S. hegemony and weakened internal consensus. In order to restore its role in the world, U.S. policy makers stressed the increasing role of interdependence in world politics. For example, President Nixon, in reviewing the changes in the international system since his administration came into power, said:

As we turn from an era of confrontation to one of cooperation, trade and commerce become more important. We have moved from a position of virtual economic hegemony in the world to a new role in a more interdependent world economy. We must create an equitable and efficient system of integrating our own economy with that of the rest of the world.<sup>21</sup>

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<sup>21</sup> Department of State Bulletin, No. 1808, February 18, 1974:66, quoted in Stephen D. Hays, "Joint Economic Commissions as Instruments of U.S. Foreign Policy in the Middle East," The Middle East Journal, Vol. 31, No. 1, 1977, p. 23.

Moreover, in his report to Congress in 1971, President Nixon traced the political evolution of the international system and analyzed the changes that affected it since its inception in the 1940s.

Around the globe, East and West, the rigid bipolar world of the 1940s and 1950s has given way to the fluidity of a new era of multi-lateral diplomacy . . . . Increasingly we see new issues that transcend geographic and ideological borders and confront the world community of nations. Many flow from the nature of modern technology. They reflect a shrinking globe and expanding interdependence.<sup>22</sup>

In the Middle East, increased emphasis on international interdependence reinforced and consolidated the rising regional conservative trend. Nixon and Kissinger's strategy of maintaining "peace and stability" required the full cooperation of the conservative regimes in the region, particularly Saudi Arabia and Egypt. The October War provided Kissinger with the needed opportunity to restore U.S. global predominance. Sadat's move to the right also helped to pave the way for the consolidation of U.S. position in the Arab world.

Furthermore, the "Vietnam Syndrome" encouraged the United States to emphasize regional stability through the

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<sup>22</sup>Richard Nixon, United States Foreign Policy for the 1970s: Building for Peace, Report to Congress, February 25, 1971 (New York: Harper & Row, 1972), pp. x, xi.

enhancement of the military capabilities of Iran (under the Shah) and Saudi Arabia. Increased military sales were meant to fulfill certain common objectives. Among them were the maintenance of a stable pro-Western regime, the continued flow of oil, the containment of regional radicalism, and the suppression of internal upheavals that might pose a threat to the status quo.

In this regard, the quadrupling of oil prices after 1973 helped to remove the financial constraints on the oil-producing countries and, at the same time, increased the prospects for more cooperation and interdependence between the United States and the Arab World. In light of this growing interdependence, the United States formed joint economic commissions with Jordan, Saudi Arabia, Egypt, and Iran. The joint economic commissions provided not only economic gains for the United States, but also political leverage over the countries of the region. Joseph Kraft, in explaining one of Secretary of State Kissinger's announcements regarding the impact of the Joint Economic Commissions, indicated that, "In plainer English, he [Kissinger] means that when Iran and Saudi Arabia become hooked on American technology, he will be able to give them reasons for cooperating with his country on



political terms."<sup>23</sup>

Saudi financial power, for instance, enhanced the United States' position in the region by hampering regional radicalism and by aiding pro-Western regimes. "The monarchy has," as Ali Alyami argued, "because of the wealth available to it, been able to ensure (or-purchase) the support or the acquiescence of surrounding governments."<sup>24</sup> Furthermore, King Faisal wholeheartedly supported Kissinger's "step-by-step" diplomacy, extended financial support to Egypt and Syria, and worked to undermine regional radicalism.<sup>25</sup>

On the other hand, substantial portions of Gulf countries' revenues were recycled back to the West through arms and military spending. Increased military spending was considered the cornerstone in maintaining the status quo. V. H. Oppenheim has also argued that the United States might have encouraged the price increase after 1973. "It may even have been deliberately decided by the

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<sup>23</sup>Washington Post, March 18, 1975, p. 17, quoted in Stephen D. Hays, "Joint Economic Commissions," p. 26.

<sup>24</sup>Ali Hassan Alyami, "The Coming Instability in Saudi Arabia," New Outlook, Vol. 20, No. 6, September 1977, p. 23.

<sup>25</sup>Edward Sheehan, "How Kissinger Did It," p. 22.

Nixon Administration not just to depend on the Shah [of Iran] and the King [of Saudi Arabia] for regional defense, but to ensure them the revenues to purchase the needed materiel by letting oil prices rise, or getting them to be raised."<sup>26</sup> As such, arms sales to the region jumped from \$4.3 billion in 1975<sup>27</sup> to an average of \$8.9 billion in 1979.<sup>28</sup> Increased military spending not only profited U.S. defense contractors, but also ensured the allegiance of the countries involved, for it created a level of dependence on the U.S.

In addition, increased oil revenues created an incentive for industrialization and development. However, with the apparent lack of technical skills and the inadequacy of the existing socioeconomic infrastructure, the Gulf, the center of political gravity in the 1970s, became

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<sup>26</sup>V. H. Oppenheim, "Why Oil Prices Go Up. The Past: We Pushed Them," Foreign Policy, No. 25, Winter 1976-1977, p. 52.

<sup>27</sup>U.S. Congress, House, Committee on International Relations, United States Arms Sales to the Persian Gulf, Report of a Study Mission to Iran, Kuwait, and Saudi Arabia May 22-31, 1975, 94th Cong. 2nd session, (Washington: U.S. Government Printing Office 1976), p. v.

<sup>28</sup>Joe Stork, "The Carter Doctrine and U.S. Bases in the Middle East," MERIP Reports, The Vietnam Syndrome, No. 90/September, 1980, p. 4.

increasingly more dependent on the West. "For a variety of ideological, political, and strategic reasons, Arab oil-producing countries have committed themselves to the existing international economic order, of which they have continued to be an integral part."<sup>29</sup>

This dependence on Western arms and technology increased Arab reluctance to take drastic actions that might endanger the West in the future. This reluctance led implicitly to an undeclared resurgence of the old motto that "oil and politics should not mix." In this respect, the October War and the subsequent oil embargo as Ghali Shoukri pointed out,

. . . enabled the United States to take complete political possession of the Middle East oil resources and their transport channels, not only to face the world energy crisis, but also to impose their leadership even more firmly on Western Europe and Japan--who depend on Middle Eastern oil--and to solve their own monetary problems resulting from the deficit in their balance of payments.<sup>30</sup>

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<sup>29</sup> Abbas Alnasrawi, "Arab Oil and the Industrial Economics: The Paradox of Oil Dependency," Arab Studies Quarterly, Vol. I, No. 1, Winter 1979, p. 15.

<sup>30</sup> Ghali Shoukri, Egypt: Portrait of a President, Sadat's Road to Jerusalem, (London: Zed Press, 1981), p. 154.

Regional and International Implications  
of U.S.-Egyptian Rapprochement

U.S. efforts to reach a settlement of the Arab-Israeli conflict were motivated, first, by the assumption that an active American role would eventually undermine Soviet influence in the region and strengthen the conservative states. For instance, on June 26, 1970, Kissinger said, "We are trying to get a Middle East settlement in such a way that the moderate regimes are strengthened, and not the radical regimes."<sup>31</sup>

In addition, in his memoirs Kissinger emphasized U.S. efforts to undermine regional radicalism through its continued support of regional conservative forces. "Within the Arab world," he argued, "we needed to strengthen the moderates as against the radicals, the governments associated with the West as against the clients of the Soviet Union."<sup>32</sup> "To be moderate," Mansour Farhang argued, "means to side with the United States in conflict situations, buy weapons from U.S. arms manufacturers, keep the country open to multinational corporations, be

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<sup>31</sup>Mansour Farhang, U.S. Imperialism, p. 134.

<sup>32</sup>Henry A. Kissinger, Years of Upheaval, p. 201.

anti-communist and pursue a capitalist strategy for economic development."<sup>33</sup>

Therefore, within this context, Egypt's shift toward the right under Sadat reinforced U.S. goals and served to consolidate U.S. interests in the region. After 1973, the United States worked to create a pro-U.S. climate in Egypt through the formation of a political alliance with Sadat. Since his advent to power in 1970, Sadat's policies served directly or indirectly to promote U.S. interests in the region.<sup>34</sup>

Furthermore, one of Sadat's goals in launching the October War of 1973 was to induce the U.S. to play an active role in the Arab-Israeli conflict. Sadat indicated in his memoirs that "it was impossible, as I have always said, for the United States . . . to make a move if we ourselves didn't take military action to break the deadlock."<sup>35</sup>

Indeed, the war itself was limited. Sadat's objective was to "shatter the Israeli 'theory of security,'"<sup>36</sup> His limited objectives underlined his subsequent efforts

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<sup>33</sup> Mansour Farhang, U.S. Imperialism, p. 134.

<sup>34</sup> Ibid., p. 131.

<sup>35</sup> Anwar el-Sadat, In Search of Identity, p. 238.

<sup>36</sup> Ibid., p. 254.

to conclude a peace agreement with Israel. Sadat's endorsement of Kissinger's blueprint for peace was motivated by his desire to make the October War the last confrontation with Israel. Sadat told Mohamed Heikal (former chief editor of Al-Ahram newspaper) in November, 1973, that "this will be the last war while I'm president."<sup>37</sup>

Sadat's efforts to induce the U.S. to find a peace settlement, and his desire to end hostilities with Israel were also motivated by his inclination to attract Arab oil-producing countries to help ease Egypt's growing economic problems. Under such circumstances:

Egypt had to rearrange its alliances both in the region, where a Tehran-Riyadh-Cairo axis replaced the previous Cairo-Damascus-PLO axis, and on the global level, where the United States and Western Europe have replaced the Soviet Union and the Third World as Egypt's new allies.<sup>38</sup>

Although the October War and Kissinger's subsequent peace efforts brought Egypt closer to the U.S., and vice-versa, the changes in Egypt's internal, regional, and international outlook under Sadat presented the U.S. with the opportunity to consolidate its relationship with Egypt. The initial perception of this relationship started with

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<sup>37</sup> Mohamed Hassanein Heikal, "Egyptian Foreign Policy," Foreign Affairs, Vol. 56, No. 4, July 1978, p. 726.

<sup>38</sup> Ibid.

the establishment of a "secret channel" of communications between the two countries in April 1972.

During the first exchanges of messages between the two countries, the Egyptians suggested a meeting of high-level officials, but urged the U.S. to come up with a new proposal before such a meeting took place.<sup>39</sup> However, it was not until February 25, 1973, that Kissinger and Hafiz Ismail, Sadat's National Security Advisor, met in New York. During the first secret meeting, Ismail insisted on reaching a comprehensive settlement and refused to negotiate an interim agreement with Israel.<sup>40</sup> During his second meeting with Kissinger in France on May 20, 1973, he reiterated Egypt's demands for a comprehensive settlement.<sup>41</sup>

Kissinger, for his part, demanded that Sadat make concessions. He informed Sadat, through their secret channel, that Egypt had to concede in order for a future negotiation to succeed. He warned, in part, that:

In terms of reality, you [the Egyptians] are the defeated side and shouldn't, therefore, make demands acceptable only from victors. You must make some concessions if the U.S.A. is to

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<sup>39</sup> Henry Kissinger, White House Years, (Boston: Little, Brown and Company, 1979), p. 1293.

<sup>40</sup> Henry Kissinger, Years of Upheaval, p. 215.

<sup>41</sup> Ibid., p. 226.

help you . . . . You may be capable of changing existing realities--and, consequently, our approach to the solution--or you may not . . . . I am not calling on Sadat to change the military situation, for, if he tried to do that, Israel will again defeat you . . . ."42

Furthermore, on October 7, 1973, one day after Egypt launched the October War, Hafiz Ismail put forward to Kissinger Egypt's conditions for ending the war, which were tantamount to a call for a comprehensive settlement based upon Israeli withdrawals to pre-1967 borders. Yet, although Sadat knew that such a position would ensure a continued stalemate, he used the secret channel to keep a level of communication going between Cairo and Washington. At that juncture, according to Kissinger, Sadat

. . . could not compound the risk of alienating Syria and perhaps the Soviet Union--whose support was essential for the conduct of the war--by immediately offering concessions that might drive Syria to abandon the common struggle or the Soviet Union to reduce its supplies.<sup>43</sup>

However, as a result of Kissinger's plans to visit the Middle East on November 5, 1973, Acting Foreign Minister Ismail Fahmy, on October 28, 1973, was sent to Washington, ostensibly to look Kissinger over and report back to Sadat.

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<sup>42</sup>Anwar el-Sadat, In Search of Identity, p. 288.

<sup>43</sup>Henry Kissinger, Years of Upheaval, p. 481.



In his meeting with Kissinger, Fahmy expressed Sadat's desire to change the nature of Egypt's relationship not only with the U.S., but also with Israel. Fahmy made it clear that Egypt had "no interest in putting Israel into the sea or invading Israel, irrespective of the Palestinian situation."<sup>44</sup>

In response, Kissinger remarked, "Not only did Egypt accept Israel's existence . . . but Fahmy left no doubt that [Egypt] would not let the Palestinians stand in the way of a solution . . ." <sup>45</sup> Sadat's willingness to negotiate with Israel offered Kissinger a unique opportunity to embark on his gradualist step-by-step approach and to work to improve the United States' relations with Egypt.

Another factor that contributed to the growing rapprochement between the U.S. and Egypt was Sadat's economic policy, which promised to change the economic infrastructure through the dismantling of state capitalism and the encouragement of economic free enterprise. The opening up of the Egyptian economy and the liberalization measures undertaken by President Sadat were part of his

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<sup>44</sup>Ibid., p. 618.

<sup>45</sup>Ibid.

war aims. The political military stalemate hindered Sadat's efforts to attract foreign investors, though, with the war settled, Egypt would embark on its economic development.<sup>46</sup>

Thus, Sadat's belief in America's ability to bring about a "just and lasting peace," and his confidence that the liberal economic path would bring about economic development in Egypt, underlined Kissinger's success in negotiating peace in the region. Sadat assumed, as Ahmed Eqbal pointed out, that

. . . a combination of Egyptian manpower, American corporate and technological skills, and Arab petro-dollars could yield Egypt the kind of prosperity and power . . . . This hope has been stimulated skillfully by men like Sheikh Yamani, Richard Nixon, David Rockefeller, and Henry Kissinger, for it entails a shift in Egypt's role from the vanguard of radical Arab nationalism to becoming an ally with the Arabia of the Sultans.<sup>47</sup>

These changes suited U.S. strategic, political, and economic designs for the region. Strengthening the Egyptian position through the endorsement of a peace settlement would undermine Soviet influence in the region.

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<sup>46</sup> The Wall Street Journal, Thursday, December 27, 1973, p. 20.

<sup>47</sup> Ahmed Eqbal, "A World Restored Revisited," Race and Class, Vol. 17, Winter, 1976, p. 249.

At a Washington Special Action Group (WSAG) meeting on November 2, 1973, Kissinger expounded on this when he stated that:

We can reduce Soviet influence in the area and can get the oil embargo raised if we can deliver a moderate program, and we are going to do it. If not, the Arabs will be driven back to the Soviets, the oil will be lost, we will have the whole world against us . . . . We must prove to the Arabs that they are better off dealing with us on a moderate program than dealing with the Russians on a radical program.<sup>48</sup>

It is clear then that American strategic design was aimed at undercutting Soviet influence in the region and at replacing the danger of Zionism with the danger of international communism.<sup>49</sup> This "realist" strategy was a clear extension of U.S. strategic design for the region in the 1950s, when John Foster Dulles' policies had aimed at bringing Nasser closer to the West and, thus, at strengthening the anti-Soviet policy of containment.

In order to achieve this goal, the U.S. attempted to form military alliances with the countries of the region, but the strategy was undermined by Nasser's refusal to participate in a Western-oriented defense alliance. However, with the changing circumstances of the 1970s,

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<sup>48</sup>Henry Kissinger, Years of Upheaval, p. 616.

<sup>49</sup>Chali Shoukri, Egypt: Portrait of a President, p. 164.

such as Egypt's shift toward the right, the October War, and the consolidation of a new conservative political order, the United States was able to build a new alliance with the conservative regimes of the region.

Kissinger assumed, like Dulles before him, that an alliance with Egypt would encourage the other Arab countries to follow suit. According to Nasser Aruri, Kissinger thought that if a peace agreement between the Arabs and Israel could be reached, "Arabs, Israelis, and Iranians [under the Shah] would act in concert as part of a pro-Western constellation of powers to pacify the region and stamp out all forms of political heresy."<sup>50</sup>

Kissinger's step-by-step approach and his disengagement accords established a direct link between the U.S. and Egypt, which was further enhanced through economic aid and political support. Undermining Soviet influence would create a "political vacuum" that could be filled by the United States and its regional allies. Subsequent efforts to achieve peace were actually conducted to achieve a greater role for the United States and,

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<sup>50</sup>Nasser Aruri, The Sinai Accords as a Phase of the U.S. Containment Policy, Occasional Paper Number 2, (Detroit, Michigan: Association of Arab-American University Graduates, Inc., 1976), p. 3.

consequently, to serve its goals in the region in general, and within Egypt in particular.

#### Step-by-Step and U.S. Foreign Policy

To this point, this chapter has considered regional changes within the Middle East, their impact on U.S. interests in the region, and their implications for U.S.-Egyptian relations. This section will analyze the motives behind the "step-by-step" tactic and the impact of the interim peace with Israel on U.S.-Egyptian relations.

The October War itself shaped the strategic perceptions of the Nixon Administration's role in searching for a settlement of the Arab-Israeli conflict. Two different themes dominated the thinking of U.S. policy makers during this period. First, the United States' desire to reduce Soviet influence and end the oil embargo induced the U.S. to play an active role in resolving the Arab-Israeli crisis. The second element of the American strategy was aimed at separating its diplomatic efforts from an overall peace agreement.<sup>51</sup> Kissinger told Sadat on November 7, 1973, that "we must put aside irreconcilables for the moment. We must build confidence; conceive

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<sup>51</sup>William Quandt, "United States Policy," p. 209.

a negotiating dynamic. We must set in motion small agreements. We must proceed step by step."<sup>52</sup> Kissinger also remarked that if a peaceful agreement did not succeed, it

. . . would make [the U.S.] the target for everybody's frustrations--the Israelis would blame us for our exactions, the Arabs for our reticence, the allies for their impotence; the Soviets would exploit the resulting turbulence for their hegemonic aims.<sup>53</sup>

However, "if by our step-by-step approach we achieved some significant breakthrough, radical rhetoric would perforce be muted; moderate Arab states would be encouraged to persevere; Soviet influence would wane."<sup>54</sup>

The "neither victory nor defeat" formula that resulted from the October War presented the U.S. with an opportunity to manipulate post-war diplomacy. Such a stalemate, President Nixon said,

. . . would provide the foundation on which fruitful negotiations might begin. Any equilibrium--if only an equilibrium of mutual exhaustion--would make it easier to reach an enforceable settlement.<sup>55</sup>

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<sup>52</sup>Quoted in Edward Sheehan, "How Kissinger Did It," p. 16.

<sup>53</sup>Henry Kissinger, Years of Upheaval, p. 615.

<sup>54</sup>Ibid., p. 749.

<sup>55</sup>Richard Nixon, The Memoirs of Richard Nixon, (London: Sedgwick and Jackson, 1978), p. 921.

To prevent an Arab victory in the war, the U.S. provided Israel with arms and military equipment. This unprecedented support for Israel led Kissinger to say:

By any normal standard of relations among nations, we had stood by Israel to an unprecedented degree both during the war and in its tumultuous aftermath. We had saved Israel by the airlift and by running diplomatic interference. . . . We had prevented U.N. condemnation of Israeli cease-fire violations and we had faced down the Soviets in the alert.<sup>56</sup>

However, when the tide of the war was shifting in favor of Israel, the U.S. stepped in to prevent the destruction of the Egyptian Third Army for fear that Egypt's defeat might undermine the Sadat regime and bring to Egypt another Nasser-type radical leader who would thwart U.S. policies and threaten its interests in Egypt.<sup>57</sup>

Thus, the U.S. worked in cooperation with the Soviet Union to bring about a cease-fire on October 22. The cease-fire was finally implemented on the 25th of October, and soon afterward, "the conceptual underpinnings of the new American policy in the Middle East . . . were quickly established."<sup>58</sup>

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<sup>56</sup>Henry Kissinger, Years of Upheaval, p. 620.

<sup>57</sup>Ibid., p. 541.

<sup>58</sup>William B. Quandt, Decade of Decisions: American Policy Toward the Arab-Israeli Conflict, 1967-1976 (Berkeley: University of California Press, 1977), p. 213.

Consequently, Kissinger departed for the Middle East on November 5, 1973, in an effort to reconcile differences and ease tensions between the Arabs and Israelis.<sup>59</sup> Kissinger's first test of his step-by-step diplomacy was in Egypt. It should be noted that Kissinger's success in negotiating a disengagement of forces between Egypt and Israel, and his success in concluding an interim agreement between them, would not have been possible without the collaboration of the Sadat regime.

In their first meeting on November 6, 1973, Kissinger was able to extract the first concessions from Sadat through his proposition of the Six Points Agreement. Sadat quickly agreed because he wanted to use the agreement to improve his relations with the United States: "Our agreement on the six-point program of action marked the beginning of a relationship of mutual understanding with the United States, culminating and crystallizing in what we came to describe as a 'Peace Process.'"<sup>60</sup> The agreement, which was later signed on November 11, under the auspices of the U.N. on Kilometer 101 along the

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<sup>59</sup> Ibid., p. 216.

<sup>60</sup> Anwar el-Sadat, In Search of Identity, pp. 291-292.



Cairo-Suez Road, indicated that:

- A. Egypt and Israel agree to observe scrupulously the cease-fire called for by the U.N. Security Council.
- B. Both sides agree that discussions between them will begin immediately to settle the question of the return to the October 22 positions in the framework of agreement on the disengagement and separation of forces under the auspices of the U.N.
- C. The town of Suez will receive daily supplies of food, water, and medicine. All wounded civilians in the town of Suez will be evacuated.
- D. There shall be no impediment to the movement of non-military supplies to the East Bank.
- E. The Israeli checkpoints on the Cairo-Suez Road will be replaced by U.N. checkpoints. At the Suez end of the road Israeli officers can participate with the U.N. to supervise the non-military nature of the cargo at the bank of the canal.
- F. As soon as the U.N. checkpoints are established on the Cairo-Suez road, there will be an exchange of all prisoners of war, including wounded.<sup>61</sup>

Sadat also agreed, privately, to ease the blockade at Bab el-Mandeb Straits. However, "Since the blockade had never been formally declared, Sadat argued, it could not be formally lifted. And too many public concessions would hurt his position with his Arab brethren."<sup>62</sup>

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<sup>61</sup>Henry Kissinger, Years of Upheaval, p. 641.

<sup>62</sup>Ibid., p. 642.

The Six Points Agreement served both the interest of Israel and the United States. Israel would get its prisoners back, be relieved of pressure to go back to the October 20 lines, called for by Egypt and the Soviets, and be relieved of the blockade at Bab el-Mandeb. All of these concessions were offered for allowing the United Nations to establish a few checkpoints under its control to supply the Third Army with food and other non-military materials.<sup>63</sup>

Furthermore, although the Egyptian Third Army was facing a severe crisis, and was finally relieved by the provision of food and other non-military supplies, which the Six Points Agreement provided, the cease-fire and the subsequent agreement saved Israel from virtual economic bankruptcy. The war had cost Israel \$6 billion.<sup>64</sup>

As for the United States, the Six Points Agreement helped establish a strong link with Egypt. Kissinger argued:

I had come to Cairo hoping for a step forward in a strategy that had been inching ahead for four years. Now in a single encounter with Egypt's President, one month after the beginning

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<sup>63</sup>Ibid., p. 651.

<sup>64</sup>William R. Polk, The Arab World, (Cambridge, Massachusetts: Harvard University Press, 1980), p. 347.

of the war, we had achieved a breakthrough. Sadat had clearly staked his policy on the American connection. If we pursued that strategy wisely, it would become increasingly difficult for him to reverse course. The reduction of Soviet influence was now only a matter of time and skill; the prospects of a peace of moderation loomed bright-- provided we could find the balance between Israeli fears and Arab impatience.<sup>65</sup>

In addition, the Six Points Agreement helped to restore the status quo through the stabilization of the cease-fire,<sup>66</sup> and set a precedent for future agreements between Egypt and Israel. Kissinger believed that the psychological lack of confidence between Israel and its Arab counterparts was the main impediment to peace. Such a "moderate program," he believed would establish confidence between the parties which would eventually lead to some kind of understanding between the Arabs and Israel. In fact, Kissinger "urged Sadat" in their first meeting in November 1973, "to think of peace with Israel as a psychological, not a diplomatic problem."<sup>67</sup>

Kissinger's peace strategy was further enhanced by

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<sup>65</sup>Henry Kissinger, Years of Upheaval, p. 644.

<sup>66</sup>William Quandt, Decade of Decisions, p. 218.

<sup>67</sup>Henry Kissinger, Years of Upheaval, p. 639.

this gradualist path to peace. He had aimed at transforming the ideological nature of the Arab-Israeli conflict by reducing the substance of the crisis into a mere territorial matter that could simply be adjusted through minor changes of boundaries or demarcation lines.<sup>68</sup> These goals were, indeed, attained through the Geneva Conference and the Sinai Agreements.

#### The Geneva Conference

The Geneva Conference opened on the 21st of December 1973. The idea of a peace conference at Geneva was first presented in U.N. Resolution 338. This resolution, which led to the cease-fire, called for a conference under the auspices of the United States and the Soviet Union, and was intended to be used as a step forward toward achieving a comprehensive peace in the everlasting Arab-Israeli conflict.

The Geneva Conference marked the first face-to-face meeting between the Arab states and Israel. Before the October War, according to Kissinger, "No Arab leader, however moderate, could accede to Israel's demands [of

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<sup>68</sup>Nasser Aruri, The Sinai Accords, p. 4.

direct negotiations] and survive in the climate of humiliation, radicalism, and Soviet influence of the period.<sup>69</sup> The October War, however, changed that atmosphere. It put an end to humiliation, radicalism, and Soviet influence as well. Yet, it was Kissinger's step-by-step diplomacy that institutionalized the Egyptian-Israeli desire for peace through the assertion that "the two adversaries [Egypt and Israel] were equal, and that in consequence, it was possible to meet, negotiate and agree directly, and pass through all the stages of the road in the opposite direction to Jerusalem."<sup>70</sup>

On the other hand, although the Geneva Conference required the full cooperation of the United States and the Soviet Union to convene, Kissinger's strategy was to use Geneva for the establishment of a bilateral diplomacy. "But now," Kissinger argued, "Egypt was shifting its emphasis to the United States and switching from a comprehensive to a step-by-step approach. A major Soviet role seemed much less desirable, perhaps even dangerous, because Moscow could appear as the spokesman of radical concerns . . . ."<sup>71</sup> Kissinger aimed at separating the

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<sup>69</sup> Henry Kissinger, Years of Upheaval, p. 199.

<sup>70</sup> Ghali Shoukri, Egypt: Portrait of a President, p. 158.

<sup>71</sup> Henry Kissinger, Years of Upheaval, p. 645.

parties by proposing separate talks between Egypt and Israel, Syria and Israel, and Jordan and Israel. From his perspectives, such a move would reduce the chances of Soviet interference, lead to some form of understanding between Israel and the Arabs,<sup>72</sup> and eventually exclude the Palestinians--the core of the Arab-Israeli problem--from the peace process. As a matter of fact, on the 20th of December, one day before Geneva, Kissinger secretly sent Israel a "Memorandum of Understanding," "promising that no other parties would be invited to future meetings at Geneva 'without the agreement of the initial participants'--which meant an Israeli veto on participation by the PLO."<sup>73</sup>

The Geneva Conference also set the stage for the subsequent Egyptian-Israeli disengagement of forces along the Suez Canal. The disengagement of forces, signed on January 18, 1974, at Kilometer 101, guaranteed an Israeli withdrawal of 15 miles from the Suez Canal into the Sinai. It also provided for the creation of a U.N. buffer zone between the Israeli and Egyptian forces, an Egyptian reduction of its military presence from 60,000 to 7,000

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<sup>72</sup>Ibid., p. 767.

<sup>73</sup>Edward Sheehan, "How Kissinger Did It," p. 31.

troops, and a prohibition of missile deployment within 30 kilometers from either line. In addition, Sadat secretly promised to allow Israeli non-military cargo to pass through the canal when it opened, and both Israel and Egypt accepted American reconnaissance flights over the disengagement area.<sup>74</sup>

The Egyptian-Israeli disengagement further served to put an end to the Arabs' insistence on reaching a comprehensive settlement with Israel. On January 13, 1974, for instance, five days before the official signing of the disengagement accords, Egyptian Foreign Minister Ismail Fahmy indicated in a statement that "Egypt would not accept a separate peace with Israel and . . . insisted that any settlement must include the return of Jerusalem to the Arabs."<sup>75</sup>

Yet, the signing of the disengagement accord marked Egypt's desire to pursue a partial peace agreement with Israel. Sadat promised Kissinger during disengagement not to discuss the Palestinian issue.<sup>76</sup> Furthermore, Kissinger recorded that "Sadat was convinced the unless

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<sup>74</sup>Ibid., p. 34.

<sup>75</sup>Arab Report and Record (ARR), Issue 1, 1-15, January 1974, p. 14.

<sup>76</sup>Henry Kissinger, Years of Upheaval, p. 814.

Egypt proceeded alone, President Hafez al-Asad would always find some pretext for delay or put forward impossible demands."<sup>77</sup> Moreover, the Egyptian-Israeli disengagement had put an end to multilateral diplomacy. In a move designed to reduce Soviet influence over negotiations, Sadat agreed to withdraw the Egyptian Ambassador from Geneva after the completion of disengagement.<sup>78</sup> He also told Kissinger of his desire to terminate the Soviet-Egyptian Friendship Treaty in 1975.<sup>79</sup>

The United States was able to consolidate its interests in the region in general, and in Egypt in particular, through this carefully conceived and executed bilateral step-by-step diplomacy. First, President Nixon used the Egyptian-Israeli disengagement to ease building internal pressure. "With the domestic scandals of Watergate inexorably closing in upon him, President Nixon badly needed a foreign affairs triumph."<sup>80</sup>

Furthermore, the United States used disengagement to cement its relations with Egypt and forge an alliance

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<sup>77</sup>Ibid., p. 815.

<sup>78</sup>Ibid., p. 844.

<sup>79</sup>Ibid., p. 829.

<sup>80</sup>David Hirst and Irene Beeson, Sadat, (London: Faber and Faber, Ltd., 1981), p. 183.



with Sadat. The agreement itself placed all the political-diplomatic cards in the hands of the United States, and opened up a new era of partnership between the two countries. As Kissinger remarked,

The disengagement, above all, would mark Egypt's passage from reliance on the Soviet Union to partnership . . . with the United States; and it would give us a major stake in the peace process that would be further magnified by having it be seen to emerge from an American proposal.<sup>81</sup>

A month after the signing of this agreement, diplomatic relations between the United States and Egypt, terminated after 1967, were restored on February 28, 1974. A report of a Congressional study mission to the Middle East indicated that

Egypt, under the leadership of President Sadat, has evidently entered a "new era" in her relationship with the United States and her traditional antagonist, Israel. The initial, landmark agreement on mutual disengagement of forces in the Sinai, followed by a comprehensive prisoner exchange, has set the stage for further progress along this line.<sup>82</sup>

The United States strove in the 1970s to maintain an

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<sup>81</sup>Henry Kissinger, Years of Upheaval, p. 825.

<sup>82</sup>U.S. Congress, House, Committee on Foreign Affairs, Old Problems--New Relationships, Report of a Study Mission to the Middle East and South Asia, 93d Cong. 2nd session, (Washington: U.S. Government Printing Office 1974), p. 2.

international world order conducive to its interests. In order to consolidate its economic and political-strategic dominance, U.S. policy makers worked to create a patron-client relationship with Third World countries. In the Middle East, Iran (until 1978) and Egypt, as well as Saudi Arabia, came to play the client role of maintaining "peace" and "stability." The function of this particular relationship was two-fold. The client state would provide facilities, military or otherwise, create a suitable "investment climate," curb nationalist drives, and suppress local radical or left-wing movements. The patron state, i.e., the United States, would provide aid and protection against external enemies and assistance for suppression of local or internal opposition.<sup>83</sup>

From this period forward, economic and military cooperation between the two countries increased. The U.S. signed a joint economic commission with Egypt on June 14, 1974,<sup>84</sup> and a \$250 million in aid was requested for Egypt for fiscal year 1975. Furthermore, to maintain local

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<sup>83</sup>John L. S. Girling, America and the Third World: Revolution and Intervention (London: Routledge & Kegan, 1980), p. 126.

<sup>84</sup>Stephen D. Hayes, "Joint Economic Commission," p. 18.

stability considered indispensable to international security, the United States, by 1977, had provided Egypt with \$750 million in military aid.<sup>85</sup> Henry Kissinger emphasized that this assistance

. . . symbolizes [his] conviction that the world political order, perhaps for years to come, will be profoundly influenced by the capacity this program provides for a major American contribution to a more just, peaceful, and cooperative world . . . . From this perspective it is possible to see these programs for what they are--not as "do good" programs, but as the vital tools through which we help build an international climate conducive to American interests.<sup>86</sup>

The disengagement agreement was also in the interest of Israel. First, the agreement itself was an Israeli proposition. Israel's Defense Minister Moshe Dayan had proposed a disengagement of forces on his trip to the U.S. in January 1974.<sup>87</sup> Secondly, not only did disengagement pave the way for the conclusion of the Sinai II agreement, but it also paved the way for Sadat's trip to Jerusalem and the subsequent Camp David agreements that followed as

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<sup>85</sup>John L. S. Girling, America and the Third World, pp. 129-130.

<sup>86</sup>Henry Kissinger, "The Foreign Assistance Program: A Vital Tool in Building a More Cooperative World," The Department of State Bulletin, Vol. XXI, No. 1828, July 8, 1974, pp. 49-50.

<sup>87</sup>Henry Kissinger, Years of Upheaval, p. 800.

well. President Sadat and Prime Minister Golda Meir exchanged personal messages through Henry Kissinger,<sup>88</sup> and such correspondence marked a strong Egyptian desire to pursue peace with Israel. It also set the stage for the conclusion of a partial peace treaty between Egypt and Israel in 1979.

The Second Disengagement of Forces (Sinai II)

Kissinger's tactic of step-by-step diplomacy guaranteed continued "partialism" in the peace process between the Arabs and Israel, and his efforts reached their zenith with the conclusion of Sinai II between Egypt and Israel on September 1, 1975. The agreement stated that:

The Government of the Arab Republic of Egypt and the Government of Israel have agreed that:

1. The conflict between them and in the Middle East shall not be resolved by military force, but by peaceful means . . . . They (Egypt and Israel) are determined to reach a final and just peace settlement by means of negotiations called for by Security Council Resolution 338, this agreement being a significant step toward that end. Article I.
2. The parties hereby undertake not to resort to the threat or use of force or military blockade against each other. Article II.
3. The parties shall continue scrupulously to

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<sup>88</sup>Ibid., pp. 836,844.

observe the cease-fire on land, sea, and air, and to refrain from all military or para-military actions against each other.<sup>89</sup>

The Sinai II agreement put an end to the state of belligerence between Egypt and Israel. Israel, under the agreement withdrew to positions east of the Milla and Giddi passes. Furthermore, the agreement indicated that both Israel and Egypt would be provided with strategic warning surveillance stations, and called for the establishment of three American watch stations manned by 250 American civilians.<sup>90</sup>

The Sinai II agreement was a great victory for Israel. To induce Israel to withdraw from Milla and Giddi, the U.S. signed a Memoranda of Agreement with Israel, in which the United States agreed to

. . . seek to prevent . . . proposals which it and Israel agree are detrimental to the interests of Israel. The United States is resolved . . . to maintain Israel's defensive strength through the supply of advanced types of equipment, such as the F-16 aircraft (and) to undertake a joint study of high technology and sophisticated weapons . . . . The United States will not recognize or negotiate

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<sup>89</sup> Arab Republic of Egypt, Ministry of Foreign Affairs, White Paper on the Peace Initiatives Undertaken by President Anwar Al-Sadat (1971-1977), p. 125.

<sup>90</sup> Ibid., p. 131.

with the Palestinian Liberation Organization so long as the (PLO) does not recognize Israel's right to exist and does not accept Security Council Resolutions 242 and 338. The (U.S.) Government will consult fully and seek to concert its position and strategy at the Geneva Peace Conference with the Government of Israel.<sup>91</sup>

In addition, under the agreement, the United States promised to replace Israel's losses of the oilfields by guaranteeing continued delivery of oil, which was to cost the U.S. \$350 million annually. The United States also promised to consider a \$2.5 billion of aid requested by Israel.<sup>92</sup> "The United States and Israel [also] agreed that the next step with Egypt should be a final peace agreement," and the United States promised to "consult promptly with Israel" in the event of any threat to Israel from the Soviet Union.<sup>93</sup>

In fact, "the promotion of Israel from a protected state to becoming the best armed primate of pax Americana in the Eastern Mediterranean is due entirely to Kissinger's strategy."<sup>94</sup> This strategy of partial peace led one

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<sup>91</sup>Edward Sheehan, "Step by Step," p. 63.

<sup>92</sup>U.S. News and World Report, September 1, 1975.

<sup>93</sup>William Quandt, Decade of Decisions, p. 275.

<sup>94</sup>Ahmed Eqbal, "A World Restored Revisited," p. 224

senior Israeli official to say that:

Given non-acceptance of Israel by the Arabs, we have been maneuvering since 1967 to gain time and to return as little as possible. The predominant government view has been that stalemates are to our advantage. Our great threat has been the Rogers Plan--and American policy to move us back to the (1967) lines. The . . . agreement with Egypt is another nail in the coffin of that policy . . . . The . . . agreement has delayed Geneva, while . . . assuring us arms, money, a coordinated policy with Washington, and quiet in Sinai. . . . We gave up a little for a lot.<sup>95</sup>

On the other hand, the Sinai II agreement further enhanced U.S. interests in the region by providing surveillance stations which gave the United States a strategic advantage over the Russians in the area and helped the U.S. monitor the Red Sea and the Persian Gulf regions. The agreement also helped undermine Soviet influence and Palestinian resistance. The Sinai accords were an extension of U.S. policy of containment, and the unilateral peace initiatives isolated the Soviet Union and undermined its influence in the region.<sup>96</sup> In addition, U.S.-sponsored peace efforts, which included the promotion of direct negotiations with Israel, were

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<sup>95</sup>Edward Sheehan, "Step by Step," p. 64.

<sup>96</sup>Nasser Aruri, The Sinai Accords, p. 1.

correctly opposed by the Palestinians, who viewed it as an attempt to isolate them and undermine their political cause.

The 1976 crisis in Lebanon also offered Israel a chance to liquidate the Palestinians, which was concomitant with U.S. strategic interests in containing the Palestinians and undermining regional radicalism. From an historical context, the Palestinian massacre in Jordan in 1970 was also an attempt by a close American ally to crush Palestinian resistance and silence their criticism of the Rogers Plan.<sup>97</sup> In this regard, the crisis in Lebanon may be viewed as designed not only to deflect attention from the Sinai agreement, but also to crush the Palestinian resistance as well.<sup>98</sup>

These U.S.-sponsored peace agreements were used as instruments to undermine regional radicalism and not to reach an everlasting peace in the region. "Thus, if Washington finds an absence of peace to be more suitable to U.S. strategy, it will prefer conflict to peace, as it

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<sup>97</sup>Samih Farsoun and Walter Carroll, "The Civil War in Lebanon," Monthly Review, Vol. 28, No. 2, June 1976, p. 29.

<sup>98</sup>William Quandt, Decade of Decisions, p. 281.



did before the shift to the right in Egypt."<sup>99</sup>

Furthermore, the October War presented a direct threat to the status quo in the Middle East. Such a threat was perceived by Nixon and Kissinger as critical to continuing U.S. interests in the region. As William Quandt has argued:

Consequently, the status quo must be stabilized through a combination of diplomacy and arms shipments. A political process must begin that would offer the Arabs an alternative to war, but it must be carried on at a pace that the Israelis could accept. This was the extent of Nixon's and Kissinger's initial conceptualization.<sup>100</sup>

Therefore, step-by-step diplomacy further served as a tactic for buying more time, isolated from an effort to reach a comprehensive peace settlement in the Middle East. The Sinai accords, for instance, brought a new stalemate to the Arab-Israeli conflict, for it failed to mention the possibility of a similar negotiation over the Golan Heights, or to discuss the fate of the Palestinians.<sup>101</sup>

Moreover, the Sinai agreement increased Egypt's

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<sup>99</sup>Mansour Farhang, U.S. Imperialism, p. 135.

<sup>100</sup>William Quandt, Decade of Decisions, p. 251.

<sup>101</sup>Ahmad Eqbal, "A World Restored Revisited, p. 231.

dependence on the United States, as Ghali Shouri indicated:

The presence of the American State Department, the Pentagon and the White House in the Middle East arena was a material and direct presence, from the end of the war and the first disengagement Agreement to the second Sinai Agreement; this presence was simply an official recognition of the new member of the group of satellites in the American orbit.<sup>102</sup>

In fact, one of Kissinger's goals was to remove Egypt from the Arab-Israeli confrontation and to cement U.S. relations with Sadat. Economic aid and political support ensured Egypt's endorsement of Kissinger's piecemeal strategy and, at the same time, strengthened the Sadat regime internally. Economic aid and political support were further intended to consolidate the western orientation of the Sadat regime and thus to reinforce regional conservatism.

United States' strategic design for the region in the 1970s was primarily designed to serve its interests, as former Israeli Prime Minister Itzhak Rabin confirmed in an interview with the Jerusalem Post on April 16, 1982:

Back in 1974 there was a tacit understanding between the United States, Egypt and Israel as to a common strategic concept based on three

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<sup>102</sup>Ghali Shoukri, Egypt, p. 163.

points: 1. That the United States would lead the peace process amidst the neutralization of the Soviet Union and Europe; 2. That Egypt and Esrael would be regarded as twin cornerstones of a U.S.-led peace policy; and 3. That the peace process would be a gradual one. There was Kissinger's step-by-step approach and President Carter's policy which produced the Camp David agreement.<sup>103</sup>

The October War and the subsequent step-by-step diplomacy opened up a new chapter in the history of U.S.-Egyptian relations. Yet, the improvement of these relations was, as has been demonstrated, a result of many other factors. Among them were internal changes within Egypt and regional changes in the Middle East.

U.S. post-war diplomacy increased U.S. involvement in Egypt; yet, it was the open door policy and the Camp David accords that structurally linked Egypt to the United States. Egypt became more dependent on the United States both economically and politically. The next chapter will analyze the impact of continuous U.S economic aid on its relations with Egypt.

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<sup>103</sup>Quoted in Mohamed Heikal, Autumn of Fury. The Assassination of Sadat, (New York: Random House, 1983), pp. 67-68 ff.

#### CHAPTER IV

##### al-Infatih al-Iqtisadi and the Political Economy of U.S. Aid Policies Toward Egypt

The high level of U.S. economic aid to Egypt, estimated at \$1 billion annually since 1976, has been, as was suggested earlier, a foreign policy instrument aimed at advancing U.S. political, strategic, and economic interests in the Middle East. These interests include achieving some kind of settlement between Egypt and Israel, designed to maintain regional and internal stability, and to encourage the integration of the Egyptian state into the international capitalist world economy. Officially, however, economic aid is promoted as being designed to help bring about economic development that would eventually alleviate poverty and open the path to progress and prosperity sometime in the future. Economic growth, it has been proposed, would bring democratic political development to the Third World, and President Kennedy, in proposing the Foreign Assistance Act in 1961, declared that "economic growth and political democracy can develop hand in hand."<sup>1</sup>

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<sup>1</sup>U.S. Presidents, Public Papers of the Presidents of the United States, John F. Kennedy 1961 (Washington, D.C.: U.S. Government Printing Office, 1962), p. 205.

Aid has been regarded by U.S. officials as a valuable tool to help the underdeveloped countries develop. Walt W. Rostow in Stages of Economic Growth outlined five stages of growth: 1) traditional society, 2) pre-conditions for take off, 3) take off, 4) drive toward maturity, and 5) age of high mass consumption.<sup>2</sup> Aid, according to this view, could be utilized to help the poor nations "take off" towards development. This Western liberal approach to development assumes that the Third World will undergo the same developmental process as the West. Such a stage theory of development overlooks the fact that aid could be, and in fact has always been, used to promote the interest of the capitalist donor. Indeed, far from bringing development, it has worked to maintain underdevelopment and poverty in the Third World.

It is further argued that aid is among the most effective instruments of U.S. foreign policy, an instrument designed to promote the national interest. And, in order to substantiate this argument, the general goals of U.S. aid policies to the Third World will be reviewed in an

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2. Walt W. Rostow, The Stages of Economic Growth: A Non-Communist Manifesto (Cambridge: Cambridge University Press, 1960). Rostow argued throughout the book that all the less developed nations would ultimately pass through these stages to reach development.

effort to understand the "myth" that always camouflages the real rationale behind aid. This discussion will be succeeded by a review of the goals and purposes of U.S. economic aid and political support to Egypt. The economic changes within Egypt under Sadat will be outlined and his "al-infitah al-Iqtisadi," or the open-door policy, will be closely examined. Analyzing the economic opening-up of the Egyptian state is conducive to understanding the level and direction of U.S. aid, since "al-infitah" policy worked as leverage to attract more U.S. aid and investment.

The last part of this chapter will evaluate the opening-up of the economy and will assess its impact on Egypt's internal development and its external foreign relations. The impact of U.S. aid on the development or, more precisely, the underdevelopment of Egypt will also be evaluated.

#### Realism, Globalism, and U.S. Interests

In the preceding two chapters, the major historical, political, and ideological transformations that contributed to the growing alliance between the United States and Egypt have been discussed. In this chapter the consolidation of U.S. relations with Egypt will be analyzed, ending with an investigation of the political economy of

"al-infintah."

Having discussed the strategic dimensions of U.S. foreign policy towards Egypt, it can now be seen how that "realist" conception of the enhancement of the national interest was congruent with the "globalist" desire to tie Egypt to the world economy. The political stability that the United States actively sought in the region was reinforced by the pursuit of economic growth and stability.

The changes brought about by the Vietnam War, the oil crisis of 1973, and the subsequent call for the reconstruction of a new international economic order, as was argued earlier, led U.S. policymakers to emphasize the interdependent nature of international relations.

Kissinger, a well-known realist, once stated that

. . . the traditional agenda of international affairs--the balance among major powers, the security of nations--no longer defines our perils or our possibilities. . . . Now we are entering a new era. Old international patterns are crumbling; old slogans are unconstructive; old solutions are unveiling. The world has become interdependent in economics, in communications, in human aspirations.<sup>3</sup>

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<sup>3</sup> A New National Partnership, speech by Secretary of State Henry A. Kissinger at Los Angeles, January 24, 1975, News release, Department of State, Bureau of Public Affairs, Office of Media Services, p. 1. Quoted in Robert O. Keohane and Joseph S. Nye, Power and Interdependence: World Politics in Transition, (Boston: Little, Brown and Company, 1977), p. 3.

Arguing from this perspective, Kissinger called for a new focus on economic instruments to achieve U.S. foreign policy goals. "Our economic policies," he maintained, "are a critical element in the construction of a stable world order. The maintenance of peace, historically a function of our military strength, is increasingly dependent as well on our economic strength."<sup>4</sup> In order to achieve a stable global world order conducive to U.S. interests and values, the United States had to consolidate the countries of the Third World. President Ford told Congress that "in a world economy that is global and interdependent, our relations with other nations become more, not less, important to the lives of Americans."<sup>5</sup>

However, globalism and international interdependence took a new turn under the Carter and Reagan administrations. Whereas the Nixon administration had emphasized political interdependence and the creation of a stable political

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<sup>4</sup>Henry Kissinger, "U.S. Responsibilities in a Changing World Economy." Statement by Secretary Henry Kissinger before the Senate Committee on Finance on January 30, 1978. The Department of State Bulletin Vol. LXXIV, No. 1913, February 23, 1976, p. 234.

<sup>5</sup>Gerald Ford, "The State of the Union," Address by President Ford to the Congress on January 19, 1976, The Department of State Bulletin, Vol. LXXIV, No. 1911, February 9, 1976, p. 145.



world order, the Carter administration advocated an open international capitalist market as a way of securing peace and maintaining stability. The new trilateralism that was on the rise since the formation of the Trilateral Commission in 1973 strove to establish a global capitalist world order based on internationalism and interdependence. To this end a Trilateral Task Force Report maintained that

The public and leaders of most countries continue to live in a mental universe which no longer exists in a world of separate nations--and have great difficulties thinking in terms of global perspective and interdependence. The liberal premise of the separation between the political and economic realm is obsolete, issues related to economics are at the heart of modern politics.<sup>6</sup>

The general goals of the globalist trilateralist school are the creation of

. . . a capitalist world dominated by the industrial capitalist nations . . . cooperating in a concerted offensive against Third World revolutionism by pursuing the irredeemable integration of the neocolonies into international capitalist commodity, investment, and financial markets, and cooperating in presenting a common front to the socialist world on economic, political, and military matters.<sup>7</sup>

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<sup>6</sup>Holly Sklar, "Trilateralism: Managing Dependence and Democracy--An Overview" in Trilateralism: The Trilateral Commission and Elite Planning for the World Management (Boston: South End Press, 1980), p. 3.

<sup>7</sup>Jeff Frieden, "The Trilateral Commission: Economics and Politics in the 1970s," in *ibid.*, p. 73.

Trilateralists admit that "for the weaker developing countries, interdependence appears as a system of dependence . . . as they see it, their entire economy and external trade have been shaped according to priorities defined by strong industrialized states and not by their own needs."<sup>8</sup> Thus, emphasizing interdependence and co-operation works to create and maintain neo-colonialism in the Third World. The neo-colonialist concept means that a state may enjoy formal independence, but "in reality the economic system and thus its political policy is directed from outside."<sup>9</sup> Some U.S. officials openly asserted a preference for neo-colonialist policies in the Third World. "As bad as that may have been made to sound," Andrew Young, a former U.S. representative to the U.N. said:

. . . neocolonialism means that MNCs will continue to have a major influence in the development and productive capacities of the Third World . . . I just think capital and technology happens to be in the hands of the people who are called neocolonialists . . . .<sup>10</sup>

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<sup>8</sup>Holly Sklar, "Trilateralism: Managing Dependence," p. 27.

<sup>9</sup>Kwame Nkrumah, Neo-Colonialism: The Last Stage of Imperialism, (New York: International Publisher, 1966), p. ix.

<sup>10</sup>Quoted in Holly Sklar, "Trilateralism and the Management of Contradictions: Concluding Perspectives," in Holly Sklar, ed. Trilateralism, p. 564.

In this regard, the promotion of "peace" and "stability" became the prerequisite for corporate prosperity, and the national interest merely reinforced the global interest. Both the strategic and the economic trends can be seen as acting together in pursuit of market and political stability. As President Carter said in 1978: "In the Middle East and the region of the Indian Ocean, we seek permanent peace and stability. The economic health and well-being of the United States, Western Europe, Japan, depend upon continued access to the oil from the Persian Gulf area."<sup>11</sup> Thus, peace would ensure a stable steady flow of oil to the West and would help pave the way for economic stability.

Peace and prosperity in the Middle East, therefore were part of a comprehensive global design. "One of the greatest challenges before us as a nation, and therefore one of our greatest opportunities," President Carter contended, "is to participate in molding a global economic system which will bring greater prosperity to all the

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<sup>11</sup>U.S. Presidents, "Address at Wake-Forest University, Winston-Salem, North Carolina, March 17, 1978," Public Papers of the Presidents of the United States, Jimmy Carter, (Washington, D.C.: U.S. Government Printing Office, 1978), p. 534.

people of all countries."<sup>12</sup> On another occasion, the President said, "I believe . . . that the best way to achieve the world we seek is through a free political and economic system."<sup>13</sup> Moreover, in an Address to the Egypt-U.S. Business Council in March 27, 1979, President Carter stated:

Ours is a system of free enterprise, where our Government plays a minimal role . . . where the major progress and the quality of life of our people has been attributed to people, leaders like yourselves. And I sincerely hope that this dream that I have of Egypt and you joining together to realize a great, mutual advantage will be rapidly realized.<sup>14</sup>

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<sup>12</sup> Jimmy Carter, "Peace, Arms Control, World Economic Progress, Human Rights: Basic Priorities of U.S. Foreign Policy." Address by President Carter to representatives to the United Nation's General Assembly on March 17, 1977. Department of State Bulletin, Vol. LXXVI, No. 1972, April 11, 1977, p. 331.

<sup>13</sup> Jimmy Carter, "The United States and Its Economic Responsibilities," Remarks by President Jimmy Carter at the opening session of the 26th World Conference of the International Chamber of Commerce in Orlando, Florida on October 1, 1978, Department of State Bulletin, Vol. 78, No. 2021, December 1978, p. 14.

<sup>14</sup> U.S. Presidents, "Egypt-U.S. Business Council Remarks at a Dinner Honoring Sadat," Public Papers of the Presidents of the United States, Jimmy Carter, March 27, 1979, (Washington, D.C.: U.S. Government Printing Office, 1979), p. 547.

Under the Reagan administration even more emphasis was placed on preserving an open economic system at home and on exporting that system to the Third World. President Reagan told the annual meeting of the IMF, the World Bank and IDA that: "A liberal and open trade and payment system would reconstruct a shattered world and lay the basis for prosperity to help avoid future conflicts. This vision has become reality for many of us. Let us pledge to continue working together to insure that it becomes reality for all."<sup>15</sup> The President went on to emphasize the interrelationship between a market-oriented economy and development:

The societies which have achieved the most spectacular broad-based economic progress in the shortest period of time are not the most tightly controlled, not necessarily the biggest in size, or the wealthiest in natural resources. No, what unites them all is their willingness to believe in the magic of the market place.<sup>16</sup>

To achieve these goals through the "magic" of the

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<sup>15</sup>U.S. Department of State, Bureau of Public Affairs, Challenge of World Development. An address by President Reagan before the annual meeting of the International Monetary Fund (IMF), International Bank for Reconstruction and Development (World Bank), International Development Association (IDA), and International Finance Corporation (IFC), Current Policy No. 322, Washington, D.C., September 29, 1981, p. 3.

<sup>16</sup>Ibid., p. 2.

market, Alexander Haig told the Subcommittee on Appropriations on April 28, 1981, that:

We shall continue to work with other countries to maintain an open and accessible international economic system. This will include efforts to engage the U.S. private sector more fully in the economic development process . . . . Among the tools most important are our foreign aid programs--development and security assistance, contribution to the multilateral development banks and international organizations and the food for peace programs . . . .<sup>17</sup>

Hence, in justifying \$1.48 billion for Multilateral Development Banks (MDBs) for fiscal year 1982, Secretary Haig said: "[MDBs] foster increasing efficiency in the international economic system by encouraging developing countries to adopt Western market-oriented development policies."<sup>18</sup>

From this, it is clear to see that, despite the difference between the realists' emphasis on politics and the globalists' call for the primacy of economics, both schools advocate strengthening U.S. interests in stability

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<sup>17</sup>U.S. Congress, House, Committee on Appropriations, Foreign Assistance and Related Programs Appropriations For 1982, Hearing before a subcommittee of the Committee on Appropriations, Pt. 2, 97th Cong. 1st session, (Washington, D.C.: U.S. Government Printing Office, 1981), pp. 74-75.

<sup>18</sup>Ibid., p. 107.

and profitability in the Third World. In this context, political and economic interdependence meant first and foremost consolidating U.S. influence in Third World countries. This interrelationship between economic growth and expansion of U.S. hegemony was succinctly put by Alan Wolfe:

Based upon the rapid expansion of the economy, [the U.S.] developed a foreign policy that combined a reorganization of the world under American economic hegemony with military power to ensure American influence. Finally, it offered to incorporate the world's poor into the growth machine through foreign aid and developmental assistance.<sup>19</sup>

This conception led Cyrus R. Vance, U.S. Secretary of State under Carter, to argue that: "Foreign aid [to the Third World] is clearly in our national economic and political interest. Our economic health and our security are more closely tied today than ever before to the economic well-being and security of the developing world. Progress there means more jobs and more prosperity for the United States."<sup>20</sup> Thus, aid policies towards

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<sup>19</sup> Alan Wolfe, America's Impasse: The Rise and Fall of the Politics of Growth, (Boston: South End Press, 1981), p. 23.

<sup>20</sup> Cyrus R. Vance, "Foreign Assistance and U.S. Policy," Address by Cyrus R. Vance to the National Convention of the League of Women Voters on May 1, 1978, Department of State Bulletin, Vol. 78, No. 2015, June 1978, p. 14.

the Third World were designed to create a political and economic climate conducive to the promotion of U.S. national and corporate interests.

#### U.S. Aid Policies and the Third World

During the 1950s and mid-1960s, Cold War policies of containment ensured that aid would be an instrument of U.S. foreign policy, an instrument that continues to influence the direction of U.S. policy towards the Third World. Cyrus Vance told the House Foreign Affairs Committee that "the United States cannot have a foreign policy of active leadership in the world if we are unwilling to put our resources behind our words."<sup>21</sup> U.S. policymakers viewed economic aid as an effective device for undermining communist penetration of the underdeveloped world by promoting and sustaining a form of development favorable to capitalism. Walt Rostow, a White House advisor under Kennedy and Johnson, indicated that the United States was the only country which has

. . . the sources to make steady and substantial economic growth an active possibility for the

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<sup>21</sup>U.S. Department of State, Bureau of Public Affairs, Foreign Assistance Programs for Fiscal Year 1981, A statement by Cyrus Vance before the House Foreign Affairs Committee, Current Policy No. 136, Washington, D.C., February 15, 1980, p. 1.



underdeveloped nations of the Free World. But basic objectives of aid are political rather than economic. They are political in the sense that [the United States'] most pressing interest is to help the societies of the world develop in ways that will not menace [its] security . . . either as a result of their own internal dynamics or because they are weak enough to be used as tools by others. But [the United States'] ability to influence political development by direct argument or intervention is very slight. Therefore economic programs . . . can be effective instruments of political influence . . . . They are thus a way . . . around the impasse which confronts us when we try to use our political influence directly.<sup>22</sup>

Proponents of aid as a developmental tool have argued that development is in the long-term interest of the developed countries. The Program Guidance Manual of the Agency for International Development (AID), for instance, stated that "aid as an instrument of foreign policy is best adapted to promoting economic development. Development is not an end in itself, but it is a critical element of U.S. policy, for in most countries some progress in economic welfare is essential to the maintenance and the growth of free, non-communist, societies."<sup>23</sup> Aid to

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<sup>22</sup>Max F. Milliken and W. W. Rostow, A Proposal, Key to an Effective Foreign Policy, (New York: Harper & Brothers, 1957), pp. 39-40.

<sup>23</sup>Teresa Hayter, Aid as Imperialism, (Harmondsworth, England: Penguin Books Ltd., 1971), p. 16.

the underdeveloped countries is, as Robert Johansen points out,

. . . designed to maintain a stable international order. Stability meant preserving an economic and political structure in which the United States enjoyed a per capita income more than forty times that of many less-developed countries, and an unequalled worldwide political influence that protected its preeminence . . . . For the poor states, [however,] stability meant the perpetuation of a grossly unjust structure of wealth that kept them in poverty.<sup>24</sup>

In order to maintain such an advantageous system, the United States worked to create allies and promote alliances through economic aid. In this regard, foreign aid "help[ed] to create, within Third World countries, a class which is dependent on the continued existence of aid and foreign private investment, and which, therefore, becomes an ally of imperialism."<sup>25</sup>

Strategically, U.S. aid was designed to enhance its security and increase its international influence.

President Nixon, for example, cautioned:

America would risk isolating herself from responsible involvement in an international community upon which the survival of our own economic, social and political institutions

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<sup>24</sup>Robert Johansen, The National Interest and the Human Interest, An Analysis of U.S. Foreign Policy, (Princeton: Princeton University Press, 1980), p. 142.

<sup>25</sup>Hayter, Aid as Imperialism, p. 9.

rest. With the continuation of a healthy foreign aid program, this nation can continue to lead world progress toward building a lasting structure of peace.<sup>26</sup>

Aid was, therefore, used as a means to enhance the U.S. position in its ideological struggle against communism. The Agency for International Development, for example, stated in 1962: "Aid programs will be tailored to the capacity of a country to use assistance effectively, as well as to the varied needs of different countries with respect to the threat of communism."<sup>27</sup> Cyrus Vance, indeed, stressed the interrelationship between aid and containment of communism when he told the House Foreign Affairs Committee: "Through sustained support for economic and institutional development in the Third World, we also strengthen the global basis for resistance to outside domination . . . . In an immediate context, we are also well served by the vivid contrast between our approach to the developing world and that of the Soviet Union."<sup>28</sup>

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<sup>26</sup>U.S. Presidents, "Foreign Assistance Programs: The President's Message to the Congress Proposing Legislation to Authorize Funding for Fiscal Year 1975," Weekly Compilation of Presidential Documents, Vol. 10, No. 17, (Washington, D.C.: U.S. Government Printing Office, April 29, 1974), p. 433.

<sup>27</sup>AID Reports 1982, p. 4., quoted in Robert Johansen, The National Interest, pp. 136-137.

<sup>28</sup>Foreign Assistance Programs for Fiscal Year 1981, Current Policy No. 136, pp. 1 and 2.

Economically, U.S. aid helped to create markets for U.S. business, and helped with the balance of payments deficit. Aid has always been tied to the purchase of U.S. goods and services, which in turn creates favorable terms for U.S. trade with the underdeveloped countries. In addition, the transfer of U.S. technology has served to enhance U.S. interests in the Third World since it makes it less likely that recipients would resist U.S. policies and jeopardize their economic well-being, if not their political survival. For instance:

If the aid-borrowing country cannot repay, it can usually reschedule its debts by offering some other form of quid pro quo: acquiescence in a world division of labor that is not in its interests, provision of military base rights, support for U.S. positions in world diplomacy, and, in general, opposition to communism at home and abroad.<sup>29</sup>

Furthermore, U.S. aid promotes Western capitalist development in the Third World through the encouragement and strengthening of a free enterprise system. As such, aid would, as Kissinger pointed out, "place [the United States] in a better position to enlist the developing nation's cooperation in sustaining an open global economy."<sup>30</sup>

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<sup>29</sup>Michael Hudson, Global Fracture. The New International Economic Order, (New York: Harper & Row, 1977), p. 122.

<sup>30</sup>Quoted in Robert Johansen, The National Interest, p. 144.

A Senate Foreign Relations Committee Report further added that "development achieved under State direction . . . cements fewer strong ties with the United States than development achieved largely by way of activation of latent private resources in the less developed countries."<sup>31</sup>

The AID statement of goals pointed out that "it is a major objective of AID to encourage increased United States private investment in the developing countries and to strengthen the growth of strong, vigorous private sectors in these economies."<sup>32</sup> In the 1970s, the U.S. Aid program was designed to undermine the rising call for the restructuring of the international economic order. AID Administrator John Gilligan told the Kennedy Political Union that "decreasing U.S. foreign economic assistance, relative to our growing economic strength underscored by decreasing U.S. public and Congressional support for foreign aid, has provided the backdrop against which the developing countries have pressed for a change in the

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<sup>31</sup>U.S. Congress, Senate, Committee on Foreign Relations, American Private Enterprise, Foreign Economic Development and the AID Programs, 85th Cong. 1st session, (Washington, D.C.: U.S. Government Printing Office, 1957), p. xiii.

<sup>32</sup>Robert Johansen, The National Interest and the Human Interest, p. 146.

entire global economic order."<sup>33</sup>

On the other hand, encouraging free enterprise and increased liberalization has served the interests of the multinational corporations since:

. . . concrete aid programs were tailored to increase foreign demands for U.S. goods to ensure profits--through the tying of aid--for U.S. corporations; to protect opportunities for United States investment abroad; to facilitate continued access to foreign raw materials; and to promote the establishment of capitalist enterprises in the less developed countries . . . .<sup>34</sup>

al-Infatah al-Iqtisadi (The Economic Opening)

and U.S. Foreign Policy

In the 1970s, it was the changing internal, regional, and international circumstances, especially U.S. efforts to create a world order conducive to its interests and Egypt's desire to come closer to Washington, which brought about fundamental changes in the level of U.S. aid and political commitment in Egypt. The circumstances created

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<sup>33</sup> John J. Gilligan, "America's Stake in the Developing World," Address by John J. Gilligan, Administrator, Agency for International Development, before the Kennedy Political Union, Department of State Bulletin, Vol. LXXVII, No. 2003, November 14, 1977, p. 691.

<sup>34</sup> Robert Johansen, The National Interest, p. 148

by the October War, the pursuance of peace, and Egypt's economic liberalization policy cemented American-Egyptian relations. Furthermore, Egypt's willingness to pursue peace with Israel encouraged the United States to help in the economic opening of Egypt. It was also assumed that Egypt's developmental efforts would eventually make a new war with Israel more costly than ever.

U.S.-Egyptian relations, therefore, were greatly reinforced by the "open door policy." If the Sinai II agreement marked a strategic turning point in the history of Egyptian foreign policy, the opening up of the economy signaled a decisive shift in the country's political and economic orientations. The economic opening had two goals. Politically, it aimed at strengthening ties with the United States, and at consolidating the growing rapprochement between the two countries. Economically, the opening meant attracting foreign capital, presumably to help Egypt develop. As Dr. Fuad Mursi, former Minister of Supply, put it:

The direction adopted for the opening up of the economy is at present clear. It is a question of allowing foreign capital to invest private capital both foreign and local. Everything which earlier had been prohibited is at present permitted. The opening up of the economy means permitting private capital to develop horizontally and vertically without

any restrictions. In particular, it is a question of permitting local capital to develop and become large-scale capital and enabling it to join up with international capital. Finally, it is a question of permitting international capital to recover its positions of strength right at the heart of the Egyptian economy.<sup>35</sup>

The development of *infitah* and its adoption as the official policy of the Egyptian state was influenced by three distinct factors. Domestically, it represented a reaction to the failure of the socialist experiment under Nasser.<sup>36</sup> However, it should be emphasized here that neither the socialist nor the capitalist path brought about any significant development in the Egyptian economy, because, despite the ideological transformation of the regime under Sadat, economically both Nasser and Sadat accepted a version of capitalism. Whereas Nasser concealed his state capitalist policies by the adoption of a bankrupt ideology based on pseudo-socialist and progressive measures, Sadat openly endorsed the consolidation

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<sup>35</sup>Quoted in Ghali Shoukri, Egypt: Portrait of a President, Sadat's Road to Jerusalem, (London: Zed Press, 1981), p. 204.

<sup>36</sup>Nazih N. Ayubi, "Implementation capability and political feasibility of the Open-Door Policy in Egypt," in Malcolm H. Kerr and El Sayed Yasin, eds. Rich and Poor States in the Middle East, Egypt and the New Arab Order, (Boulder: Westview Press, 1982), p. 349.



of the capitalist mode of development that had been building up since the 1952 revolution.<sup>37</sup> In this context, the post-1973 opening up of the Egyptian economy was only an acceleration of Nasser's policies. The newness of the opening lay in its Western orientations as opposed to Nasser's Eastern inclinations.<sup>38</sup>

Nonetheless, the opening up of the Egyptian economy reflected Sadat's belief in the necessity of a new reorientation of the political and economic trends in Egypt. In discussing the economic legacy of the Nasser era, Sadat lamented:

We had, with crass stupidity, copied the Soviet pattern of socialism, although we lacked the necessary resources, technical capabilities, and capital . . . . However, our socialism began to be tinged in practice with Marxism. Any free enterprise system came to be regarded as odious capitalism and the private sector was synonymous with exploitation and robbery. Individual efforts came to a standstill . . . . A point was reached where the state was expected not only to undertake economic planning . . . , but actually to provide eggs and chickens and dozens of other things that individual free

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<sup>37</sup> Nadine Lanchine, "The Open Door Policy of Anwar Sadat (al-Infatih)," in Reaction and Counterrevolution in the Contemporary Arab World, Information paper No. 21, (Detroit, Michigan: Association of Arab-American University Graduates, September 1978), pp. 10-12.

<sup>38</sup> *Ibid.*, p. 17.

enterprise could and should have easily provided.<sup>39</sup>

Sadat's desire to reinstate free enterprise was reinforced by his regional alliances and by his ideological inclinations toward the West.<sup>40</sup> The quadrupling of oil prices made the countries of the Middle East highly responsive to the opening up of their economies to the West. Increased government revenue, and therefore spending, reflected a desire to industrialize and develop through the utilization of Western technology and expertise. Syria, Sudan, Jordan, North Yemen, and Tunisia introduced measures aimed at relaxing government control over the economy. Thus, "al-infitah" in Egypt only reflected a general regional trend in the 1970s. In turn, this economic trend was reinforced by the rising political conservatism in the region. Therefore, when Egypt renounced its previous policies and embarked on a new development course based on the private sector and an alliance with the United States, the financially dominant

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<sup>39</sup> Anwar el-Sadat, In Search of Identity, An Auto-Biography, (New York: Harper and Row, 1978), pp. 213-214.

<sup>40</sup> John Waterbury, Egypt, Burdens of the Past/Options for the Future (Bloomington: Indiana University Press, 1978), p. 207.

forces of the Gulf were quick to provide economic aid and political support to strengthen Egypt's Western orientation. Internationally, Egypt's rapprochement with the United States, motivated by the belief that the United States was the only country capable of bringing peace to the area, and Egypt's growing political and economic importance for the United States, led the United States and other Western countries and international organizations to promote and support wholeheartedly the economic opening of Egypt.<sup>41</sup>

#### Meaning and Implications of Infitah

Sadat's efforts to open up the economy in order to lure foreign capital into the country started in 1971 with the promulgation of Law 65, which introduced liberal investment measures and established the Egyptian International Bank for Trade and Development. However significant these measures were, they did not produce major changes and were later replaced in 1974 by the "October Working Paper," which underlined al-infitah al-iqtisadi, Egypt's opening up of the economy.<sup>42</sup>

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<sup>41</sup>Nazih N. Ayubi, "Implementation Capability," p. 350.

<sup>42</sup>John Waterbury, Egypt: Burdens of the Past, p. 222.

The "October Working Paper" attributed Egypt's continued economic problems to the state of belligerency with Israel, and to the lack of capital and technology. It was assumed that direct foreign investment and increased financial resources and technology would reverse these problems. Consequently, attracting foreign capital became the principal component of infitah. In discussing this trend, a member of the Egyptian Parliament said:

. . . there is no need to fear the domination of foreign capital, for the national authority in Egypt is derived from the people and supported by the people . . . . We are not at all apprehensive about foreign economic containment of our economy; every fear at this point may indeed harm the national economy for it would lead to the disinclination of Arab and foreign capital to enter Egypt . . . .<sup>43</sup>

The Investment Law 43 of 1974, a product of the October Paper, and its amendment in 1977 by Law 32, introduced the liberalization measures that served to restructure Egypt's international economic relations. The open door policy as defined by Laws 43 and 32 aimed at (1) decentralizing the public sector, (2) strengthening the private sector, (3) encouraging private foreign direct

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<sup>43</sup>People's Assembly, Mahdar al-ijtima . . . Deliberations on the Law for the Investment of Arab and Foreign Capital and Free Zones, Minutes of the First Session (Cairo, May 21, 1974), p. 100, quoted in Ayubi, "Implementation Capability," p. 356.

investment, and (4) expanding economic cooperation with the Arab countries and the West.<sup>44</sup> Both laws aimed at:

Providing for an opening of the Egyptian economy to foreign (and Arab) direct investment in almost every field: industry, mining, energy, tourism, transportation, desert reclamation and cultivation, housing, and urban development, investment companies, banking and insurance, restructure, contracting and establishing consultant house (Article 3).

Providing against nationalization and confiscation (Article 7) authorizing tax exemption that extends for five years, and may extend to eight years if warranted by public interest, and a ten year tax exemption for reconstruction projects that may be extended to 15 years (Article 16).

Legally establishing that companies founded under this law are private companies regardless of the legal nature of local share capital. Such companies may not be subject to legislation and regulation governing public sector enterprises or their employees (Article 9).<sup>45</sup>

These laws were responsive to United States' call for the construction of a liberal international market-oriented

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<sup>44</sup>U.S. Congress, House, Committee on International Relations, Foreign Assistance Legislation for Fiscal Year 1979, Pt. 5, Hearing before the subcommittee on Europe and The Middle East of the Committee on International Relations, 95th Cong. 2nd session, (Washington, D.C.: U.S. Government Printing Office 1978), p. 470.

<sup>45</sup>Gouda Abdel-Khalek, "Looking Outside or Turning North-West?, On the Meaning and External Dimension of Egypt's Infitah 1971-1980," Social Problems, Vol. 28, No. 4, April 1981, p. 398.

economy dominated by the multinationals and the private sector. In this context, saving the world for interdependence converged with Sadat's desire to save Egypt for *infitah*.

Another step in the direction of *Infitah* was the promulgation in 1975 of Law 118, which regulated imports and exports. This law gave the private sector a chance to import and export freely.<sup>46</sup>

The opening up of the Egyptian economy was further strengthened by the termination of bilateral trade agreements. This measure was initiated by the IMF. It aimed at undermining Egypt's trade relations with the Eastern bloc countries and promoting Western interests by introducing a "laissez-faire" solution to Egypt's foreign trade relations.<sup>47</sup>

Ahmed Abu Ismail, Egypt's Finance Minister under Sadat, underscored the objectives of the new economic policies when he stated that:

The government is set on the open door policy. One of the first priorities has been to dissolve the public institutions and give individual economic units complete freedom to

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<sup>46</sup>Gouda Abdel-Khalék, "Looking Outside," p. 398.

<sup>47</sup>Ibid., p. 401.

reform their administration and remove all obstacles and hindrances to the realization of this objective. Any unit failing to achieve these ends will be regarded as a burden and liquidated.<sup>48</sup>

#### Development of U.S. Aid Policies in Egypt

The resumption of diplomatic relations between the United States and Egypt on February 28, 1974, opened the way for renewed cooperation and increased U.S. support for Egypt. "Sadat's turn toward the West in the aftermath of the 1973 war quickly resulted in Congress voting \$250 million in Egyptian aid for fiscal year 1975."<sup>49</sup>

The convergence of "realism" and "globalism" during this period was elucidated by Dr. Saad ad-Din Ibrahim in his analysis of the political, economic, and cultural benefits accruing to the United States through aid. He stated:

At the same time as the ships of the American Sixth Fleet were sailing into Egyptian Territorial waters to "help" in the dredging of the canal, the three largest banks in America--Bank of America, Chase Manhattan, and First City Bank--were asking for authorization to open

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<sup>48</sup> Marie-Christine Aulas, "Sadat's Egypt," New Left Review, 98, Jul-Aug 1976, p. 88.

<sup>49</sup> "The Middle East, U.S. Policy, Israel, Oil and the Arabs," Congressional Quarterly, Fourth Edition, (Washington, D.C.: Cong. Quart. Inc., 1979), p. 128.

branches in Cairo; the American University of Cairo was asking for the sequestration to be lifted so that it could become once more a purely American institution, independent of any intervention or direction coming from the Egyptian national government.<sup>50</sup>

The United States' response to the opening up of the Egyptian economy evolved after the signing, on June 14, 1974, of a joint commission agreement between President Nixon and Sadat. The commission favored more economic cooperation in five major areas: investment, domestic development and industrialization, foreign trade, agriculture, and Suez Canal reconstruction and development. The motive behind this commission can be discussed from two dimensions. Economically, the United States would pave the way for more penetration of the Egyptian economy through increased aid on the one hand, and through the presence of U.S. dominated firms on the other. Politically, increased economic cooperation would increase United States political influence in Egypt.<sup>51</sup>

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<sup>50</sup>Dr. Saad ad-Din Ibrahim, Kissinger Wa Sira' al-Sharq al-Awsat (Kissinger and the Middle East Conflict), (Beirut: Dar al-taliah, 1975), p. 129.

<sup>51</sup>Stephen D. Hayes, "Joint Economic Commissions on Instrument of U.S. Foreign Policy in the Middle East," Middle East Journal, Vol. 31, No. 1, Winter 1977, pp. 18-20.



When the United States resumed its aid to Egypt in 1974, its initial program was to help clear and reopen the canal and reconstruct the cities along it. Aid in the reconstruction of the Suez Canal was clearly in the economic interests of the United States. "Closure of the Suez Canal . . . cost the world community something like \$10 billion since 1967. It has been estimated that roughly one-third of this cost came out of American pockets."<sup>52</sup> On the other hand, building the Canal cities was conducive to achieving peace between Egypt and Israel, since it would make renewed hostilities highly costly for the Egyptian state.

With the open door policy and the signing of the Sinai accords between Egypt and Israel, U.S. economic aid, most of which was channelled through AID, increased to around \$1 billion annually.<sup>53</sup> Table 1 gives figures on U.S. aid to Egypt between 1975 and 1982 in millions of dollars.

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<sup>52</sup>U.S. Congress, House, Committee on Foreign Affairs, The Middle East, 1974: New Hopes, New Challenges, Hearing before the subcommittee on the Near East and South Asia of the Committee on Foreign Affairs, 93rd Cong. 2nd session. (Washington, D.C.: U.S. Government Printing Office 1974), p. 44.

<sup>53</sup>Foreign Assistance Legislation for Fiscal Year 1979, p. 466.

Table 1

U.S. Aid to Egypt Between 1975 and 1982  
(in millions of dollars)

Year	AID	Public Law 480
1975	250	3,144 (thousands)
1976	750	170 m
1977	750	150 m
1978	750	146 m
1979	750	206.7 m
1980	750	212 m
1981	750	214 m
1982	750	337 m

Source: U.S. Congress, House, Committee on Appropriations, Foreign Assistance and Related Agencies Appropriations for Fiscal Years 1975, 1976, 1979, 1980, 1982, Hearings before the subcommittee on Appropriations.

U.S. Congress, Senate, Committee on Appropriations, Foreign Assistance and Related Programs Appropriations for Fiscal Years 1977, 1978, 1981, Hearings before the Committee on Appropriations.

The \$750 million in total economic aid to Egypt in fiscal year 1979 exceeded the U.S. total assistance for the same year to all countries in Asia (\$449 million) and Latin America (\$245 million) combined.<sup>54</sup> The magnitude of the aid program was underlined in these comments by a 1978 House of Representatives study mission:

The approximately \$1 billion annual U.S. economic support for Egypt . . . is far greater than the amount of foreign assistance which the United States might be providing to Egypt were it not for special political considerations. The \$750 million ESF [Economic Support Fund] . . . which the Agency for International Development administers to Egypt is about ten times the amount AID provides to Indonesia, a poor country with a population of 135 million, three times as large as Egypt's . . . . The flow of U.S. aid to Egypt is currently larger on a per capita basis than American assistance to Western Europe under the Marshall Plan, and it appears to be headed for a far higher total than that large-scale recovery program which was provided by the United States after World War II.<sup>55</sup>

In evaluating the objectives of U.S. aid to Egypt, one notices that the overriding concern of U.S. policy

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<sup>54</sup>U.S. Congress, House, Committee on Foreign Affairs, Economic Support Fund Programs in the Middle East, Report of a Staff Study Mission to Egypt, Syria, Jordan, The West Bank, and Gaza, November 24 to December 15, 1978, to the Committee on Foreign Affairs, 96th Cong. 1st session. (Washington, D.C.: U.S. Government Printing Office, 1979), p. 7.

<sup>55</sup>Ibid.

makers was the maintenance of internal political stability. The majority of U.S. aid to Egypt was provided under "Security Supporting Assistance."<sup>56</sup>

In addition, whereas most of the United States' economic aid to the Third World was provided under the Foreign Assistance Act (FAA), economic aid to Egypt was sustained under the Economic Support Fund. Alexander Shakow, AID's Assistant Administrator for program and policy, explained the importance of this program: "Economic Support Fund is very clearly a foreign policy instrument directed towards achieving certain kinds of political objectives. That is why it is under the policy direction of the Department of State."<sup>57</sup>

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<sup>56</sup>"Security Supporting Assistance provides balance of payments support, capital, and technical assistance to regions of the world in which the United States has special foreign policy and security interests." U.S. Congress, House, Committee on Foreign Relations, International Development Assistance Authorization and Res. 118, Hearing before the subcommittee on Foreign Assistance of the Committee on Foreign Relations, 95th Cong. 2nd session, (Washington, D.C.: U.S. Government Printing Office 1978), p. 244.

<sup>57</sup>U.S. Congress, House, Committee on Appropriations, Foreign Assistance and Related Programs Appropriations for 1981, Hearing before a subcommittee of the Committee on Appropriations, Pt. 4 96th Cong. 2nd session, (Washington, D.C.: U.S. Government Printing Office 1980), p. 144.

Sadat's political alliance with the United States and his economic policies were considered worth the high level of U.S. aid which reached \$900 million in 1977. Strengthening Sadat's position internally and externally was of major importance to the United States. Sadat was not only willing to liberalize the economy and encourage private enterprise, but was also willing to support U.S. peace proposals. As Henry Kissinger noted, "President Sadat's position domestically within Egypt and his leadership role in the Arab world in general will be closely linked with the success or failure of his dual policy of Middle East accommodation [with Israel] and friendship with the United States."<sup>58</sup> Hence, U.S. economic and continued political support were used to strengthen Sadat's position and, in turn, consolidate the conservative forces in the region.

Preoccupation with the stability of the Sadat regime manifested itself after the 1977 food demonstrations in Egypt, when Sadat, under the pressure of the International Monetary Fund (IMF), removed subsidies to basic commodities.

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<sup>58</sup>U.S. Congress, House, Committee on Appropriations, Foreign Assistance and Related Agencies Appropriations for 1975, Pt. 2, Hearing before a subcommittee of the Committee on Appropriations, 95th Cong. 1st session, (Washington, D.C.: U.S. Government Printing Office 1974), p. 1062.

The demonstrations threatened the stability of the regime, and to shore up the regime, the administration transferred \$190 million from capital projects to the Commodity Import Program (CIP) to help diffuse social tension and restore stability.<sup>59</sup> U.S. interest in the stability of the Sadat regime took a new turn after Camp David and the signing of a peace treaty between Egypt and Israel. The United States felt obliged to bail out Sadat, especially since its policies of accommodations between Egypt and Israel failed to attract other Arab countries. Contrary to U.S. expectations, though, the financially dominant, pro-Western conservatives reacted by curtailing their economic aid to Egypt. Thus, Washington jumped in to compensate for Egypt's economic loss and to remove Egypt from the Arab confrontationist front.

Moreover, Robert H. Nooter, the Acting Deputy Administrator for AID, in a statement to the Committee on Appropriations, proposed to maintain the \$750 million in aid to Egypt for fiscal year 1978 on the grounds that

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<sup>59</sup>U.S. Congress, House, Committee on Appropriations, Supplemental Appropriations for Fiscal Year 1977, Hearing before a subcommittee of the Committee on Appropriations, Pt. 2, 95th Cong. 1st session, (Washington, D.C." U.S. Government Printing Office 1977), p. 838.

"Egypt continues to play a very positive and constructive role in the search for lasting peace in the Middle East. Its leaders have taken both a courageous step and a calculated risk in their pursuit of a negotiated peace while at the same time confronting massive economic problems."<sup>60</sup>

The achievement of peace in the Middle East would serve several purposes. First, Kissinger declared that "a just and lasting peace will be the best insurance possible for our continued access to Middle East petroleum."<sup>61</sup> Furthermore, P. J. Vatikiotis argued that a political settlement of the Arab-Israeli conflict and an increased economic and financial assistance program would enhance U.S. strategic interests in Egypt. Hence, U.S. concerns for stability in the Arab region, as well as in the Red Sea and the Horn of Africa, could be secured and facilitated through Egypt, which became a full partner in

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<sup>60</sup>U.S. Congress, Senate, Committee on Appropriations, Foreign Assistance and Related Programs Appropriations Fiscal Year 1978, Hearing before the Committee on Appropriations, 95th Cong, 1st session (Washington, D.C.: U.S. Government Printing Office 1977), p. 527.

<sup>61</sup>Foreign Assistance and Related Programs Appropriations for 1975, p. 35.

the United States' stabilization programs.<sup>62</sup>

A study conducted in 1979 by a Task Force chaired by Joseph C. Wheeler, Assistant Administrator for the Near East in AID, outlined the major objectives of U.S. foreign policy in Egypt. The study again maintained that the achievement of peace required the full cooperation of Egypt.

Given the strategic location, size, and historical importance, Egypt is critical to achieving this objective. It contains a major portion of the population of the Arab world. Its relations with other Arab countries heavily influence the stability of the area and access to vital oil supplies . . . Egypt also offers a potential market for U.S. exports, services, and investments.

We support continuation in Egypt of a moderate domestic political and economic orientation. Such an orientation is consistent with both our specific diplomatic objectives related to the peace process and our more general interest in human rights.<sup>63</sup>

Related to this, a Study Mission to Egypt reported that: "if it were not for such special [political]

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<sup>62</sup>U.S. Congress, House, Economic Committee, The Political Economy of the Middle East: 1973-1978. A compendium of papers submitted to the Joint Economic Committee, 96th Cong. 2nd session, (Washington, D.C.: U.S. Government Printing Office 1980) p. 110.

<sup>63</sup>Foreign Assistance Legislation for Fiscal Year 1979, p. 468.



considerations, the amount properly allocated to Egypt out of the total U.S. resources flow to developing countries would be far smaller."<sup>64</sup> Rather, as Robert Johansen explained, "Were it not for U.S. military activity, fear of political instability, or a perceived threat of a disliked ideology, there would have been little, if any, reallocation of wealth to the developing countries at all."<sup>65</sup>

Egypt's open door policy and continued U.S. political and economic support attracted the interests of the multinational corporations. Gerald Porsky, U.S. Assistant Secretary of the Treasury, said in 1976 that forty American corporations were willing to invest approximately \$350 million in various industrial projects. Egypt, for its part, hoped that the total American investment would reach \$14 billion to \$18 billion between 1976 and 1980.<sup>66</sup>

David Rockefeller, Chairman of the Chase Manhattan Bank, said on a trip to Egypt:

I think that Egypt has come to realize that socialism and extreme Arab nationalism . . . have not helped the lot of the 37 million people they have in Egypt. And if President Sadat wants to

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<sup>64</sup>Economic Support Fund Programs in the Middle East, p. 13.

<sup>65</sup>Robert Johansen, The National Interest, p. 173.

<sup>66</sup>Maureen Webb, "Egypt's Economic Problems in 1976," The Middle East, No. 15, London, January 1976; p. 66.

help them, he has got to look to private enterprise and foreign assistance . . . . I discussed this to a considerable extent with some of the Israeli leaders and they agree with the United States. They feel that the position of President Sadat vis-a-vis his own country is a constructive one, and they feel there's a better chance of ending the war if help is given to him to build his own country in a sound economic way.<sup>67</sup>

Consequently, a Chase Manhattan Bank was opened in Egypt, and in 1976 the Egyptian authority promulgated foreign exchange Law No. 97 to liberalize foreign exchange transactions. This law protects the freedom of all legal private institutions to maintain their foreign exchange--except for that acquired from merchandise exports and tourism--and to use foreign exchange for transactions through officially authorized banks such as Egyptian banks, the Chase National Bank, the Egypt International Bank, and the Egyptian American Bank.<sup>68</sup>

Law No. 97, like the preceding laws for investment, substantially increased the level of financial investment and banking activities in Egypt. Banks and investment companies accounted for 46.21 percent of the total investment approved by the General Authority for Investment and

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<sup>67</sup> New York Times, February 9, 1974.

<sup>68</sup> Gouda Abdel-Khalek, "The Open Door Economic Policy in Egypt: Its Contribution to Investment and Its Equity Implications," in Malcolm H. Kerr and El Sayad Yasin, eds. Rich and Poor States, pp. 267, 268.

Free Zones (GAIFZ) as of the end of 1979, as shown in Table 2.

The United States also began working with the Egyptian government to develop and strengthen the private sector of the Egyptian economy. The Egypt/U.S. Business Council, which was formed in 1975, "has been very active in assisting Egypt to assess needs of its private sector and is recommending specific actions to strengthen private sector activity."<sup>69</sup> Such recommendations included the amendment of Law 43 in 1977, which promised more concessions for foreign investment. As an AID report stated:

Economic policy decisions since 1973 helped turn a rigorously centrally planned economy to one increasingly responsive to market forces . . . Beginning with President Sadat's Open Door Policy in 1974, the private sector, involving domestic, Western and Arab capital, played an increasingly large role in the programs of modernization and development.<sup>70</sup>

In 1979, \$87.9 million of U.S. aid was to be used specifically to strengthen the private sector.<sup>71</sup> To

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<sup>69</sup>Foreign Assistance Legislation for Fiscal Year 1979, pp. 430, 431.

<sup>70</sup>U.S. Congress, House, Committee on Foreign Affairs, Foreign Assistance Legislation for Fiscal Year 1981, Hearing before the subcommittee on Europe and the Middle East of the Committee on Foreign Affairs, Pt. 3, 96th Cong. 2nd session, (Washington, D.C.: U.S. Government Printing Office, 1980), p. 444.

<sup>71</sup>Foreign Assistance Legislation for Fiscal Year 1979, p. 432.

Table 2  
Sectoral Allocation of Investment  
Undertaken Until End of 1979

Sector	Total Investment (in millions) %	
1) Investment companies	267.4	33.3
2) Industry	175.9	21.9
3) Agriculture, animal wealth	119.2	14.8
4) Banking	105.2	13.1
5) Tourism	62.0	7.7
6) Contracting	33.0	4.1
7) Transport, communications	32.0	4.0
8) Services	5.3	0.7
9) Consultancy	3.1	0.3
10) Housing, health, hospitals	<u>1.1</u>	<u>0.1</u>
Totals	804.2	100.0

Source: General Authority for Investment and Free Zones,  
Statistical Statement of Investment Projects  
Approved until 31/12/79 (Cairo, 1980)<sup>72</sup>

<sup>72</sup>Ibid., pp. 271-272.

encourage the private sector and stimulate private investment, AID followed three steps. First, it established the Investment Information Center (IIC) to help the General Authority for Arab and Foreign Investment and Free Zones (GAIFZ) organize and coordinate its activities and provide investors with information about the investment climate in Egypt. AID also established the Private Investment Encouragement Fund to provide private sector enterprises with capital and credit to enable it to expand. The Fund provided loans of up to \$5 million per project and equity (not to exceed 12.5 percent of total equity or 5 percent of total project cost, up to a maximum of \$1 million per project financing). It "makes funds available to a variety of financial institutions, which should encourage the development of longer term financing facilities in Egypt; provide for feasibility studies . . . , and require mobilization of external financing on a formula basis from institutions and investors." The Fund also helped increase demands on U.S. capital goods which was estimated to reach between \$20 and \$40 million.<sup>73</sup> Third, AID authorized a

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<sup>73</sup>U.S. Department of Commerce, International Trade Administration, Office of Country Marketing Commerce, Action Group for the Near East, Investing in Egypt by Cheryl McQueen, International Marketing Information Series, Overseas Business Report (OBR) 81-08, Washington, D.C., May 1981, p. 13.

grant of \$5 million to GAIFZ through the Private Sector Feasibility Studies to assist the Investment Organization in providing project feasibility studies. This project promised to encourage increased U.S. investment by providing U.S. investors with adequate information on the potential investment climate, risk, and profitability.<sup>74</sup>

Joseph C. Wheeler, Assistant Administrator of the Bureau for Near East in AID, in justifying the high level of U.S. aid, pointed to certain economic reforms undertaken by the Egyptian government. They included a reform of the foreign exchange system by shifting imports from the official rate of exchange (LE=\$2.56) to the parallel rate (LE=\$1.40), devaluing the pound, strengthening the private sector, increasing interest rates, cutting subsidies, and initiating family planning programs.<sup>75</sup> Wheeler concludes by saying: "We have many reasons to believe that Egypt will continue to strengthen the market-oriented character of its economy and its approach to other important development goals."<sup>76</sup>

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<sup>74</sup>Ibid., p. 14.

<sup>75</sup>Foreign Assistance Legislation for Fiscal Year 1979, p. 339.

<sup>76</sup>Ibid., p. 340.

Part of the U.S. aid strategy aimed at promoting economic cooperation between Egypt and Israel so as structurally to link the Egyptian state to Israel, and thus to ensure the removal of Egypt from the Arab front. Another part focused on promoting strong social-cultural ties between the United States and Egypt. This trend was augmented after the signing of the Egyptian-Israeli peace treaty, when, for instance, in 1978, United States AID donated \$70 million to Egyptian research institutions and offered hundreds of scholarships to students. In addition, American universities invited Egyptian scholars to teach, research, and participate in conferences and symposiums in the United States.<sup>77</sup> Approximately 72 percent of total U.S. capital committed for investment (LE 168 million by the end of 1978) went to education, training and services, and of the total capital committed to education, training and services, the United States provided 92 percent.<sup>78</sup>

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<sup>77</sup>Marie-Christine Aulas, "Sadat's Egypt: A Balance Sheet," *Egypt in the New Middle East*, MERIP Reports, No. 107, Vol. 12, No. 6, July-August, 1982, p. 18.

<sup>78</sup>Nazih Ayubi, "Implementation Capability," p. 368.

Arab and Western Aid to Egypt

The level of U.S aid and interests in Egypt encouraged Middle Eastern and other Western countries to come closer to Egypt. For instance, the EEC, West Germany and Japan contributed significant amounts of concessional aid to Egypt. In 1978, the EEC signed a five-year package of grants and loans at \$2.4 billion. In addition, between 1972 and 1976, West Germany lent Egypt \$605 million, divided into \$460 million in credit and \$145 million in grants, and in 1977 West Germany signed a \$121 million protocol, of which \$87 million was in capital aid and \$34 million in export credits. Japan provided \$230 million between 1973 and 1978 for the reconstruction of the Suez Canal, and Canada signed a \$200 million concessional aid in 1978, while Italy provided \$40 million in soft loans.<sup>79</sup>

Moreover, Arab aid to Egypt, which started after the 1967 Arab-Israeli War in compensation for the loss of the Suez Canal revenue, reached \$310 million annually between 1967 and 1973. After the October War, Arab aid reached \$3,602 billion between 1973 and 1976.<sup>80</sup> Most of this aid was provided by Saudi Arabia and Kuwait, as shown in Table 3.

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<sup>79</sup>"Egypt, MEED Special Report," Middle East Economic Digest, May 1978, p. 11.

<sup>80</sup>Nazih Ayubi, "Implementation Capability," p. 360.



Table 3

Grant Assistance to Egypt 1973-1976\*  
(in millions of dollars)

Country	1973	1974	1975	1976
Saudi Arabia	353	572	373	377
Kuwait	202	288	406	69
Libya	170	-	-	-
Iraq	-	-	43	-
Qatar	-	24	64	25
U.A.E.	-	103	77	150
Other countries <sup>1</sup>	-	277	25	4

<sup>1</sup>May include Arab countries specified above

\* Military aid not included.

Source: World Bank, Arab Republic of Egypt: Economic Management in a Period of Transition, V. iv, 1978, cited in Nazih Ayubi, "Implementation Capability," p. 361.

Among the major changes that were brought about by the Arab-Israeli War of 1973 was the consolidation of the growing alliance between Egypt and Saudi Arabia. Because of the wealth available to it, the Saudi state became a hegemonic power in the region, and the regional hierarchical structure of power was tilting in favor of the oil rich countries led by Saudi Arabia.<sup>81</sup> United States efforts to forge an alliance with the Sadat regime were thus aided by Saudi financial resources. Saudi Arabia provided substantial amounts of aid to Egypt bilaterally through the Saudi Development Fund (SDF), or multilaterally through the Arab Fund for Economic Development, Islamic Development Bank (IDB), Gulf Organization for the Development of Egypt (GODE), Arab Monetary Fund (AMF), the IMF and the World Bank.<sup>82</sup> Saudi aid to Egypt was designed to strengthen Egypt's political and economic orientations toward the West, create a favorable investment climate in Egypt, maintain internal stability, and cooperate with Sadat to

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<sup>81</sup>The Political Economy of the Middle East: 1973-1978, p. 106.

<sup>82</sup>Jack Wien, Saudi-Egyptian Relations: The Political and Military Dimensions of Saudi Financial Flows to Egypt, (Santa Monica, California: The Rand Corporation, January, 1980), p. 2.

undermine regional radicalism.<sup>83</sup>

Substantial investment money was also channelled to Egypt after the promulgation of the open door policy. Among the Gulf countries, Iran promised \$888 million in 1974 for the exploitation of natural gas, agriculture, and other industrial projects, while Saudi Arabia, Kuwait, Abu Dhabi, Qatar, and Egypt established the joint company SUMED. The main SUMED project centered around the construction of a 300-kilometer pipeline to run from the Gulf of Suez to Alexandria.<sup>84</sup> This and other joint projects were valued at \$656 million from Kuwait, \$407 million from Saudi Arabia, \$103 million from the United Arab Emirates and Qatar.<sup>85</sup>

Another project established in 1975 was the Arab Military Industries Organization (AMIO), composed of Saudi Arabia, Egypt, Qatar, and the United Arab Emirates, to produce weapons and military equipment. Such an investment led Alvin Rubinstein to point out that "this commitment of

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<sup>83</sup>Ibid., p. 5.

<sup>84</sup>Open Door in the Middle East, MERIP Reports, No. 31, Oct. 1974, p. 21.

<sup>85</sup>Richard F. Nyrop, Beryl Lieff Brenderly, William W. Cover, Darrel R. Eglin, Robert A. Kirchner, Area Handbook of Egypt, Foreign Area Studies, 3rd edition, (Washington, D.C.: The American University, 1976), p. 222.

resources to the unproductive military sector raises questions about the priorities of Egyptian [and Arab] leaders, and their readiness to face up to urgent internal issues."<sup>86</sup>

In 1976, Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates formed the Gulf Organization for the Development of Egypt (GODE). Until 1978, GODE extended approximately \$3 billion to Egypt. Most of this aid went to pay for Egypt's balance of payments deficit or to reduce Egypt's external debts.<sup>87</sup> However, the bulk of Arab aid ceased after the Camp David accords and the signing of a peace treaty with Israel.

The IMF, The World Bank, the Consultative Group  
and the Opening Up of Egypt

International organizations such as the IMF and the World Bank, and the Consultative Advisory Group--formed in 1977 and composed of the World Bank, IMF, United States, Saudi Arabia, EEC, and Kuwait to provide consultations for the proper implementation of infitah--responded favorably to the new economic policy of the Egyptian state. Certain economic liberalization measures and increased privatizations were, in fact, orchestrated by the World Bank and

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<sup>86</sup>Alvin Z. Rubinstein, "Egypt's Search for Stability," Current History, 76, No. 443, January 1979, p. 20.

<sup>87</sup>Ibid.

the IMF. The IMF and the World Bank serve the interests of the capitalist countries that created them by emphasizing a market-oriented economy and by making their aid contingent on implementing specific internal austerity policies that strengthen the private sector. The IMF stabilization programs in the Third World "are designed to entice foreign investment; so-called 'luxury' social welfare programs like food and education subsidies are dismantled; wages are kept down. Harsh repression is often needed to carry out a forced cut in already meager living standards and redirect resources to the export business sector . . . which is largely foreign owned and controlled."<sup>88</sup>

The World Bank, for instance, finances private sector projects that require foreign capital or that have foreign capital invested in them. Eugene Black, President of the World Bank between 1954 and 1957, told a conference of businessmen that: "Governments must cease just tolerating private business. They must welcome its contribution and go out of their way to attract it. And there must be a fundamental reversal of the traditionally hostile attitude

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<sup>88</sup>Holly Sklar, "Trilateralism: Managing Dependence," p. 27.

by Governments and peoples alike toward the profit motive."<sup>89</sup>

In addition, the World Bank extends financial support to those countries whose policies are acceptable to the United States. In analyzing the pattern of U.S. soft loans to the Third World, David Baldwin indicated that the World Bank, which became the principal lending agency to the less developed countries, was dominated by the United States. He further maintained that "World Bank policies became, in effect, the policies of the United States by tacit approval. World Bank policies were in accord with United States policy . . . also as a result of American influence in the organization based on its voting power, its control of the presidency, and its economic power to undermine Bank activities."<sup>90</sup> For instance, when Nasser in the mid-fifties refused to cooperate with the United States in forging an anti-Soviet alliance, the World Bank withdrew its promised aid for the construction of the

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<sup>89</sup>David A. Baldwin, Economic Development and American Foreign Policy 1943-1962, (Chicago: The University of Chicago Press, 1966), p. 142.

<sup>90</sup>Ibid., p. 29

High Dam.<sup>91</sup>

The World Bank's role in the privatization and the opening up of Egypt can be seen from a statement made by one of its advisors who visited the country in 1974. The advisor stated:

The establishment of private firms in all other industries is desirable as it would permit making better use of Egyptian ingenuity and enterprise, encourage private savings and the repatriation of capital from abroad, help export efforts, and allow for domestic competition between private and public firms . . . . However, in order to encourage the establishment of private firms, their status would need to be classified. This would entail publicly stating the permitted scope of private investment and disclaiming any intention of future nationalization. It would further appear desirable to reconsider the role of workers in decision making by the firm . . . . Establishing a rational price system in Egypt would have to extend to exchange rates, interest rates, as well as product prices . . . .

The application of these measures would eventually result in the establishment of a market system where public, private, and foreign firms coexist in the framework of an open economy.<sup>92</sup>

Most of these measures were incorporated into the laws of *infitah*.

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<sup>91</sup>Abdel-Kader Shouhaib, Muhakamat al-Infithah al-Iqtisadi fi Misr (Economic Opening on Trial), (Beirut: Dar Ibn-Khaldoun, March, 1979), pp. 208-210.

<sup>92</sup>Bela Balassa, "Towards a Development Strategy for Egypt," Policy Reforms in Developing Countries (New York: Pergamen, 1977), pp. 88, 90, and 96.

The IMF was also influential in the process of opening up Egypt's economy. In a 1975 staff report on Egypt, the IMF declared that:

2. The Egyptian authorities have reaffirmed their commitment to the "open door" policy. The Fund believes that in order for this policy to be successfully implemented, fundamental changes in the economic policies are required. Domestically, subsidization of basic commodities such as wheat, flour, maize, beans, meat, sugar, tea . . . needs to be sharply reduced to ease the budget deficit and release resources for investment . . . .

3. The structural imbalances in the Egyptian economy are particularly severe in the external sector. To correct these imbalances, it is essential to make appropriate adjustments in exchange rate policies. It is also desirable to continue the present trend toward greater decentralization of foreign trade decisions and, in particular, to eliminate gradually the requirement of prior approval for imports . . . .<sup>93</sup>

The IMF and the World Bank's recommendations were incorporated into the official declarations on infitah as manifested by Law 43 and Law 32. The reforms undertaken in Egypt were congruent with the policy recommendations advocated by these organizations. Consequently, the IMF and the World Bank were quick to provide aid to Egypt to help it implement the open door policy. For example, the

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<sup>93</sup> International Monetary Fund, Arab Republic of Egypt, Staff Report for the 1976 Article XIV Consultation, August 1976, pp. 16, 17, quoted in Ali E. Hillal Dessouki, "Policy Making in Egypt: A Case Study of the Open Door Economic Policy," Social Problems, Vol. 28, No. 4, April 1981, p. 413.



IMF extended over \$2 billion by the first of September 1978, while the World Bank provided over \$1 billion by June 20, 1979.<sup>94</sup> Tables 4 and 5 show the level of Arab, Western, and international organizations' aid to Egypt between 1975-1978.

Infitah was also encouraged by the Consultative Group, which favored an open market and worked to strengthen the Egyptian private sector. In a meeting in May, 1977, members of the Group requested, "full clarification of the role of the private sector, and recommending that the public sector refrain from large intervention in determining this role."<sup>95</sup> Egypt responded by amending Law 43, increasing the number of private-sector business activities, adopting an open foreign trade system in which the private sector could expand and prosper, raising interest rates, reducing government intervention in the pricing of different commodities, and providing more incentives to foreign investors.<sup>96</sup>

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<sup>94</sup>Nazih Ayubi, "Implementation Capability," p. 365.

<sup>95</sup>Gouda Abdel-Khalek, "Foreign Economic Aid and Income Distribution in Egypt, 1952-1977," in Gouda Abdel-Khalek and Robert Tignor, eds., The Political Economy of Income Distribution in Egypt, (New York: Holmes & Meier Publishers, 1982), p. 448.

<sup>96</sup>Ibid.

Table 4  
 Egypt, Other Donor Economic Aid  
 (estimated commitment in millions of dollars)

Source	1975	1976
OPEC:		
Saudi Arabia	860	689
Kuwait	656	248
United Arab Emirates	277	150
Qatar	114	75
Iraq	43	-
Iran	250	250
GODE	-	250
Other (Arab Banking Deposits)	600	50
Subtotal	<u>2,800</u>	<u>1,712</u>
Communist bloc: all sources	<u>92</u>	<u>30</u>
I.A.C. Members:		
Denmark	5	-
France	23	-
Germany	73	97
Italy	6	-
Japan	50	40
Netherlands	5	23
Sweden	3	-
United Kingdom	6	-
Other	3	-
Subtotal	<u>174</u>	<u>160</u>
Multilateral:		
IMF	31	144
IBRD/IDA	227	197
EEC	7	-
Subtotal	<u>265</u>	<u>341</u>
<u>Total</u>	<u>3,331</u>	<u>2,243</u>

Source: Supplemental Appropriations for Fiscal Year 1977, p. 866.

Table 5

Egypt: Other Donor Economic Aid Commitment Basis  
(in millions of dollars)

Source	CY 1977	Est 1978
OPEC:		
Saudi Arabia (project financing)	80	100
Gulf Organization for the Development of Egypt (GODE)	1,475	1,100
Special grants from Arab states	<u>400</u>	<u>400</u>
Subtotal	<u>1,955</u>	<u>1,500</u>
Communist bloc: all members	<u>30</u>	<u>25</u>
D.A.C. Members:		
France	60	60
Germany	125	150
Italy	41	30
Japan	125	100
Netherlands	11	15
United Kingdom	24	20
Canada	<u>10</u>	<u>20</u>
Subtotal	<u>396</u>	<u>395</u>
Multilateral:		
Arab Fund	85	100
Islamic Development Bank	-	20
Africa Development Bank	36	6
Commission of European Communities	85	100
European Investment Bank	-	50
UNDP	6	6
IBRD	267	250
IMF	<u>157</u>	<u>145</u>
Subtotal	<u>636</u>	<u>677</u>
<u>Total</u>	<u>3,017</u>	<u>2,597</u>

Source: Foreign Assistance Legislation for Fiscal Year 1979, p. 367.

The economic opening and the external pressure exerted on Egypt to liberalize its economy reflected Egypt's creditors' mutual desire to strengthen the market-oriented facet of the Egyptian economy, presumably resulting not only in an acceleration of the peace process with Israel, but also in Egypt's directly serving U.S. policy. For instance, Egypt sent advisors to Zaire to help it fight an insurgency in Shaba (formerly Katanga) province. Egypt also had a border conflict with Libya in July 1977, and provided Somalia with arms in its border war with Ethiopia in 1978, when Ethiopia had close ties with Moscow; Egypt also threatened to intervene or send troops if Ethiopia invaded Somalia.<sup>97</sup>

Furthermore, the Egyptian leadership manipulated the "communist threat" to get more aid from conservative Gulf countries. When the food demonstrations broke out in January 1977, the Sadat government accused the Communists of instigating the crisis. The New York Times reported that "the accusation will make it easier for Egypt to appeal to staunchly anti-Communist Saudi Arabia and other oil-producing countries for desperately needed financial assistance."<sup>98</sup>

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<sup>97</sup>"Egypt, MEED Special Report," May 1978, p. 54.

<sup>98</sup>The New York Times, Saturday, January 22, 1977, p. 3.

Evaluation of the Economic Open Door Policy

In this section, the impact of the open door policy (infatih) on the Egyptian economy will be assessed by analyzing its long-term impact on future development in Egypt. The impact of U.S. aid on Egypt will also be evaluated in an effort to understand its current shortcomings and its relationship to the underdevelopment of Egypt.

Infatih aimed at transforming the economic, social, and political structure of Egyptian society. Politically, it aimed at liberalizing society and democratizing the Egyptian polity internally, and at consolidating the growing Western alliance externally. Economically,

... this policy promised salvation to an impoverished society that had been through some very difficult times. Its proponents depicted an external environment of plenty that was Egypt's for the asking if only the "anachronistic" policies of yesterday were pushed aside. At this juncture, both domestic Egyptian interests and foreign economic interests converged. For the former there were new opportunities, for the latter, the stakes in Egypt were more substantial than the Egyptian market itself. At stake was the health of the international monetary system, the stability of the Middle Eastern order, and Egypt's unique place in the Arab system.<sup>99</sup>

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<sup>99</sup>Fouad Ajam, "Retreat from Economic Nationalism, The Political Economy of Sadat's Egypt," Journal of Arab Affairs, Vol. 1, No. 1, October 1981, pp. 36-37.

In addition to its goal of restructuring Egypt's economic relations, the economic opening aimed at dismantling the public sector and encouraging local private and foreign enterprise to take part in the development of Egypt. In the October Working Paper, President Sadat emphasized the role of the public sector. Sadat stated that "the public sector will remain the primary instrument of carrying out any development plan . . . ."100 However, all the measures undertaken by the Egyptian authorities after the adoption of the economic opening as the official policy of the state, tended to emphasize the role of the private sector. In explaining the new Egyptian drive toward private enterprise, then-Prime Minister Abdul Aziz Hijazi said, "We needed nationalization to build up our infrastructure and give work to people. Now we have moved into a new stage. Those state companies have to start being profitable. And now there is a place for foreign investment."<sup>101</sup>

On the other hand, Infitah also represented an ideological and social transformation of the Egyptian society.

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<sup>100</sup>Mohamed Anwar el-Sadat, The October Working Paper, Ministry of Information, State Information Service, Cairo, Arab Republic of Egypt, April 1974, p. 58.

<sup>101</sup>"An Inside Look at Egypt's New Capitalism," Business Week, February 16, 1974, p. 72.

The Minister of Trade, Zakariyya T. Abd al-Fattah, once stated that "twenty years ago Cairo was abundant in everything; it was the society of good taste and new fashion, and the meeting place for all the chic classes. I want it now to be a prosperous city whose markets are full of everything to be found in the civilized capitals of the world."<sup>102</sup> Infatih, therefore, reflected a desire to create a new consumerist society in Egypt molded after its Western counterparts. President Sadat in 1974 defended the public sector and the state's socialist ideology. In an interview with al-Ushbu' al-Arabi, Sadat said, "There are some people who try to depict the economic opening as a basic change in our ideological framework, that is our socialism, but this is a grave error."<sup>103</sup> However, the reversal of this ideological framework may be noted in Sadat's statement before the Egyptian Chamber of Commerce in August, 1979, that "private enterprise and capitalist endeavor were no longer a crime in Egypt."<sup>104</sup>

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<sup>102</sup> Al-Talia' Vol. 11, No. 2, February 1976, p. 59, quoted in Nizah Ayubi, "Implementation Capability," p. 400.

<sup>103</sup> President Anwar al-Sadat interview with al-Ushbu' al-Arabi, republished in al-Ahram, October 9, 1974, cited in John Waterbury, Egypt, p. 201.

<sup>104</sup> Nizah Ayubi, "Implementation Capability," p. 356.

It was this ideological transformation within the Egyptian ruling class that led to the liberalization measures undertaken by the Sadat regime. The current political ideology emphasizes conservatism, cosmopolitanism, privatization, and liberalization. In analyzing the attributes of this historical change from an elitist perspective, Raymond A. Hinnebusch pointed out that:

. . . with the embourgeoisment of the elite and its amalgamation with the Westernized old upper classes, cosmopolitan tendencies are strongly reemerging. This shift can be seen in the abandonment of anti-imperialism and non-alignment in favor of a close American alliance, in the devaluing of self-sufficiency, and in the opening up to a vast influx of Western cultural and consumer commodities. It can be seen in the current attempt to define Egyptian national identity by deemphasizing its Arab-Islamic content in favor of "Pharaonic" or "Mediterranean" alternatives which set Egypt apart from her Middle East environment and link her westward.<sup>105</sup>

However, has this internal and external reorientation of Egypt's economic and political relations produced any long-term economic development? Is it capable of restoring Egypt's independence after a long history of reliance on Soviet goods and technology?

Infitah did lead to economic growth, which reached 9

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<sup>105</sup> Raymond A. Hinnebusch, "Egypt Under Sadat: Elites, Power Structure, and Political Change in a Post Popular State," Social Problems, Vol. 28, No. 4, April 1981, p. 452.



percent by 1981.<sup>106</sup> However, "much of the growth is concentrated in the distribution and services sector."<sup>107</sup> The tertiary and service sectors have grown at the expense of manufacturing. Egypt's foreign exchange earnings in 1979 from oil, remittances from Egyptians working abroad, Suez Canal earnings and tourism reached \$1.5 billion, \$2 billion, \$600 million, and \$650 million respectively.<sup>108</sup> The services sector's share of the GDP was expected to rise from 38.2 percent to 43.8 in 1984, while the share of industry was to remain constant.<sup>109</sup> Internally, Laws 43 and 32 opened the Egyptian economy to foreign capital. It was assumed that foreign capital would solve Egypt's economic problems. However, the economic concessions provided to foreign investment did not bring about the long desired development of the country. Foreign investment in Egypt has concentrated on the distribution and

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<sup>106</sup>Gouda Abdel-Khalek, "Looking Outside," p. 406.

<sup>107</sup>Foreign Assistance Legislation for Fiscal Year 1981, p. 445.

<sup>108</sup>U.S. Congress, House, Committee on Foreign Relations, FY 1981 Foreign Assistance Legislation, Hearing before the Committee on Foreign Relations, 96th Cong. 2nd session, (Washington, D.C.: U.S. Government Printing Office, 1980), p. 240.

<sup>109</sup>Gouda Abdel-Khalek, "Looking Outside," p. 406.

services sectors--banking, housing, tourism, and investment companies. While the average of foreign investment in these sectors reached 55 percent by the end of 1978, the average foreign investment in the commodity sector, which includes agriculture and industry, reached only 35 percent.<sup>110</sup> Table 6 shows the ranking of foreign investment in Egypt.

Taking the banking sector as an example would suffice to explain the above argument concerning the impact of foreign capital on the development of the Egyptian economy. The Egyptian authorities hoped that attracting foreign banks would stimulate investment. However foreign banks in Egypt concentrated on:

. . . financing foreign trade and deposits abroad, which does not really serve the cause of developing the Egyptian economy; in fact, it helps to drain away the economic surplus and raises the propensity to consume and distort national priorities. This can only make the development of the Egyptian economy less likely.<sup>111</sup>

This trend led the Ministry of Economy to say:

. . . what has become crystal clear to us, to start with, is that the number of banks authorized

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<sup>110</sup>Nizah Ayubi, "Implementation Capability," p. 366.

<sup>111</sup>Gouda Abdel-Khalek, "The Open Door Economic Policy," p. 272.

Table 6

Ranking of Foreign Investment Activities Until December  
31, 1978 (in percentages of capital)

Rank	Sector/Activity	% Capital to Total Investment	% Local Capital	% Foreign Capital
1	Tourism	22	48	52
2	Housing	13	53	47
3	Investment companies	11	32	68
4	Weaving, textiles	9	59	41
5	Education, training, services	8	2	48
6	Banking	8	28	77
7	Agriculture, husbandry	6	51	49
8	Engineering industries	5	30	70
9	Building materials (cement, brick, tile)	5	73	27
10	Chemical industries	5	30	70
11	Health, hospitals	2	43	66
12	Contracting, consul- tation	2	34	88
13	Transport, communication	2	12	62
14	Metallic industries	2	38	62
15	Food industry	2	56	44
16	Medical industries	1	40	60

Source: Taqrir' an mashru'at al-istithmar (Report on Invest-  
ment up to 31 December, 1978), Cairo 1979, pp.  
8-15, from Nizah Ayubi, "Implementation Capability,"  
p. 367.

under Investment Law 43, whether it be joining commercial banks, investment banks, or branches of foreign banks, definitely exceeds the needs of the Egyptian market . . . .<sup>112</sup>

Furthermore, Laws 43 and 32 created an economic dependency through their invitation of foreign capital to penetrate the Egyptian economy without restricting its movement. Given the fact that most foreign capital is provided through multinational corporations, the danger exists that these corporations will ultimately dominate the economy and extract and exhaust national resources.<sup>113</sup> The laws thus also created long-term risks for the survival of the public sector. "It is quite likely, therefore, that the present foreign investment law will function to make it possible for foreign enterprise and multinationals to infiltrate the Egyptian market, drain away the surplus, and establish and perpetuate a pattern of extraverted 'development.'<sup>114</sup>

Law 118, which regulates trade and imports and exports, has also had repercussions on the national economy. First, it opened the internal market to penetration and domination

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<sup>112</sup>Ministry of Economy, Taqrir 'an Syasat, p. 67, quoted from *ibid.*, p. 273.

<sup>113</sup>Abdel-Kader Shouhaib, Muhakamat al Infitah, p. 37.

<sup>114</sup>Gouda Abdel-Khalek, "Looking Outside," p. 398.

by both foreign and national private capital. This law gave the private sector a free hand in export and import matters. The private sector's tendency towards the importation of profitable consumer goods would hinder Egypt's long-term economic growth, since importation of intermediate and capital goods would actually decline.<sup>115</sup> For instance, in 1976 importation of raw materials and production commodities decreased by LE 220 million, while commercial commodities imports increased by LE 76 million.<sup>116</sup> Thus, as stated by Gouda Abdel-Khalek, "the propensity to consume may increase, with no matching increase in the society's capacity to produce. The result will either be increased dependence on the rest of the world, or increased individual frustration and social tension internally, or both."<sup>117</sup>

The prosperity and economic development, which were assumed to result from the open door policy, instead resulted in an increasing social inequality, widening class differences and a high level of political repression.<sup>118</sup>

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<sup>115</sup>Ibid., p. 400.

<sup>116</sup>Abdel-Kader Shouhaib, Muhakamat, p. 46.

<sup>117</sup>Gouda Abdel-Khalek, "Looking Outside," p. 400.

<sup>118</sup>Raymond William Baker, "Sadat's Open Door: Opposition from Within," Social Problems, Vol. 28, No. 4, April 1981, p. 379.

The political and social unrest created by the opening up of the economy led a member of the Conference of Foreign and Arab Investors to say:

Some people look at us as if we came [to Egypt] to suck the blood of the Egyptian people and steal their wealth . . . . however the availability of consumer goods which the public cannot afford and their seeing the comfort the foreigners live in creates psychological problems, that stay in their subconscious mind and in turn affects their behavior . . . . Infitah will certainly affect and contribute to the exacerbation of contradictions in society since some will get richer while the rest get poorer . . . . Therefore, most of the problems that face us as investors are caused by the social effects of infitah . . . .<sup>119</sup>

Salah Hafez, a well-known Egyptian political commentator, evaluated the impact of the open door policy as being positive for the wealthy "dollar group" and negative for the poor masses, or the "Egyptian pound group." The author indicated that industry has worked to the advantage of those well endowed with dollars. For instance, car manufacturers in the mid-seventies started asking for dollars or hard currency for cars. Some construction companies followed the same pattern by declaring that their apartment units would be available only to dollar holders. In contrast, "the Egyptian pound group," which constitutes the majority

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<sup>119</sup>Abdel-Kader Shouhaib, Muhakamat, p. 107.

of the Egyptian people, does "not own bank accounts abroad or have influence domestically that would enable them to pressure the state, its press, and its officials."<sup>120</sup>

The opening up of the economy had still other social repercussions on the Egyptian society. People's reaction to the measures imposed by the International Monetary Fund (IMF) in January 1977, which called for the termination of food subsidies, left 79 killed, 1000 wounded, and approximately 1,250 jailed.<sup>121</sup> In reaction to the widespread demonstrations, President Sadat signed a decree on television banning strikes, sit-ins, and demonstrations, and making them punishable by life imprisonment with hard labor. The decree also prohibited membership in unauthorized political organizations and declared it punishable by hard labor for life. In the same speech, Sadat said, "We cannot go on spending LE 170 for every LE 100 we are earning. Sooner or later the sources that give us this money, [the United States, the IMF, private Western banks, Saudi Arabia and Kuwait] will refuse to do so . . . ." <sup>122</sup>

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<sup>120</sup> Rose al-Yusuf, September 24, 1979 cited in Raymond W. Baker, "Sadat's Open Door: Opposition from Within," p. 380.

<sup>121</sup> Ibid.

<sup>122</sup> Henry Tanner, "Egypt to Vote on Harsh Curbs," New York Times, February 4, 1977, p. A6.

Consequently, Sadat's regime undertook indirectly to prescribe the economic measures imposed by foreign lenders by "lowering the quantity of products sold for the same price," slowly increasing the prices, and changing the names of certain brands.<sup>123</sup> Food "rationing" was introduced between 1979 and 1980, and

. . . closer examination revealed that rationing again meant reduction. But this time it was the poor of Egyptians eligible for the subsidies rather than the subsidies themselves that was cut . . . . In practice, the new policy meant that subsidized consumer goods distributed through the government stores would go only to those with income below 15LE per month.<sup>124</sup>

This policy had a divisive impact on the Egyptian people. As Salah Hafez put it: "Merely showing his card in a grocer's shop will announce that the person carrying it is a member of the poor, subsidized group. It will become a qualification of a prospective bridegroom that he does not have a ration card . . . . The ration card will become a source of shame for its owner."<sup>125</sup>

On the other hand, infitah created in Egypt a society

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<sup>123</sup>Marie-Christine Aulas, "After Camp David Egypt Confronts Peace," MERIP Reports, No. 72, Vol. 8, No. 9 November 1978, p. 3.

<sup>124</sup>Raymond W. Baker, "Sadat's Open Door," p. 381.

<sup>125</sup>Rose al-Yusuf, May 26, 1980, quoted in *ibid*.



of consumers interested not so much in the development of the country as in catering to their own whims and satisfying their own material needs. Such a tendency led Lutfi Abdul Azim, Editor in Chief of Al-Ahram al-Iqtisadi, to present a sarcastic view of infitah:

The "open door" policy has been such a remarkable success because there is plenty of German, Dutch, and Danish beer on the market and plenty of foreign cigarettes on the sidewalks. The "open door" policy should be welcomed for there is an abundance of Kentucky Fried Chicken and foreign fast food changing the habits of the average Egyptian from eating ful (fara beans) to hamburgers; plenty of elegant foreign-made cars relieving the crisis of transportation.<sup>126</sup>

The unrestricted pattern of consumption of Western goods and services, and the creation of consumerism, was considered by some to be antithetical to Egypt's cultural heritage and traditions:

By allowing the Egyptian society to be wholeheartedly mimetic of Western values and consumption habits, they can only lead to cultural impoverishment; and by encouraging the consumption of goods, the cost of which bear no relations to the income of the average Egyptian, whatever material prosperity may be obtained can only go to the few.<sup>127</sup>

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<sup>126</sup> Al Ahram Al-Iqtisadi, February 15, 1976, quoted in Gouad Ajami, "Retreat from Economic Nationalism," p. 43.

<sup>127</sup> Galal A. Amin, "Some Economic and Cultural Aspects of Economic Liberalization in Egypt," Social Problems, Vol. 28, No. 4, April 1981, p. 440.

On the international level, moreover, Egypt's economic policies led to an increased level of dependence on foreign loans and technical assistance. Table 7 shows the total external debt. Since Egypt's imports were running at about \$6.675 billion and exports at \$2.512 billion by 1979, foreign aid was needed to cover the deficit of over \$4 billion.<sup>128</sup>

In June 1978, for instance, the International Consultative Group promised \$2.4 billion. The CODE promised \$150 million, the IMF gave \$125 million, and the United States provided \$1 billion. In August, the IMF agreed to give Egypt a \$720 million credit for a three-year period.<sup>129</sup> However, development sufficient to increase exports could never keep pace with the interest due on the loans, let alone with the principal:

. . . heavy reliance on foreign aid from Western and Gulf countries, international institutions, and private banks has not wrought the "economic miracle." In 1978, after several years of substantial outside help, Egypt is scrambling to obtain the funds necessary to pay off the interest on old ones.<sup>130</sup>

Egypt's dependence on foreign assistance increased its vulnerability to the hard terms imposed by its creditors.

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<sup>128</sup>Marie-Christine Aulas, "Sadat's Egypt, p. 11.

<sup>129</sup>"Egypt Confronts Peace," MERIP Reports, Nov. 1978, p. 7.

<sup>130</sup>Ibid.

Table 7  
 Egypt's External Debt  
 (in \$ millions)

	1971	1973	1975	1976
Total outstanding including undisbursed	2,319.4	2,912.9	7,254.1	8,780.9
Total outstanding disbursed	1,812.1	2,223.6	4,828.5	5,767.0
	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Total outstanding including undisbursed	12,607.9	14,311.6	16,037.2	17,385.7
Total outstanding disbursed	8,092.4	9,921.4	11,408.7	13,053.6

Source: Joe Stork, "Egypt's Debt Problem," Egypt in the New Middle East, MERIP Reports, No. 107, Vol. 12 No. 6, July-Aug. 1982, p. 13.

The IMF, as previously noted, made its aid contingent on internal economic reforms, such as reduction of subsidies, increased interest rates, loosening of foreign exchange, and devaluation of the pound.<sup>131</sup> These measures reduced not only the government's domestic expenditures, but also its export earnings. They helped undermine Egypt's independence by giving foreign countries and international organizations a free hand to penetrate the economy and impose their conditions on local industry. The World Bank, for instance, which provided a \$50 million loan to the Suez Canal Company, requested that the company "hire advisors and specialists whose experience, ability, and conditions of appointment are acceptable to the Bank."<sup>132</sup> In another agreement the World Bank loaned Egyptian Railway Company \$37 million, and stipulated that "the company has no right to sell or dispose of goods or equipment used for the work without the Bank's agreement."<sup>133</sup>

Foreign aid also has not been able to help in the development of Egypt. U.S. assistance, which jumped 400

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<sup>131</sup>Ibid.

<sup>132</sup>People's Assembly Record of the 78th Session 4, Chapter I, 1974 cited in Aulas, "Sadat's Egypt," p. 89.

<sup>133</sup>Ibid.

percent between 1975 and 1980 and reached between \$4.600 and \$4.858 billion by 1981, simply failed in that direction. First, the low absorptive capacity of the Egyptian economy hindered a full disbursement of United States assistance. For instance, through the end of fiscal year 1977, Egypt spent only \$260 million of the \$2.4 billion provided between 1975 and 1977, and between 1978 and 1979 disbursement of funds to obligation was only 35.8 percent and 54.9 percent respectively.<sup>134</sup> Second, Ibrahim Metwalli Nawaar attributed the failure of U.S. aid in spurring development to the fact that 50 percent of U.S. economic assistance goes to financing imports from the United States. The remaining 50 percent goes to develop existing projects or to create new ones. Of the 50 percent devoted to projects, 25 percent is spent on importing technicians and experts and on studying the economic value of certain projects, while the remaining 75 percent goes to financing imports of goods and services from the United States.<sup>135</sup> Moreover, 90 percent of U.S. assistance

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<sup>134</sup> Foreign Assistance Legislation for Fiscal Year 1979, p. 348.

<sup>135</sup> Ibrahim Metwalli Nawaar, "al-Musa' dat Al-Amrikia ila Misr: Al-Wahm Wa al-Haqiqah," (American Assistance to Egypt: the illusion and the reality), Al-Iqtisadi al-Arabi, No. 63, September 1981, p. 16.

goes to finance deficits created by the unequal terms of trade. Egypt's deficit in its trade relations with the United States reached \$3.2 billion between 1976 and 1980.<sup>136</sup> Table 8 shows the level of U.S.-Egyptian trade between 1969 and 1979 in billions of dollars.

U.S. exports totaled \$1.9 billion by the end of 1980, a 25 percent jump from 1979.<sup>137</sup> This high level of exports benefited American firms which provided a total of \$90 million in equipment for construction and building materials, United States companies' share of electricity projects increased from \$37 million in 1978 to \$42 million in 1980, and John Deere's agricultural equipment company went into venture to produce 2000 tractors a year. U.S. companies also benefited from water resources exports which reached \$236 million in 1979. U.S. sales of motor vehicles totaled \$136.7 million in 1980. In communication equipment, U.S. sales rose from \$11 million in 1977, and \$27 million in 1978, to \$33 million in 1980. U.S. sales of computers and data processing equipment also increased

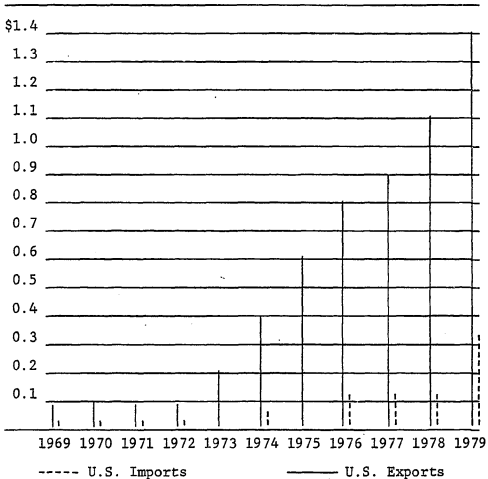
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<sup>136</sup> Ibid., p. 17.

<sup>137</sup> U.S. Department of Commerce, International Trade Administration, Office of Country Marketing Commerce, Action Group for the Near East, Marketing in Egypt by Cheryl McQueen, International Marketing Information Series, Overseas Business Reports (OBR) 81-31, Washington, D.C. December 1981, p. 1.

Table 8

U.S.-Egyptian Trade 1969/1979  
(in billions of dollars)



Source: U.S./Arab Commerce, Ju/Jl 1980, "Egypt Now Second Biggest Market for the United States in Arab World," p. 9.

from \$1.5 million and \$4.5 million between 1977 and 1978 to reach over \$7 million in 1980.<sup>138</sup>

Moreover, U.S. investment in the non-petroleum sector reached only \$43.5 million by March 1981, while investment in petroleum exceeded \$1 billion.<sup>139</sup> The bulk of U.S. investment goes to manufacturing ready-made clothes, Coca Cola, petroleum equipment, and computers.<sup>140</sup> In 1979, Union Carbide joined an Egyptian stock company in order to manufacture dry-cell batteries at an estimated cost of \$15 million. Another company, Warner Lambert, and the State-owned Egyptian Company fast foods (BiscoMisr) S.A.E. formed a joint venture, the International Company for Gum and Confectionary (Incogum) to produce and market chewing gum and confectionaries at a cost of \$5 million.<sup>141</sup> One has to ask whether Egypt really needs chewing gum more than industry. These examples suffice to illustrate the direction and goals of foreign private investment in Egypt. The multinationals' investment in the non-productive sector

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<sup>138</sup>Ibid., pp. 3, 4, 5.

<sup>139</sup>Cheryl McQueen, Investing in Egypt, p. 5.

<sup>140</sup>Ibid., p. 8.

<sup>141</sup>Ibid., pp. 10-11.



has provided them with huge profits, while for Egypt the foreign investment contribution to development has not been forthcoming.

Moreover, commenting on U.S. aid to the private sector, Jack Anderson pointed out that the bulk of AID's private sector's aid goes to wealthy Egyptians rather than to the poor and needy. Many of AID's low-interest loans, in fact, went to millionaires. Salah Taroty, a member of the Egyptian Parliament and a wealthy lawyer, received a \$30,000 loan from AID to finance buying equipment for a Wimpy fast-food restaurant. Another was Katthouh Hassan, who is building a luxury-class Uncle Sam Hotel with a \$1 million AID loan to buy elevators, furniture, and other supplies for the hotel. AID also provided a \$1 million loan to Kamel Hanna, an owner of ten companies and two banks, to buy construction equipment.<sup>142</sup>

In conjunction with the Humphrey and Pack-Wood Act of Foreign Aid Amendment, a study was conducted to evaluate the promises and performance of U.S. economic assistance to Egypt. The study concluded that U.S. aid to Egypt was a complete failure. Roy L. Prosterman and Charles

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<sup>142</sup> Jack Anderson, "Egyptian Fat Cats Feast on AID Loans," Washington Post, May 19, 1981

Taylor, who conducted the study, said: "We give the overall aid program for Egypt grades which vary from 1.1, or a straight 'D' four years ago [1975], down to as low as 0.7 or 'D-minus' three years ago [1976], back to 1.1 this year [1979]."<sup>143</sup> The study found that only about \$37 million, or five cents out of each dollar, spent in Egypt went to projects that helped the needy. The study further found that approximately one fifth of U.S. aid went to straight "F" projects,<sup>144</sup> as measured by its help to the poor. Table 9 shows the rating of AID's assistance:

For instance, AID contributed \$25 million to agricultural development that emphasizes export, while Egypt's per capita agricultural output dropped ten percent over the last two decades. The country became a net importer of basic foods. While tens of thousands of families depend on grain, funds introduced to encourage crops for export "are likely to create substantial pressure for shifting into non-grain export crops."<sup>145</sup> In addition,

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<sup>143</sup>U.S. Congress, Senate, Committee on Appropriations, Foreign Assistance and Related Programs Appropriations Fiscal Year 1980, Hearing before the Committee on Appropriations, 96th Cong. 1st session, (Washington, D.C.: U.S. Government Printing Office 1979), p. 917.

<sup>144</sup>Ibid., pp. 118-128.

<sup>145</sup>Ibid., p. 933.

Table 9

Proposed Security Assistance Program for Egypt  
Fiscal Year 1977 through Fiscal Year 1980

	No. of projects graded (all were of \$1 million or more)	\$ value of projects graded	Weighted over-all grade
FY 1977	13	\$744 million	1.1
FY 1978	26	\$748 million	0.7
FY 1979	33	\$747 million	0.9
FY 1980	30	\$750 million	1.1

Source: Foreign Assistance and Related Programs Appropriations for 1980, p. 974.

the outcome of this policy is detrimental to the largest segment of the population, since "a small minority of the largest farmers will take advantage of the opportunity provided by shifting thousands of acres into export crops gaining profits which they will largely invest in the booming Cairo market for upper-income housing."<sup>146</sup>

Thus, the authors of the report calculated that between 1977 and 1980 the United States committed \$3 billion, of which less than \$200 million will help the poor majority in Egypt.<sup>147</sup> They concluded that "with occasional small exceptions that add up to no more than \$50 million of the \$750 million total to be spent, we regard the aid program for Egypt as an unmitigated disaster, a misapplication of precious aid resources on a scale not seen since Vietnam in the 1960s."<sup>148</sup>

The study also evaluated the activities of the International Development Association, the soft-loan affiliate of the World Bank, in relation to Robert McNamara's 1976 address to the Board of Governors of the World Bank, in which he said:

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<sup>146</sup>Ibid., p. 934.

<sup>147</sup>Ibid., p. 975.

<sup>148</sup>Ibid., p. 980.

The blunt truth is that absolute poverty today is a function of neglect . . . and of our neglect as much as anyone's. For we here in this hall represent the national institutions best suited to end the curse of absolute poverty in this century . . . (G)overnments of the poorest nations have to redirect their own efforts . . . to reduce absolute poverty. A reasonable objective for them would be to meet the basic human needs of all their people by the end of the century . . . but they clearly cannot meet such an objective without outside assistance . . . . It will not be enough simply to increase the level of Official Development Assistance (ODA). Its allocation must be improved as well. ODA should be increasingly directed to the poor nations and, within them, to programs benefitting the poorest segments of their population.<sup>149</sup>

Against these standards, the study found that ODA's aid for Egypt, which reached \$433.5 million in 1978, was graded 1.7, as shown in Table 10.

Therefore, foreign aid in general, and U.S. aid in particular, was not able to ameliorate the deplorable Egyptian economy and bring about any development. Egypt still faces a multitude of problems:

Chief among these [an AID report indicated in 1980] is the deteriorating stock of infrastructure and housing. There are serious capacity limitations in port and storage facilities, railways, telecommunications and power distribution facilities. About 40 percent of the population has access to electricity; in the rural areas this figure is only 20 percent. About one-third of the total population has

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<sup>149</sup> Ibid., p. 984.

Table 10  
ODA's Aid to Egypt

	\$ amounts in millions	Grade
Second Education	40.0	2.7
Second Population	25.0	2.0
Agricultural Development	32.0	2.0
Urban Development	14.0	1.7
Second Telecommunication	53.0	0.7

Source: Foreign Assistance Legislation for Fiscal Year 1980, p. 987.

no access to safe water and the supply of water is less than the minimum adequate level in most urban areas. The housing stock is badly deteriorating.<sup>150</sup>

Moreover, the Country Development Strategy Statement for Egypt (CDSS), prepared for AID for 1982, stated:

There has been noticeable decline in the access of the poor to social services. First, recent social investment policy has done little to alleviate the basic gap between rural and urban income levels and economic policies have positively reinforced the intersector differences. Second, declining levels of social investment coupled with high population growth have begun to erode the social base laid in the 1950's and 1960's. Literacy and school enrollment appear to be declining . . . . Infant mortality has not declined in recent years and may be rising slightly. As a consequence, Egypt's relative place among LDCs [less developed countries] has declined and by influence the relative well-being of Egyptians has similarly declined.<sup>151</sup>

The failure of foreign aid to help the Egyptian economy led Dr. Ahmed Elghanour, Deputy Minister of Economy and Economic Cooperation, to say in 1976 that "the problem is that we declared an open door policy before we provided

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<sup>150</sup> Foreign Assistance Legislation for Fiscal Year 1981, Pt. 3, p. 447.

<sup>151</sup> U.S. Congress, House, Committee on Appropriations, Foreign Assistance and Related Programs Appropriations for 1981, Hearing before a subcommittee of the Committee on Appropriations, Pt. 2, 96th Cong. 2nd session, (Washington, D.C.: U.S. Government Printing Office, 1980), p. 447.

basic infrastructural prerequisites."<sup>152</sup> Alvin Rubinstein noted that Sadat's search for a peaceful settlement of the Arab-Israeli conflict should not conceal Egypt's internal problems. "Egypt's economic, social, and political problems are worsening. Not without justification, Egypt is referred to as the Bangladesh of the Middle East."<sup>153</sup>

The state of the Egyptian economy was succinctly reviewed by Congressman David Long, who visited Egypt in the Spring of 1979:

I visited the Middle East . . . and spent several days in Egypt. I came away more depressed than I have ever been about our foreign aid program or the future of that part of the world . . . . I have been to 54 countries now . . . in all my travel I have never seen anything which dismayed me more than going through the slums of Cairo. I give you a picture of a cemetery that I visited where the sewage had overflowed and was up about a foot and a half around the gravestones. Children were playing in the sewage as if it were a wading pool, and the people living and wading in the graveyard . . . No garbage or trash is collected in Cairo except for people who have the money to pay for it. Streets are piled with rubble and garbage as far as you can see . . . . I would have to say my overall impression of Egypt is that

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<sup>152</sup>"Egypt Economic Survey," African Development, November 1976, p. 7.

<sup>153</sup>Alvin Rubinstein, "Egypt's Search for Stability," p. 19.



conditions are worse now than they were six years ago just before the Yom Kippur War.<sup>154</sup>

In short, the open door policy and the reinstated free enterprise system created obstacles to the development of the Egyptian economy. It simply further promoted underdevelopment, increased Egypt's dependence on the West, and made any effort to ameliorate the deplorable economic conditions a far-reaching goal. For the United States, which was more concerned with the "stability" of Sadat's regime than with Egypt's development, the open door was an opportunity to create economic dependence that would tie Egypt to the international capitalist system economically as well as politically. Through the U.S. assistance program, capitalist development was stimulated in a way that would ensure continued U.S. influence over the country. As Martin Tomkinson illustrated:

What is mistakenly known as aid is simply one more weapon in the struggle of the capitalist classes to capture more and more markets for their goods and to dominate the whole world. The gap

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<sup>154</sup>U.S. Congress, House, Committee on Appropriations, Foreign Assistance and Related Programs Appropriations For 1980, Hearing before the subcommittee of the Committee on Appropriations, 96th Cong. 1st session, (Washington, D.C.: U.S. Government Printing Office, 1979), pp. 1004-1006.

between the developed and the underdeveloped countries grows every year, while the capitalist class sits back and smiles . . . . Capitalist aid, that is, exploitation . . . helps not one jot in tackling this problem. On the contrary, it makes it worse.<sup>155</sup>

Sadat's reversal of his country's alliance with the Soviet Union ended Egypt's dependence on the socialist bloc without sustaining or restoring Egypt's independence. The reorientations of Egypt's economic relations and foreign policy alignment toward the West failed to produce a structural change in the "client" role that Egypt has been playing since the mid-fifties. Sadat's policies managed only to replace patrons.

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<sup>155</sup> Martin Tomkinson, Socialist Workers, May 1971.

## CHAPTER V

### Peace, Stability and U.S. Strategic

#### Interests in Egypt

This chapter analyzes the "purposes" of peace, the motives that led the Carter Administration to call for an unprecedented comprehensive solution to the Arab-Israeli problem. U.S. efforts to achieve peace, first between Israel and its Arab counterparts and then between Egypt and Israel, augmented its growing special relationship with Egypt and enhanced its regional strategic design. The U.S. aimed at building a military alliance with Sadat. Creating a regional gendarme capable of checkmating regional radicalism and countering alleged Soviet threats in Africa required not only a massive military buildup in that country, but also the maintenance of its internal stability.

Preserving a stable pro-U.S. climate in Egypt gained momentum after the Camp David accords and the signing of a separate peace treaty with Israel. Regionally, Secretary of Defense Harold Brown told the Council on Foreign Relations on March 6, 1980, that ". . . in pursuing peace we will continue to honor our national commitment to the security of Israel. We will also work with our Arab friends to provide a security framework that helps protect

the region from Soviet expansionism and any consequent threats to the free flow of oil. . . .<sup>1</sup> Thus, Carter's Middle East peace proposals should be analyzed as part of a general and constant U.S. strategy towards the region that originated with Truman. Such a strategy included curbing regional radicalism, undermining Soviet influence, securing access to oil, and consolidating the conservative forces in the region. Carter, like Kissinger before him, assumed that these forces would join the United States and Israel in a Western-oriented coalition capable of preserving "peace" and "stability."

#### Realism and Regional Security

The fulfillment of U.S. economic, political and strategic interests in the region required not only the extension of economic and military assistance, but also the maintenance of "stability" through the cooperation and co-optation of pro-Western regimes and the encouragement of economic and political liberalization. "The goal,"

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<sup>1</sup>"What the Carter Doctrine Means to Me," Excerpts from Secretary of Defense Harold Brown's speech before the Council on Foreign Relations, March 6, 1980, The Vietnam Syndrome, MERIP Reports, No. 90, September 1980, p. 21.

under Carter, as Holly Sklar pointed out, "is to transform client dictatorships into pro-Western subordinate forms of limited capitalist democracies."<sup>2</sup>

However, "democracy" in the Third World is not an ultimate goal of U.S. foreign policy-makers. Dictatorships and oppressive regimes can be tolerated, supported, and even strengthened if they hold an important strategic position in the struggle against communism or can protect vital economic interests. Henry Kissinger justified U.S. acquiescence of authoritarian regimes in the Third World by asserting:

We must . . . maintain the moral distinction between aggressive totalitarianism and other governments which, with all their imperfections, are trying to resist foreign pressures and subversion and thereby help preserve the balance of power in behalf of all free people.<sup>3</sup>

"Human rights" and "morality," obviously, become irrelevant when the so-called "national interest" is at stake. Rigid realism dominated the thinking of policy-makers in the

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<sup>2</sup>Holly Sklar, "Trilateralism: Managing Dependence and Democracy," in Sklar, ed., Trilateralism: The Trilateral Commission and Elite Planning for World Management, (Boston: South End Press, 1980), p. 31.

<sup>3</sup>Henry Kissinger, "Morality and Power: The Role of Human Rights in Foreign Policy," The Washington Post, September 25, 1977.

1970s. "Sympathy for the poor on moral grounds" would, as Alan Wolfe indicated, "exclude one from the policy-making process," since "entry into the hall of power demands that one put aside humanitarian notions and enter the rough-and-tumble 'realism' of the dominant discourse."<sup>4</sup> Thus, strategically viable allies who play the surrogate role of maintaining order and stability are assisted despite flagrant violations of human rights. Human rights violations, such as occurred in Iran under the Shah and Egypt under Sadat, for instance, were tolerated for the sake of "stability."

During the first two years of the Carter Administration, as in the Nixon-Ford years, U.S. policies were conducted along two lines:

One, [Zbigniew Brzezinski, National Security Adviser remarked], to make the United States historically more relevant to a world of genuinely profound change; and secondly, to improve the United States' position in the geo-strategic balance with the Soviet Union.<sup>5</sup>

In the Middle East, this guideline meant maintaining a balance between international economic interdependence and

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<sup>4</sup>Alan Wolfe, America's Impasse. The Rise and Fall of the Politics of Growth, (Boston: South End Press, 1981), p. 173.

<sup>5</sup>Richard Burt, "Brzezinski on Agression and How to Cope with It," New York Times, March 4, 1980. Quoted in Holly Sklar, "Trilateralism and the Management of Contradictions," in Sklar, ed., Trilateralism, p. 563.

containment. Regional developments in the first half of the 1970s were largely responsible. The oil boom of 1974 created a new sense of "interdependence" between the oil producing countries and the West. Furthermore, the accumulation of wealth in the hands of the conservative pro-Western regimes facilitated the rise and consolidation of an anti-communist coalition of forces whose interests converged with the U.S. strategic designs for the region. But the Carter Administration, guided by the principles of the Nixon Doctrine--building regional surrogates through the provision of economic aid and military assistance to maintain order--confronted two major challenges in the late 1970s. First was the revolution in Iran that toppled the strongest pro-Western regime in the Middle East and replaced it with a militant anti-American Islamic fundamentalist one. Then came the Soviet Union, which for the first time was willing to use force outside its traditional sphere of influence in Eastern Europe. The Soviet invasion of Afghanistan marked a turning point in U.S.-Soviet relations in the Persian Gulf. The Gulf became crucial to U.S. interests, as President Carter clearly stated in his 1980 State of the Union address:

An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be

repelled by any means necessary, including military force.<sup>6</sup>

The Carter Doctrine demonstrated the United States' willingness to intervene militarily to protect its "national interest." The revival of U.S. interventionism in the last year of the Carter presidency was meant not only to expand and consolidate U.S. power in the Third World, but also to counter growing criticism of the Administration's position vis-a-vis the Soviet Union. Eugene V. Rostow, then chairman of the executive committee of the Committee on the Present Danger, was critical of the Carter Administration's inaction towards Soviet drives into the Persian Gulf. While Soviet policies required a Truman-like policy of active involvement, Rostow maintained, the Carter Administration was locked in post-Vietnam isolationism.<sup>7</sup> The Soviet Union, Rostow warned, "is seeking not to preserve but to destroy the state system . . . and to replace it with an imperial system dominated by the Kremlin." To contain this threat and to

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<sup>6</sup>U.S. Department of State, Bureau of Public Affairs, President Carter, State of the Union Address, Current Policy No. 132, Washington, D.C., January 23, 1980, p. 2.

<sup>7</sup>Eugene V. Rostow, "The Giant Still Sleeps," ORBIS, Vol. 24, Summer 1980, p. 311.



restore U.S. global dominance,

. . . we must rearm, and, on that footing, revitalize and consolidate a worldwide array of nations determined to keep the peace. If we restore our second-strike nuclear capability and enlarge the conventional and theater-nuclear power of our alliances to the level of true deterrence, it should be possible to re-establish the world political system which is now rapidly sliding into anarchy.<sup>8</sup>

Accordingly, regional instabilities were perceived by Washington as limiting U.S. choices with respect to non-intervention. As Secretary of Defense Harold Brown stated: "We might have a very difficult time avoiding the choice between active participation in conflict . . . or a severe damage to our national interests and resources." Brown further indicated that political instability in the Middle East in general and in the Gulf region in particular were critical to U.S. interests:

You say how could it be worse than Vietnam? I guess what I am saying is that our vital interests are more likely to be involved than in retrospect they were "in Vietnam." We are more interdependent, we're resource-dependent on the outside world.<sup>9</sup>

The Soviet invasion of Afghanistan shattered "detente" and gave impetus to the reiteration of cold-war rhetoric.

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<sup>8</sup>Ibid., p. 318.

<sup>9</sup>George C. Wilson, "Brown Cites Risk for U.S., Soviet in Third World Conflicts," Washington Post, January 2, 1979, p. 12.

The ideological schisms that characterized the 1950s and early 1960s surfaced in the early 1980s after a period of relative "reluctant coexistence" in the mid-70s. The Soviet threat, and the Kremlin's desire to expand beyond its sphere of influence, President Carter said, presented a challenge to the stability of the international system, a challenge that must be met by a rapid buildup of military forces. He warned:

Our potential adversaries have now built up massive forces armed with conventional weapons-- tanks, aircraft, infantry, mechanized units. These forces could be used for political blackmail, and they could threaten our vital interests unless we and our allies and friends have our own military strength and conventional forces as a counterbalance.<sup>10</sup>

To counter perceived threat of Soviet "expansionism" the Carter Administration developed a Rapid Deployment Force (RDF), an interventionist instrument designed to demonstrate U.S. willingness to project conventional and possibly nuclear forces to areas judged vital to U.S. interests. Eugene V. Rostow told a meeting of the influential Committee on Foreign Relations that "adequate military strength deployed in key areas around the world"

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<sup>10</sup>U.S. Presidents, "Address at Wake-Forest University, Winston-Salem, North Carolina, March 17, 1978," Public Papers of the Presidents of the United States, Jimmy Carter, (Washington, D.C.: U.S. Government Printing Office, 1978), p. 531.

would preserve "a progressive and integrated capitalist world economy . . . ."11 General Maxwell Taylor, who as chairman of the Joint Chief of Staff under Kennedy had been responsible for "flexible response," put forth a theme of U.S. interventionism by pointing out the RDF would counter threats

. . . arising from Soviet malevolence supported by growing military power, the dependence of the United States and allies on Mideast oil and the turbulence of the developing world, where most of the overseas sources of important raw materials are found.12

In order to justify the projection of U.S. military power to protect its access to vital resources, President Carter said, "We must understand that not every instance of the firm application of power is a potential Vietnam."<sup>13</sup> Yet, to rationalize United States active involvement in the region, National Security Adviser Zbigniew Brzezinski developed the theory of "central security zones."

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<sup>11</sup>Eugene V. Rostow statement made to Committee on Foreign Relations, U.S. Senate, June 22, 1981, quoted in Christopher Paine, "On the Beach: The Rapid Deployment Force and the Nuclear Arms Race," Rapid Deployment and Nuclear War, MERIP Reports, No. 111, Vol. 13, No. 1, January, 1983, p. 4.

<sup>12</sup>Maxwell D. Taylor, "The Way to Rearm," Washington Post, February 1, 1980, p. A17.

<sup>13</sup>George C. Wilson, "U.S. to Talk to Saudis on Using Bases," Washington Post, December 18, 1979, p. 1

According to Brzezinski, Western Europe, the Far East, and the Middle East are of paramount importance to the attainment of U.S. strategic, political, and economic interests. Therefore, "The denial of any one of these zones to the U.S.," he said, "would have significantly negative consequences. And a threat to the security of any one (zone) is an automatic threat to the security of the other two."<sup>14</sup>

The Carter Administration was obviously willing to use force to counter any threat to the security and stability of the three zones. Brzezinski told the Economic Club of Chicago on December 18, 1979, that:

The Rapid Deployment Forces of the United States, which are currently being developed, will give us the capability to respond quickly, effectively and perhaps even preemptively in those parts of the world where our vital interests might be engaged and where there are no permanently stationed American forces.<sup>15</sup>

To create an anti-communist bastion in the Middle East and to strengthen the forces of "containment," the United States worked to enhance the internal military capabilities of regional allies, to provide economic aid and political support to maintain stability, and to bring about a

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<sup>14</sup>Patrick Oster, "Brzezinski Poses Prospect of Using Preemptive Force," Washington Post, December 20, 1979, p. 22.

<sup>15</sup>Ibid.

favorable solution to the Arab-Israeli conflict. Peace, as Secretary of State Cyrus Vance pointed out, "would strengthen the security of the states in the region, bring a greater measure of stability to the area, and lessen the chances for conflict which the Soviets could exploit."<sup>16</sup>

The proposed 1981 defense budget of \$159 billion focused "special attention and resources on the improvement of capabilities to get personnel and equipment quickly to potential trouble areas like the Middle East, Persian Gulf and Arabian Sea areas."<sup>17</sup> For this purpose \$606 million were to be used in fiscal year 1981 to strengthen the Rapid Deployment Forces.<sup>18</sup> The United States' ability to deploy forces to the Gulf region reflected high

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<sup>16</sup>U.S. Department of State, Bureau of Public Affairs, Meeting the Challenge in Southwest Asia, A Statement by Secretary of State Cyrus Vance before the Subcommittee on State, Justice, Commerce, the Judiciary of the Senate Appropriations Committee, Current Policy No. 135, Washington, D.C., February 1, 1980, p. 2.

<sup>17</sup>Michael Klare, "Have RDF--Will Travel," The Nation, March 8, 1980, quoted in Joe Stork, "The Carter Doctrine and U.S. Bases in the Middle East," MERIP Reports, No. 90, p. 4.

<sup>18</sup>U.S. Congress, Senate, Proposed Amendment to the Request for Appropriations for Fiscal Year 1981, Communication from the President of the United States, (Senate Document No. 96-69), 96th Cong. 2nd session, (Washington, D.C., U.S. Government Printing Office, 1980), p. 4.

administration concern for the stability of the region and the security of Western oil interests. President Carter told the nation in October 1980:

When I came into office, I found that we had little capability for quick action in the critical Persian Gulf region. Now we have prepositioned equipment for 12,000 Marines and munitions for 500 aircraft. We've arranged for the use of five different sites in the region. We've deployed two carrier task forces in the Indian Ocean. They give us air and naval superiority to act instantly to keep open the Straits of Hormuz, through which much of the world oil trade flows.<sup>19</sup>

The United States also "maintained 199 military facilities in active status in the Mediterranean,"<sup>20</sup> and worked to attain access to facilities in Egypt, Oman, Saudi Arabia and Jordan. In short, United States military deployments under Carter were designed to reassure allies in Egypt and the Gulf in the wake of the Iranian crisis and the Soviet invasion of Afghanistan. Deployment of forces was also meant to reinforce the U.S. strategic design by luring the conservative countries into a new

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<sup>19</sup>U.S. Presidents, "Foreign Policy: Radio Address to the Nation, October 19, 1980," Public Papers of the Presidents of the United States, Jimmy Carter, (Washington, D.C.: U.S. Government Printing Office, 1982), p. 2337.

<sup>20</sup>Joe Stork, "The Carter Doctrine," MERIP Reports, N. 90, p. 6.

anti-Soviet alliance. The Carter Administration apparently assumed that by playing up the Soviet threat it could bring together its conservative allies, and thus gain their support and endorsement of the Camp David Accords. However, such a design proved shortsighted. It managed only to bring Egypt and Israel together in an anti-Soviet coalition, while its major purpose, contrary to expectations, brought about negative repercussions as it isolated Egypt in the Arab World and undermined its relations with its conservative allies.

Similarly, under the Reagan Administration, a great emphasis was placed on countering alleged "Soviet expansionism." The Soviet Union's actions in the Third World were presented as constituting a "global threat" to world order. U.S. policy-makers portrayed a close link between turmoil in the Third World and Soviet expansionism. President Reagan told an Israeli Bond Drive in 1978 that "there is an evil influence throughout the world. In every one of the far-flung trouble spots, dig deep enough and you'll find the Soviet Union stirring a witch's brew, furthering its own imperialistic ambitions."<sup>21</sup> On another

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<sup>21</sup>The New Republic, April 15, 1978, quoted in MERIP Reports, No. 111, p. 4.

occasion, the President told the Wall Street Journal that "the Soviet Union underlies all the unrest that is going on. If they weren't engaged in this game of dominoes, there wouldn't be any hotspots in the world."<sup>22</sup> Furthermore, in summarizing global changes that required a "new outlook" to foreign policy, former Secretary of State Alexander Haig said:

The prospects for peaceful progress have been overshadowed, not only by regional conflict but also by the emergence of the Soviet Union as a global military power. The Soviets have chosen to use their power to take advantage of instability, especially in the developing world. They have become bolder in the promotion of violent change.<sup>23</sup>

To "contain" the growing Soviet challenge, "the United States and its allies," Haig indicated, "are working with regional partners to arrest the trend toward violence and instability."<sup>24</sup> The implementation of this strategic approach to U.S. foreign policy with respect to

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<sup>22</sup>The Wall Street Journal, June 3, 1980.

<sup>23</sup>U.S. Department of State, Bureau of Public Affairs, A Strategic Approach to American Foreign Policy, An address by Secretary Haig before the American Bar Association in New Orleans, Current Policy No. 305, Washington, D.C., August 11, 1981, p. 1.

<sup>24</sup>Ibid., p. 2.



the Middle East required the strengthening of a "regional strategic consensus," developed under Carter, among states in the area directed against the Soviet Union.<sup>25</sup>

In addition, in order to consolidate its presence in the region the United States promised to continue provide military equipment to its regional allies. In fact, the Reagan Administration showed less restraint than Carter in transferring arms to the Third World as it sought to use arms as a foreign policy instrument to protect its strategic interests overseas. In May 1977, President Carter had issued a directive restricting the transfer of arms to the Third World. Despite the inconsistency of the directive, it managed to place selective limits to the transfer of arms to certain countries. The directive restricted the transfer of arms to third parties, established a dollar ceiling for total U.S. sales, and linked arms transfer to progress on human rights.<sup>26</sup> However, under the Reagan Administration, all such restraints were

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<sup>25</sup>Bernard Gwertzman, "Haig Says U.S. Seeks Consensus Strategy in the Middle East," New York Times, March 20, 1981, p. 4.

<sup>26</sup>World Armaments and Disarmament, SIPRI Year Book, 1982, (London: Taylor & Francis Ltd., 1982), p. 177.

removed. The President issued a new Presidential Directive on arms transfers in July 1981. The directive used alleged and potential Soviet expansion as a rationale for increased U.S. arms transfers to the Third World. It stated that:

The United States cannot defend the free world's interests alone. The United States must, in today's world, not only strengthen its own military capabilities, but be prepared to help its friends and allies to strengthen theirs through the transfer of conventional arms and other forms of security assistance. Such transfers complement American security commitments and serve important United States objectives. The United States therefore views the transfer of conventional arms and other defense articles as an essential element of its global posture and an indispensable component of its foreign policy . . . .<sup>28</sup>

Accordingly, to achieve the foreign policy goals of the United States, Middle Eastern countries were encouraged to buy arms to "defend" themselves against external "aggression." Of the \$53,139.4 million worldwide in the foreign military sales cash program between 1977-1982, the Middle East received \$27,325.9 million, or 51 percent. And of the foreign military sales financing which reached \$14,681.2 million between 1977-1981, the Middle East's

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<sup>27</sup> The White House, Office of the Press Secretary, President Directive on conventional arms transfer policy, July 9, 1981, quoted in *ibid.*, p. 179.

share was \$11,418.9 million, or 78 percent.<sup>28</sup>

Moreover, the Reagan Administration promised to strengthen the Rapid Deployment Force to defend the internal structure of the Gulf states. President Reagan's desire to protect the Saudi royal family against both internal and external threats was unequivocally stated: "Saudi Arabia we will not permit to be an Iran," he said.<sup>29</sup> Furthermore, former Secretary of State Henry Kissinger, an occasional adviser to Reagan, told The Economist that "the countries in the Gulf have to understand that we are prepared to protect both their domestic structure and their frontiers."<sup>30</sup> Secretary of Defense Casper W. Weinberger also associated the development of U.S. nuclear and conventional capabilities with the Middle East. "Our FY 1983-87 programs," he said, "Place increased emphasis on our ability to project forces into Southwest Asia."<sup>31</sup>

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<sup>28</sup> Joe Stork and Jim Paul, "Arms Sales and the Militarization of the Middle East," MERIP Reports, The Arms Race in the Middle East, No. 112, Vol. 13, No. 2, February 1983, p. 12.

<sup>29</sup> New York Times, October 18, 1981.

<sup>30</sup> The Economist, November 13, 1982.

<sup>31</sup> Casper W. Weinberg, Annual Report to Congress, Fiscal Year 1982, p. 111, quoted in MERIP Reports, No. 111, p. 4.

Weinberger further pointed out that, "For the region of the Persian Gulf, in particular, our strategy is based on the concept that the prospect of combat with the U.S. and other friendly forces, coupled with the prospect that we might carry the war to other arenas, is the most effective deterrent to Soviet aggression."<sup>32</sup>

#### U.S.-Egyptian Military Relations

In 1980, Harold Saunders told the Committee on Foreign Relations:

We do not want to get into a position where Egypt is made responsible for stabilizing the area in somewhat the same way we regarded Iran . . . . However, we do feel that there may be occasions when the Egyptian forces may be useful in one place or another--not on a large scale, but rather particular units in a situation, for instance, playing a role in Zaire, or closer by, in Oman or in Yemen, if there was a conflict in those areas.<sup>33</sup>

While pointing to changes in the international system that transformed the bipolar international structure and increased the level of interdependence among and between nations, Kissinger contended that one factor remained

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<sup>32</sup>The Annual Report, p. 14, quoted in *ibid*.

<sup>33</sup>U.S. Congress, Senate, Committee on Foreign Relations, FY 1981 Foreign Assistance Legislation, Hearing before the Committee on Foreign Relations, 96th Cong. 2nd session, (Washington, D.C.: U.S. Government Printing Office 1980), pp. 248-49.

constant: "All foreign policy still begins with security." Therefore, Kissinger continued, "a well-reasoned and carefully monitored policy of security assistance is a fundamental tool of our foreign policy in every major area."<sup>34</sup> The growing political-economic alliance between the United States and Egypt was consolidated by an emerging military alliance in the late 1970s and early 1980s. This military relationship marked a reversal of U.S. policies implemented in the 1950s and 1960s. The United States sought in the 1950s to forge a military alliance with Egypt as part of its global policy of containment. Egypt was to play a constructive role in undermining potential Soviet influence in the region. However, U.S. foreign policy goals clashed with Nasser's regional ambitions and his desire to keep the super powers away from direct involvement in Middle Eastern affairs. This, and other political differences, led to a deterioration of U.S.-Egyptian relations, and, as a result, the United States declined to provide military aid promised to Egypt in 1954.

The 1970s, however, brought about a fundamental change

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<sup>34</sup>U.S. Congress, Senate, Committee on Foreign Relations, Foreign Assistance Authorization Arms Sales Issues, Hearing before the Subcommittee on Foreign Assistance of the Committee on Foreign Relations, 94th Cong. 2nd session, (Washington, D.C.: U.S. Government Printing Office, 1976), p. 241.

in the nature of relations between the two countries. U.S.-Egyptian interests converged; each side had its own particular reasons to seek a peaceful solution to the Arab-Israeli conflict, and both were willing to forge an alliance to curb Soviet influence and undermine regional radicalism. As a result, Egypt came to play a dominant role in United States regional strategy. For the United States, the fall of the Shah made an Egyptian-Israeli settlement more desirable, which was regarded as the first necessary step towards a new pro-Western alignment in the Middle East. The collapse of the Shah's regime in Iran ended his role as the "policeman" of the Gulf region. President Carter then sought to fill the vacuum by forming a de facto anti-communist alliance with Egypt, Israel and Saudi Arabia. It was believed in Washington that once a peace treaty between Egypt and Israel was signed, Egyptian armed forces would play the surrogate role once played by Iran. On his part, Sadat assumed that "a peace treaty with Israel would enable him to play the policeman's role, provided he receive[d] some arms aid from the U.S."<sup>35</sup>

One of Sadat's goals was obviously to build a military alliance with the United States that would complement and

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<sup>35</sup> Newsweek, March 5, 1979, pp. 65-66.

consolidate the political-economic relationship between the two countries. Consequently, in addition to his willingness to endorse United States' peace proposals, and his support of U.S. regional policies, Sadat offered to give military facilities to the United States in the aftermath of the Soviet invasion of Afghanistan. In his response to Arab critics, Sadat said:

All those sheikhdoms on the Gulf, Saudi Arabia included, know perfectly well that their protection comes from America . . . . I announced that if any Arab country in the Gulf is exposed to a foreign threat and asks America to go in and rescue it . . . . I announced that I would give America facilities before America asks . . . ."36

On another occasion Sadat told October magazine that American bases would not undermine Egypt's sovereignty, for he argued that, "Although the United States has big bases in Britain, we never read in the British newspapers that America is occupying Britain." Sadat went even further to state, "I would not be at all afraid to join NATO."<sup>37</sup>

Resumption of U.S. military aid to Egypt started in 1978 with the sale of six "non-lethal" C-130 transport planes. When Sadat visited the United States in 1975,

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<sup>36</sup> Al-Ahram, January 29, 1980 quoted in David Hirst and Irene Beeson, Sadat, (London: Faber and Faber, 1981), p. 347.

<sup>37</sup> October Magazine, April 25, 1981, quoted in *ibid.*, p.348.

Henry Kissinger and the U.S. Ambassador to Egypt, Herman Elites, urged Sadat to seek economic aid and to demonstrate Egypt's peaceful goals, for the time was not politically appropriate for an arms sale.<sup>38</sup> Sadat's endorsement of Kissinger's peace proposals, however, and his abrogation of the treaty of friendship with the Soviet Union removed the political inhibitions to the transfer of military equipment and arms to Egypt. Sadat's rupture of his relations with Russia gave the United States a signal that Egypt was clearly dissociating itself from previous course and starting a new relationship with the United States. At the end of 1976 Sadat informed visiting U.S. Senators that the United States had an "obligation" to provide military assistance to Egypt, since "I have proved myself to you."<sup>39</sup> The United States consequently responded to these developments by providing Egypt with six C-130 planes.<sup>40</sup> Furthermore, in 1977, the Carter Administration proposed to sell Egypt an additional 14 C-130 aircraft

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<sup>38</sup>Joe Stork, The Carter Doctrine and U.S. Bases, MERIP Reports, The Vietnam Syndrome No. 90, September 1980, p. 7.

<sup>39</sup>Washington Post, November 14, 1976, quoted in ibid.

<sup>40</sup>U.S. Congress, House, Committee on International Relations, Proposed Sales to Egypt of C-130 Aircraft and Makeup Hearing before the Subcommittee on International and Military Affairs of the Committee on International Relations, 94th Cong. 2nd session, (Washington, D.C.: U.S. Government Printing Office, 1976), p. 13



valued at \$184.4 million in addition to remotely piloted reconnaissance vehicles (RPV's) with an estimated value of \$66.5 million.<sup>41</sup> In 1978 the Administration provided 50 F5E aircraft to Egypt at an estimated cost of \$590 million.<sup>42</sup> However, U.S. security assistance to Egypt changed substantially after the signing of the Egyptian-Israeli peace treaty, and as a price for peace, the United States provided Egypt with \$1.5 billion in military aid.

In accordance with the \$1.5 billion aid program, the Administration, in August 1979, requested the sale of 35 F-4E aircraft and 70 Sparrow and 500 Maverick missiles at a total of \$594 million. The Administration also promised to provide 12 improved Hawk missile batteries and missiles valued at \$560 million, and 700 armored personnel

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<sup>41</sup>U.S. Congress, House, Committee on International Relations, Proposed Sales of Military Equipment and Services to Egypt, Hearing before the Subcommittee on Europe and the Middle East of the Committee on International Relations, 95th Cong. 1st session, (Washington, D.C.: U.S. Government Printing Office, 1977), p. 3.

<sup>42</sup>U.S. Congress, Senate, Committee on Foreign Relations, Middle East Arms Sales Proposals, Hearing before the Committee on Foreign Relations, 95th Cong. 2nd session, (Washington, D.C.: U.S. Government Printing Office, 1978), p. 2.

carriers and other military vehicles totaling \$134 million.<sup>43</sup> For fiscal year 1981-1982, Egypt proposed to buy 244 M-60 tanks, 40 F-16 aircraft, 550 armored personnel carriers (APC), and one Hawk battery.<sup>44</sup> Table 11 lists major equipment ordered by Egypt between 1979 and 1982. The Carter Administration also promised to provide between \$2.5 to \$6 billion for updating Egypt's aging military equipment.<sup>45</sup>

The bulk of U.S. military aid to Egypt was provided under the Foreign Military Sales Financing Program, which included grants, loans, and credit sales with long-term low-interest rates. Direct military aid to Egypt started in 1979 after the signing of the Egyptian-Israeli peace treaty. Before the treaty was signed, Saudi Arabia, the major financial backer of Sadat, used to pay for military purchase from the United States. Yet, when Saudi Arabia terminated

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<sup>43</sup>U.S. Congress, Senate, Committee on Foreign Affairs, Proposed Arms Sales for Countries in the Middle East, Hearing before the Subcommittee on Europe and the Middle East of the Committee on Foreign Affairs, 96th Cong. 1st session, (Washington, D.C.: U.S. Government Printing Office, 1979),p.1.

<sup>44</sup>U.S. Congress, House, Committee on Appropriations. Foreign Assistance and Related Programs Appropriations for 1981, Hearing before a Subcommittee of the Committee on Appropriations, Pt. 4, 96th Cong. 2nd session, (Washington, D.C.: U.S. Government Printing Office, 1980), p. 158.

<sup>45</sup>George C. Wilson, "Carter Wants to Shore Up Egypt's Arms," Washington Post, December 11, 1979, p. 12

Table 11

Selected Major Equipment Ordered  
1979-1982

Year	Number	Description
1979	35	F-4E Aircraft
	50	M-113 A2 APC
1980	11	1-Hawk batteries
	4	TPS - 59 Radar
	8	TPS - 63 Radar
	12	Tow Launcher/Missiles
	311	M-60 A3 tanks
	686	M-113 A2 APC
1981	40	F-16 Aircraft
	15	CH-47 Helicopters
	1	Tow Vehicles/Missiles (1600)
	128	M-60 A3 tanks
	478	M-113 A2 APC
1982	40	F-16 Aircraft
	300	Aim 9L Missiles
	220	M-60 A3 tanks

Source: U.S. Congress, Senate, Committee on Foreign Relations, Fiscal Year 1983 Security Assistance, Hearing before the Committee on Foreign Relations, 97th Cong. 2nd session, (Washington, D.C.: U.S. Government Printing Office, 1982), pp. 114-115.

civilian and military aid in reaction to Sadat's signing of a separate peace with Israel, the United States offered its assistance. The United States, in fact, extended a total of \$2.95 billion under the foreign military sales financing program between 1979 and 1982. Moreover, the U.S. Military Education and Training Program to Egypt jumped from \$183 thousand in 1978 to \$2.354 million in 1982. The number of students trained under the International Military Education and Training Program jumped from 12 in 1978 to 348 in 1982.<sup>46</sup> Egypt also became the second largest recipient of the Overseas Military Management Program in the Middle East, which provides Department of Defense (DOD) supervision of military plans.<sup>47</sup> Table 12 shows major foreign military sales agreements between the U.S. and Egypt during 1976 and 1982.

The transfer of U.S. arms to Egypt reflected a general trend in United States military supplies to the region. One well-informed analyst of the changed nature of U.S. arms transfers to the region characterized U.S. policy as follows:

(i) U.S. policy has been reversed from a politically

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<sup>46</sup>U.S. Department of Defense, Security Assistance Agency, Foreign Military Sales, Foreign Military Construction, Sales and Military Assistance Facts as of September 1982, pp. 20, 61, 74.

<sup>47</sup>Joe Stork and Jim Paul, "Arms Sales and the Militarization of the Middle East," MERIP Reports, The Arms Race in the Middle East, No. 112, Vol. 13, No. 2, February 1983, p. 11.

Table 12

Foreign Military Sales Agreements  
(Dollars in Thousands)

Fiscal Year	Dollar Amount
1976	66,179
1977	890
1978	161,874
1979	427,467
1980	2,286,389
1981	323,634
1982	2,102,734

Source: Foreign Military Sales, Foreign Military Construction Sales and Military Assistance Facts as of September 1982.

- motivated restrictive policy to a commercially motivated marketing policy;
- (ii) The supply of weapons, formerly a secondary tool of American diplomacy, has become the standard incentive offered to Middle Eastern nations when concessions of one sort or another are demanded from them;
  - (iii) Limitation on arms sales motivated by arms control considerations have been virtually abandoned; and,
  - (iv) Restrictions on arms sales motivated by security considerations have also been waived in almost every instance.<sup>48</sup>

The transfer of arms to Egypt became a foreign policy instrument in both Democratic and Republican administrations. James L. Buckley, Under Secretary of State for Security Assistance under Reagan, said that security assistance programs strengthened the internal capabilities of regional allies against external threat, increased U.S. access to facilities, ports and bases (thus reducing the prospects of U.S. direct involvement), and contributed to the stability of certain regimes.<sup>49</sup> Carter's Secretary of Defense, Harold Brown, put the matter of arms transfers to

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<sup>48</sup>U.S. Congress, House, Committee on Appropriations, Foreign Assistance and Related Agencies Appropriations for 1978, Pt. 3, Hearing before a Subcommittee of the Committee on Appropriations, 95th Cong. 1st session, (Washington, D.C.: U.S. Government Printing Office, 1978), p. 706.

<sup>49</sup>U.S. Congress, House, Committee on Appropriations, Foreign Assistance and Related Programs Appropriations for 1982, Pt. 2, Hearing before a Subcommittee of the Committee on Appropriations, 97th Cong. 1st session, (Washington, D.C.: U.S. Government Printing Office, 1981), p. 165.

the Middle East in the context of continuing U.S. security interests in the region. Brown asked:

Will the United States actively pursue its national security interests in the Middle East by helping to assure the survival and the vitality of each of these friends, Israel, Egypt, and Saudi Arabia . . . . Or, will the United States instead remain aloof and allow the future of the Middle East . . . and therefore, in large measure, its own future . . . to be shaped by others.<sup>50</sup>

Although economic factors played a minor role in U.S. arms transfers to Egypt, they were useful to persuade Congress and the public. It was stated, for instance, that the transfer of U.S. arms is always cheaper than sending United States troops. An Egyptian soldier costs \$2,100 while a U.S. soldier in Egypt would cost \$150,000 per year. Arms transfer, it was argued, also helps improve the balance of trade and creates some 800,000 jobs in the U.S.<sup>51</sup>

The transfer of arms helped the United States gain influence and leverage over Egypt. The sale of the 50 F-5Es to Egypt in 1978, for instance, was partially motivated by Washington's desire to keep the peace process between Egypt and Israel on track, by showing Sadat that

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<sup>50</sup>Middle East Arms Sales Proposals, p. 18.

<sup>51</sup>World Armaments and Disarmaments, p. 180.

his 1977 trip to Jerusalem was a welcome sign of a desire for peace. It was also meant to dissuade Sadat from breaking off the talks with Israel after they reached a deadlock by early 1978.<sup>52</sup> Pentagon officials have also indicated that "modernizing the equipment of the Egyptian forces and establishing close relations between the U.S. and Egyptian military" was a good response to "the profound shift in Egypt's orientation."<sup>53</sup> The foreign policy orientation of the Egyptian state under Sadat was a major determining factor for increased U.S. arms sales. In defending the sale of 50 F-5Es aircraft to Egypt in 1978, President Carter said:

Egypt was closely allied with the Soviet Union and was completely dependent upon Russia to give them their military weapons. Since then, Egypt has moved toward us, and now Sadat and I have the closest possible personal relationship, and Egypt is one of our own closest possible friends. So we cannot leave Egypt defenseless.<sup>54</sup>

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<sup>52</sup> Andrew J. Pierre, The Global Politics of Arms Sales, (Princeton: University Press, 1982), p. 16.

<sup>53</sup> Joe Stork and Jim Paul, "Arms Sales," MERIP Reports, No. 112, p. 8.

<sup>54</sup> U.S. Presidents, Public Papers of the Presidents of the United States, Jimmy Carter, February 4, 1978, (Washington, D.C.: U.S. Government Printing Office, 1978), p. 368.



Security assistance was aimed at the maintenance not only of regional stability but also of the internal strength of the Sadat regime. The stability of Sadat's regime was considered of paramount importance to the continued interest of the United States. David E. McGiffert, director of the Pentagon International Security Affairs Office under Carter, told the Senate Foreign Relations Committee that "Sadat's political leadership and Egypt's strategic location are so important to the West that the United States should do what it can to keep Sadat in power."<sup>55</sup> The importance of maintaining a stable regime in Egypt was further underscored by Secretary of State Haig, who pointed out, "There is no alternative to a strong, Western-oriented Egypt."<sup>56</sup>

In addition, under Sadat Egypt became an anti-communist center in the Middle East. The \$1.5 billion in military aid was extended under the guise of meeting the the continuing security needs of Egypt. Harold Saunders claimed that the security needs of Egypt stretch far beyond the Arab-Israeli context; that the security of Sudan and the Nile, and countering other Soviet influence in radical

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<sup>55</sup>Washington Post, December 11, 1979, p. 12.

<sup>56</sup>Foreign Assistance and Related Programs 1982, Pt. 2, p. 100.

countries, are important to the security of Egypt.<sup>57</sup> "Now," Harold Saunders asked, after signing the peace treaty with Israel, "what threats does Egypt face?" He responded by saying, "I think it is apparent that Egypt needs a defensive force against a variety of potential radical adversaries in the area surrounding it. Egypt feels the need to be a force for moderation in that surrounding area, and we welcome it as such."<sup>58</sup>

Dealing with external threats meant that Sadat would play the surrogate role of assisting U.S. plans for regional stabilization. First, Egypt provided assistance to Somalia, where fifty Egyptian military advisors were stationed to organize and train Somalia's troops against Ethiopia. In addition, thousands of Egyptian troops were stationed along the Egyptian-Libyan border, and Egypt provided assistance to Libyan opposition groups operating from Cairo to topple Khadafi. In Chad, Egypt supported former Defense

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<sup>57</sup>Proposed Arms Sales for Countries in the Middle East, p. 2.

<sup>58</sup>U.S. Congress, House, Committee on Foreign Affairs, Supplemental 1979 Middle East Aid Package for Israel and Egypt, Hearings and Makeup before the Committee on Foreign Affairs and its Subcommittee on International Security and Scientific Affairs in Europe and the Middle East, 96th Cong. 1st session, (Washington, D.C.: U.S. Government Printing Office 1979), p. 139.

Minister Hissene Habre, who resisted the Libyan-backed government. Habre later staged a CIA-backed coup d'etat, as reported by ABC news in June 1983, and took over the government. Yet, in June 1983, his government faced a new Libyan-backed rebellion from the North led by President Goukhouni Waddei, and to counter the rebels, Egypt stepped up military deliveries to Chad. One Egyptian official did not rule out the possibility of direct intervention if the national army failed to suppress the rebels. The army, the official maintained, lacked training adequate "to cope with the type of arms they need to defeat the rebels."<sup>59</sup>

Egypt also worked to guarantee continued stability in Sudan. A senior official in the Egyptian Foreign Ministry said: "We consider any aggression against Sudan direct aggression against Egypt." Thus, to counter any threat to Sudan, Egypt was prepared to "use military force totally," according to Egyptian officials.<sup>60</sup> To demonstrate Egypt's willingness to use force to maintain regional stability,

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<sup>59</sup>James Dorsey, "Chad's Rebel War Threatens to Draw in Other African States," Christian Science Monitor, July 8, 1983, p. 7.

<sup>60</sup>David Ignatius, "Sadat's Stand: Egypt's Russian Policy Grows More Hawkish in Mid-East and Africa," Wall Street Journal, February 9, 1981, p. 1.

a senior official in the Foreign Ministry said, "If there is any foreign move or subversive action that threatens Saudi Arabia we are willing to commit our forces to help them."<sup>61</sup>

The delivery of the 50 F-5E aircraft to Egypt in 1978 was meant to enhance Egypt's capability to counter Soviet influence in Africa, especially after Soviet and Cuban influence had increased in Ethiopia, Angola and Zaire. The Washington Post pointed out that "the F-50s would not stand a chance against the Israeli Force but represented a potent force in the context of Africa."<sup>62</sup>

Egypt has also played the role of an "arms conduit" in the region. Egypt has provided U.S. financed military assistance to the Afghan rebels since Soviet intervention in Afghanistan in 1979. The Reagan Administration approved Egypt's sale of 35 F-4 Phantoms in Turkey.<sup>63</sup> Egypt also agreed to establish training camps for Afghanistan rebels. The then defense chief, Lt. General Kamal Hassan Ali, said,

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<sup>61</sup>Ibid., p. 12.

<sup>62</sup>The Washington Post, October 7, 1978, quoted in Joe Store "The Carter Doctrine," MERIP Reports, No. 90, p. 7.

<sup>63</sup>Joe Stork and Jim Paul, "Arms Sales," MERIP Reports, No. 112, p. 9.

"We have prepared for receiving people of Afghanistan who want to share in the fight . . . . We'll do everything to help the people of Afghanistan help themselves."<sup>64</sup> Thus, the role that Egypt came to play in the late 1970s and early 1980s helped consolidate United States interests in the region. The divergence of interests and the mutual distrust of the 1950s and early 1960s was transformed into a "special relationship," a convergence of interests between Egypt and the United States in the 1970s and 1980s. As Secretary of State Cyrus Vance put it: "Under President Sadat's courageous leadership, Egypt is playing a key role in the search for Middle East peace and in the promotion of moderate policies globally. The United States clearly has an interest in a secure Egypt."<sup>65</sup>

In their public rhetoric, U.S. and Egyptian officials agreed that the "Soviet threat" was the central concern of both states. Kamal Hassan Ali discussed the new role that Egypt was to play in the region. The peace treaty with Israel would not lead to demobilization of forces, but it would only shift Egypt's emphasis from "a state of war to

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<sup>64</sup>William Caliborne, "U.S. Planes Test Egypt's Air Base. Americans Check Field's Suitability for Action in Area," Washington Post, January 9, 1980, p. 16.

<sup>65</sup>Middle East Arms Sales Proposals, 1978, p. 16.

a state of defense." Egyptian forces should then be prepared to counter what he called the "imminent dangers" from Soviet influence, and they should be "capable of movement in all directions, and action in all directions."<sup>66</sup>

Moreover, President Reagan outlined the "imminent danger" of Soviet penetrations in the region and expounded on the role that Egypt could play to halt Soviet "aggression." In the welcoming statement of Sadat, upon his visit to Washington in September 1981, President Reagan said:

External threats and foreign inspired subversion menace independence. As we both know, the only beneficiary of violence, chaos, and blind hatred will be our adversaries . . . . But good men . . . cooperating with one another, can and will prevail over evil.<sup>67</sup>

Secretary Haig in a news conference after Sadat's visit was asked about the meaning and implications of an anti-communist "strategic consensus." "You say who accepts it?" he exclaimed, "Clearly President Sadat not only accepts it but he was a leader in expressing his concern in this area."<sup>68</sup> Indeed, Sadat's concern about Soviet influence

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<sup>66</sup>Ned Temke, "Egypt Stepping Forward to Halt Soviet in Mideast," Christian Science Monitor, December 6, 1978.

<sup>67</sup>"Visit of Egyptian President Sadat," Department of State Bulletin, Vol. 81, No. 2054, September 1981, p. 51.

<sup>68</sup>Ibid., p. 57.

and his eagerness to join a regional pact to undermine radicalism was clearly stated by him. He said:

Much needs to be done to strengthen peace in the Arab world, in Africa, and in the Third World. New steps have to be taken to introduce a global balance that does not leave small nations under the mercy of those who possess the means of pressure and intervention [i.e., the Soviets].<sup>69</sup>

Access to military facilities in Egypt accomplished this common anti-Soviet objective. Egyptian bases compensated for American security and intelligence facilities lost in Iran, and they became strategically essential, along with Diego Garcia, Oman, and Somalia, as communist influence increased in Ethiopia, Aden and even Libya. As Secretary of Defense Harold Brown once pointed out, "Meeting the objective of deterrence will require a combination of local forces for self-defense, U.S. forces present in the area, and, if appropriate, U.S. and other forces capable of rapid deployment to reinforce threatened areas."<sup>70</sup> Egypt offered facilities to the United States at Ras Banas, and at Cairo West.<sup>71</sup> Furthermore, the United States used

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<sup>69</sup>Ibid., p. 52.

<sup>70</sup>Harold Brown, "What the Carter Doctrine Means to Me," MERIP Reports, No. 90, p. 22.

<sup>71</sup>Andres J. Pierre, The Global Politics of Arms Sales, p. 169.

Qena air base, in April 1980, in the abortive mission to save the hostages in Iran. Sadat, in acknowledging the use of the base by U.S. planes, said, "I have promised the American people that I shall give facilities for the rescue of the hostages and for the rescue of any Arab state on the Gulf."<sup>72</sup>

In the summer of 1980 the United States held a joint military exercise with Egypt. A squadron of F-4 pilots trained Egyptian pilots for three months.<sup>73</sup> The U.S. also sent two AWAC planes to Egypt to monitor the Egyptian-Libyan borders. Officials in Washington indicated that the AWACs were sent to "establish a precedent and to rehearse for several contingencies."<sup>74</sup> After a joint military exercise between the United States and Egypt in 1980, Defense Minister Kamal Hassan Ali pointed out that it was "to make it easier for the air forces of the United States to cross our skies and to land at our bases where they can get facilities."<sup>75</sup> It was also designed to "test the

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<sup>72</sup>Robert S. Dudney, "Egypt's Growing Importance for the U.S." U.S. News and World Report, Vol. 88, May 12, 1980, p. 39.

<sup>73</sup>Andrew Pierre, The Global Policies, p. 169.

<sup>74</sup>William Caliborne, "U.S. Planes," p. 18.

<sup>75</sup>Ibid., p. 1.



feasibility of facilities."<sup>76</sup> In 1981 4000 U.S. troops participated in a joint military exercise with Egypt.<sup>77</sup> In August 1983, 5000 men were sent to Egypt to take part in a military maneuver.<sup>78</sup> Lt. General James B. Ahman, Director of the Defense Security Assistance Agency, justified the 1983 \$1.3 billion in military aid to Egypt by pointing out that:

The Government of Egypt fully supports our security objectives in the Horn of Africa and the Persian Gulf. The Egyptians have offered their facilities for our use in helping to protect our strategic interests in the region. [Joint Military] [e]xercises Bright Star 81 and Bright Star 82 provided valuable experience, demonstrating what might be required of U.S. forces deployed to that area under combat conditions, and the exercises were examples of Egypt's commitment to align itself with the U.S. against Soviet incursions in the Middle East.<sup>79</sup>

#### Peace and U.S. Security Interests

United States-Egyptian relations were further cemented

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<sup>76</sup>Ibid., p. 16.

<sup>77</sup>William E. Farrell, "800 U.S. Paratroopers Open War Games in Egypt," New York Times, November 15, 1981, p. 21.

<sup>78</sup>ABC World News, August 16, 1983.

<sup>79</sup>U.S. Congress, House, Committee on Foreign Affairs, Foreign Assistance Legislation for Fiscal Year 1983, Pt. 3 Hearing and Makeup before the Subcommittee on Europe and the Middle East of the Committee on Foreign Affairs, 98th Cong. 1st session, (Washington, D.C.: U.S. Government Printing Office, 1983), p. 4.

by the Camp David Accords and the signing of a separate peace treaty between Egypt and Israel. While Sadat pursued peace to strengthen his country's alliance with the United States, Washington sought peace in order to enhance its regional influence and, at the same time, curb Soviet incursion into the Middle East. The United States interpretation of the promotion of peace simply implied a secure Israel, a pro-U.S. Egypt, a maintenance of the status quo in the area, and the containment of radical Arab movements. "I was convinced," Zbigniew Brzezinski, National Security Advisor under Carter, said, "that only through progress toward peace could the United States achieve both greater security for Israel and a more solid position for itself among the more moderate Arab states. In the process the Soviet Union would be frozen out of much of the Middle East."<sup>80</sup>

The achievement of a kind of "peace" and "stability" that would secure U.S. interests, namely oil, depended, as former Assistant Secretary for Near Eastern and South Asian Affairs indicated, "in large measure on Egypt's determination to adhere resolutely to its peace policy and

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<sup>80</sup>Zbigniew Brzezinski, Power and Principle. Memoirs of the National Security Advisor 1977-1981, (New York: Farrar Straus Giroux, 1983), p. 83.

to promote domestic capitalist economic development."<sup>81</sup> U.S. policy-makers assumed that Egypt's adherence to an American sponsored peace would set a precedent for the rest of the confrontationist states of the region, which, in turn, would consolidate the growing "pax Americana" and create a stable pro-U.S. regional order.<sup>82</sup> However, as Beverley M. Male argues,

The expectation that Egypt's decision to make peace with Israel would have a kind of domino effect on other Arab states, making them follow the Egyptian example, proved false because it was based on a mistaken assumption regarding the source of Egypt's once considerable influence in the Arab World.<sup>83</sup>

Sadat's peace initiative contributed instead to the resurgence of ideological schisms in the Arab world, for the Arab world was divided into three general camps. The "rejectionist camp" was led by Syria, Iraq, Libya, Algeria, and South Yemen. The "moderate camp" was led by Saudi

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<sup>81</sup>U.S. Department of State, Bureau of Public Affairs, Assistance Proposals for FY 1981, A Statement by Harold H. Saunders, Assistant Secretary For Near Eastern and South Asian Affairs before the Senate Committee on Foreign Relations, Current Policy No. 148, Washington, D.C., March 20, 1980, p. 3.

<sup>82</sup>Paul C. Bradley, The Camp David Peace Progress: A Study of Carter Administration Policies (1977-1980), (New Hampshire: Tompson & Rutter, 1981), p. 1.

<sup>83</sup>Beverley M. Male, "The Egypt-Israel Rapprochement: Its Implications for Peace in the Middle East," Australian Outlook, Vol. 33, No. 1, 1979, p. 55.

Arabia, which, in spite of its opposition to Sadat's bilateral approach and its fear of the regional repercussions--i.e., that the initiative would lead to a radical alignment of forces capable of outflanking the dominant regional conservatism--its criticism was mild in tone. The third camp was composed of Sudan, Morocco, and Oman, which extended support to Sadat.<sup>84</sup>

The conclusion of the peace treaty between Egypt and Israel sharply defined the new regional balance of power, and the Arab world became semi-unified in its call for the imposition of sanctions against the Sadat regime. Radical pressure on conservative regimes further led to a united call for the termination of diplomatic relations with Egypt.

However, Sadat's unilateralism gave impetus to an emerging regional polarization led by Iraq, Saudi Arabia, and Jordan on the one hand, and by Syria and Libya on the other.

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<sup>84</sup>Sabri Jiryis, "The Arab World at the Crossroad: An Analysis of the Arab Opposition to the Sadat Initiative," Journal of Palestine Studies, Vol. VII, No. 2, Winter 1978, pp. 33 and 53.

Arab Alignments Since March 1979<sup>85</sup>

<u>Syrian-Libyan Counter-Axis</u>	<u>Egyptian Bloc</u>	<u>Iraqi, Saudi Jordanian Axis</u>
Syria Libya	Egypt Sudan Oman Morocco Somalia	Iraq Saudi Arabia Jordan
<u>Affiliates</u>	<u>Neutral States</u>	<u>Affiliates</u>
PLO Algeria S. Yemen Lebanon	Tunisia Mauritania Djibouti	Kuwait UAE Bahrain Qatar N. Yemen

The peace treaty between Egypt and Israel also contributed to Israel's invasion of Lebanon and to the Iraqi-Iranian war. It ensured Israel's regional predominance by removing Egypt from the conflict and freeing Israel's hand on the other fronts.<sup>86</sup> Having fulfilled its aim to neutralize Egypt, Israel now could seek to impose conditions on the other small states. Israel's invasion of Lebanon in June 1982 was designed to establish a de facto recognition of the status quo. On the other hand, Iraq

<sup>85</sup>Alan R. Taylor, The Arab Balance of Power, (Syracuse: University Press, 1982), Appendix 7, p. 124.

<sup>86</sup>Patrick Seale, "The Egypt-Israel Peace Treaty and Its Implications," The World Today, Vol. 35, No. 5, May 1979, p. 192.

sought to regain regional predominance after the removal of Egypt from the regional balance of power. The short-lived (1978-1980) Iraqi-Syrian rapprochement, which was motivated by the desire to counter Sadat's bilateral peace proposals, presented Iraq with an opportunity to break a self-imposed isolationism and re-enter Arab politics. One of the reasons behind Iraq's launching of the war against Iran was to gain regional influence. Saddam Husayn thought that he could easily defeat Iran, change the regional balance of power in his favor, and emerge as the protector of Arab-Gulf interests. The formation of the Iraqi-Saudi-Jordanian axis in the aftermath of Sadat's peace with Israel might have induced Saddam Husayn to invade Iran, since his move was supported by Riyadh, Jordan, Kuwait, Qatar, the NAE, North Yemen, Tunisia, and Morocco.<sup>87</sup>

However, from the American viewpoint, the Egyptian-Israeli peace ensured Israel's security and led to a political-military alliance with Egypt. As President Carter stated in his memoirs:

A successful resolution at Camp David was necessary for this purpose--to release a large

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<sup>87</sup> Washington Post, September 25 and 30, 1980, in Alan R. Taylor, The Arab Balance of Power, p. 92.

portion of the Egyptian armed forces now marshaled along the Suez looking toward Israel, and to give a new impetus to a general search for peace. I pointed out that Sadat had five divisions lined up facing Israel; a peace treaty would let his friends in Sudan and Saudi Arabia, as well as his potential enemies in Libya and Ethiopia, know of this new Egyptian capability to act militarily if necessary.<sup>88</sup>

The Iranian revolution in 1979 and the fear of spreading turmoil and radicalism to the rest of the region led the Carter Administration into pressing for a peaceful settlement between Egypt and Israel.<sup>89</sup> When asked if he was pressing both Egypt and Israel for more concessions, President Carter said:

Yes, every day. We ask both sides to please be constructive, to please not freeze your position, to please continue to negotiate, to please yield on this proposal, to adopt this compromise. It would be horrible, I think, if we failed to reach a peaceful agreement between Israel and Egypt.<sup>90</sup>

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<sup>88</sup> Jimmy Carter, Keeping Faith. Memoirs of A President, (New York: Bantam Books, 1983), p. 384.

<sup>89</sup> Seth P. Tillman, The United States in the Middle East. Interest and Obstacles, (Bloomington: Indiana University Press, 1982), p. 30.

<sup>90</sup> New York Times, November 14, 1978, p. 6.

Peace and Israel's Security

The achievement of peace between Egypt and Israel also cemented the "special relationship" between the United States and Israel. As Vice President Walter Mondale stated: "Underlying this entire effort to promote the process of negotiations is our determination to maintain the military security of Israel."<sup>91</sup> And President Carter went further:

For 30 years we have stood at the side of the proud and independent nation of Israel. I can say without reservations as President of the United States that we will continue to do so not just for another 30 years, but forever . . . . The United States will never support any agreement or any action that places Israel's security in jeopardy.<sup>92</sup>

A separate peace between Egypt and Israel also served Israel's strategic interests in the region, for Israel was

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<sup>91</sup>U.S. Congress, House, Committee on Foreign Affairs, The Search for Peace in the Middle East. Documents and Statements 1967-79, Report prepared by the Subcommittee on Europe and the Middle East of the Committee on Foreign Affairs, 96th Cong. 1st session, (Washington, D.C.: U.S. Government Printing Office 1979), p. 314.

<sup>92</sup>U.S. Department of State, Bureau of Public Affairs, Peace in the Middle East. Achievement and Future Challenge, An address by Alfred L. Atherton, Jr. at the Conference on Examination of U.S. vital interests in the Middle East, Current Policy No. 63, Washington, D.C.: April 3, 1979, p. 4.



now recognized for the first time by the most powerful Arab country. The treaty also guaranteed normal relations between Egypt and Israel.

Furthermore, the peace treaty affirmed United States post-Sinai II commitments to Israel, and paved the way for generous new military aid. Two hours after the signing of the peace treaty, Secretary of State Cyrus Vance and Israel's Foreign Minister Moshe Dayan signed "a memorandum of agreement." The memorandum provided guarantees to Israel in the event of violations of the treaty. It stated that the United States "will consult with the parties with regard to measures to halt or prevent the violation . . . ," and that the United States "will take such remedial measures as it deems appropriate, which may include diplomatic, economic and military measures . . . ." The memorandum also stated that:

If Israel is attacked or its ports blockaded, the United States will consider "such measures as strengthening the United States presence in the area, the providing of emergency supplies to Israel and the exercise of maritime "rights" by the United States.

The United States will support Israel's right to navigation and airspace through and over the Straits of Tiran and the Gulf of Aqaba.

The United States will oppose any move in the United Nations that "adversely affects" the treaty.

With Congressional approval, the United States "will endeavor to be responsive to military and

economic assistance requirements of Israel."<sup>93</sup>

In turn, the United States promised a fifteen-year extension of its five years (post Sinai II) guarantee to supply Israel with oil if Israel failed to obtain it."<sup>94</sup> In addition, the U.S. promised to provide a grant of \$800 million for the construction of two new bases in the Negev Desert to replace the facilities Israel returned to Egypt.<sup>95</sup>

Moreover, as a price for peace the United States provided Israel with \$2.2 billion in long-term loans to help Israel purchase U.S. arms.<sup>96</sup> The Carter Administration offered Israel the most sophisticated weapons including M-60 tanks and F-15 and F-16 aircraft. Secretary of State Muskie pointed out that the Carter Administration had given Israel over \$10 billion in economic and military aid between 1976 and 1980. "In the past 4 years, we have

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<sup>93</sup>"The Middle East U.S. Policy, Israel, Oil and the Arabs," Congressional Quarterly Fourth Edition, (Washington, D.C.: Cong. Quart. Inc., 1979), p. 13.

<sup>94</sup>Ibid.

<sup>95</sup>Ibid., p. 10.

<sup>96</sup>Ibid., p. 52.

provided almost half of the American aid Israel has received in all of her 32 years."<sup>97</sup>

Sadat's Trip to Jerusalem

U.S. efforts to achieve peace in the Middle East were guided by the findings of the Brookings Institution, which emphasized, among other things, the urgency of reaching a comprehensive settlement to the conflict and the necessity of directly addressing the Palestinian problem.<sup>98</sup> Two elements were introduced under the Carter Administration. One was a "new approach" that would include the Palestinians. This was behind President Carter's call for a "homeland" for the Palestinians. The second element was the emphasis put on direct negotiations. Vice President Walter Mondale said: "We cannot conceive of genuine peace existing between countries who will not talk to one another."<sup>99</sup> The appeal for comprehensiveness, however,

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<sup>97</sup> U.S. Department of State, Bureau of Public Affairs, U.S. Interests in the Middle East, Address by Secretary Muskie and Ambassador S.L.M. Linowitz before the Economic Club of New York, Current Policy No. 242, Washington, D.C., October 28, 1980, p. 2.

<sup>98</sup> Zbigniew Brzezinski, Power and Principle, pp. 85-86.

<sup>99</sup> The Search for Peace in the Middle East, p. 314.

was never heeded. U.S. support for the Palestinians was part of a general strategy that aimed at countering Soviet influence by appealing to moderate Palestinians to endorse U.S. policies. Yet, Sadat's trip to Jerusalem offered the United States an opportunity to pursue peace with little consideration for the Palestinian cause.<sup>100</sup> Not unlike Kissinger's step-by-step approach, the Carter Administration first presented the Arab-Israeli conflict as a border conflict between Israel and Egypt, Israel and Jordan, and Israel and Syria. Such a strategy eventually served to isolate and undermine the Palestinians. After Sadat's peace initiative, Zbigniew Brzezinski developed a "concentric circles" approach to the Middle East. This piecemeal approach called for an emphasis on the Egyptian-Israeli talks, which were to be expanded to include the Palestinians and the West Bank and Gaza as well as the Jordanians, and finally to include the Syrians and the Russians in the final stages of a comprehensive peace.<sup>101</sup> Thus, when asked if the United States would oppose a separate deal between Egypt and Israel if the other Arabs

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<sup>100</sup>Beverly M. Male, "The Egypt-Israel Rapprochement," p. 57.

<sup>101</sup>Zbigniew Brzezinski, Power and Principle, p. 113.

refused to join, President Carter first stressed the undesirability of such a procedure. But there was a loophole: "If at some later date it became obvious that Jordan does not want peace or that Syria does not want peace or that Lebanon does not want peace . . . an alternative might have to be pursued."<sup>102</sup>

As for the Palestinians, Carter's declarations of a desire for the establishment of a homeland for the Palestinians was a foreign policy tactic designed to show the new course of U.S. policy towards the Third World. The new course emphasized "human rights" and justice for all humankind. However, Carter might have used the Palestinian cause to induce Sadat to make concessions to both Israel and the United States, and to camouflage U.S. intentions of reaching a separate peace between Egypt and Israel. Palestinian "rights," as expressed by Carter himself, never meant the creation of an independent state. In an interview in Georgia on December 25, 1977, President Carter said: "I've never favored a separate nation or an independent state for the Palestinians. I think that they

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<sup>102</sup>U.S. President, "The President's News Conference of November 30, 1977," Public Papers of the Presidents of the United States, Jimmy Carter, December 2, 1977 (Washington, D.C.: U.S. Government Printing Office, 1977), p. 2056.

ought to be tied in, in some way at least, with Jordan."<sup>103</sup>  
 Moreover, on the occasion of the first anniversary of the signing of the peace treaty, Carter said:

We will not negotiate with the Palestinian Liberation Organization, nor will we recognize the P.L.O. unless it accepts Resolutions 242 and 338 and recognizes Israel's right to exist. And we oppose the creation of an independent Palestinian state.<sup>104</sup>

To some extent, Sadat's trip to Jerusalem and his willingness to endorse American peace proposals induced the Carter Administration to seek some kind of peace arrangements between Egypt and Israel.

#### Secret Meetings

In Chapter II we discussed two secret meetings between the United States and Egypt that helped in the subsequent discussions over Sinai. Yet, by 1977 the political atmosphere had changed the intermediary role that the U.S.

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<sup>103</sup>U.S. Presidents, Public Papers of the Presidents of the United States, Jimmy Carter, December 31, 1977 (Washington, D.C.: U.S. Government Printing Office, 1977), p. 2173.

<sup>104</sup>U.S. Presidents, "First Anniversary of the Egyptian-Israeli Peace Treaty," Public Papers of the Presidents of the United States, Jimmy Carter, March 23, 1980 (Washington, D.C.: U.S. Government Printing Office 1978), p. 527.

had been playing between Egypt and Israel. The Carter Administration, as part of its peace strategy, encouraged direct contacts between the two parties. Israel's Foreign Minister Moshe Dayan held two meetings with Egypt's Deputy Premier Hassan Tuhami in Morocco, both arranged by King Hassan. The first meeting took place on September 16, 1977. It opened a dialogue between the two countries and marked the first step towards the breakdown of the "psychological barrier," which was assumed to be the cornerstone of the crisis between the Arab states and Israel. In the meeting Hassan Tuhami told Dayan:

It is our solemn request that you accept Sadat's words that he will respect all commitments and obligations as written. He is a man of principle, of honour, of nobility. If presented with a formula to which he can agree, Sadat will go with you all the way, for both you and we have vital interests in common.<sup>105</sup>

The second meeting took place on December 2, 1977, two weeks after Sadat's trip to Jerusalem. Dayan in Breakthrough revealed some of Sadat's commitments made to Israel in Jerusalem. Sadat, as Dayan pointed out, agreed in a discussion with Prime Minister Begin to three principles:

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<sup>105</sup> Moshe Dayan, Breakthrough. A Personal Account of the Egypt-Israel Peace Negotiations, (New York: Alfred A. Knopf, 1981), p. 48.

No more war between the two countries; the formal resotration of sovereignty over the Sinai peninsula to Egypt' and the demilitarization of most of the Sinai, with United Egyptian forces to be stationed only in the area adjoining the Suez Canal, including the Mitla and Gidi Passes.<sup>106</sup>

Sadat also agreed that "if Israel withdrew from Sinai, he would declare the Sharm e-Sheikh Straits an international waterway."<sup>107</sup>

Accordingly, in the second secret meeting between Dayan and Tuhami, Dayan presented a document that called for the establishment of a full peace treaty between Egypt and Israel.<sup>108</sup> Tuhami for his part asked that Israel remove its settlements in Sinai: "We insist on their evacuation," he said, and further added that Egypt cannot secure peace with Israel "as long as Israelis remain on our soil."<sup>109</sup>

Tuhami also presented a document that included a request for a general "linkage" or "guideline" for the solution of the conflict with the other parties.<sup>110</sup> The

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<sup>106</sup>Ibid., p. 91.

<sup>107</sup>Ibid., p. 93.

<sup>108</sup>Ibid.

<sup>109</sup>Ibid., p. 95.

<sup>110</sup>Ibid.



document also suggested "that Israel attach one of its men to the U.S. embassy in Cairo."<sup>111</sup> The two secret meetings, therefore, established a precedent for the conclusion of a separate peace between Egypt and Israel. Dayan maintained after the meetings that Sadat "knew what he wanted but not how to achieve it." Henceforth, he said, "I reached the conviction that unless the Americans could be involved and threw their weight behind the negotiations, the wheels of peace would remain at a standstill."<sup>112</sup>

#### The Peace Initiative

Commenting on Sadat's peace initiative, Menahem Begin said:

I was working on this meeting with President Sadat since I entered the prime minister's office-- we discussed it with Rumania's President Ceasescu, we discussed it with the secretary of state, Mr. Vance, and with the President of the U.S. . . . It did not come as a surprise . . . the element of surprise was in his decision to meet with me in Jerusalem.<sup>113</sup>

Sadat's peace initiative surfaced in a statement to the Egyptian People's Assembly on November 9, 1977, in which

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<sup>111</sup>Ibid., p. 96.

<sup>112</sup>Ibid., p. 97.

<sup>113</sup>Joe Stork, "Sadat's Desperate Mission," MERIP Reports No. 64, Vol. 8, No. 1, February 1978, p. 11.

he stated: "I am willing to go to Geneva, nay to the end of the world. In fact I know that Israel will be astounded when I say that I am ready to go to their very homes, to the Knessat, to debate with them."<sup>114</sup> On November 17, 1977, Begin extended a formal invitation to Sadat, and on the 19th of November, 1977, Sadat made his historic trip to Israel. However, what were the true motives behind Sadat's trip to Jerusalem? Was Sadat in a position that required him to seek peace with Israel? Or was Sadat pressured into taking the initiative by the United States?

Sadat's peace endeavor has been analyzed from several perspectives. Some have argued that Sadat's trip to Jerusalem might have been intended to show that, despite Egypt's dependence on United States' and Saudi aid, it could act independently.<sup>115</sup> Opposed to this view, Joe Stork has argued that the deteriorating economic situation in Egypt that led to the January 1977 demonstration required an external maneuver to conceal the crisis created by infitah. The Sadat regime assumed that the continuing war with Israel

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<sup>114</sup>Mahmud Riad, The Struggle for Peace in the Middle East, (London: Quartet Books, 1981), p. 307.

<sup>115</sup>Earl L. Sullivan, "The U.S. and Egypt: The Potential Crisis," World View, Vol. 22, No. 12, December 1979, p. 20.

was an impediment to progress and development, and thus a political settlement with Israel and an increased U.S. aid were considered sufficient to offset the economic crisis.<sup>116</sup>

A high ranking Egyptian official, for instance, expressed the same concerns when he told U.S. News & World Report:

If there is no progress towards peace, we will lose our entire rationale for governing. The liberalization, the open-door, the moderation of our stand towards Israel are all predicated on the American option. If you fail us we will be out of office.<sup>117</sup>

Moreover, Egypt's military weakness caused by Sadat's severance of his country's relations with Moscow might have induced him to seek peace with Israel. An Egyptian official bluntly stated: "We are scared. If the U.S. leaves us out on a limb, the Israelis will sooner or later attack."<sup>118</sup> Sadat also expressed Egypt's feeling of insecurity in the face of Israel's increasing military predominance. In a meeting with some American Congressmen, Sadat explicitly stated the dangers of over-arming Israel:

Thanks to you, to your Committee (the House Armed Services Committee) and what you

<sup>116</sup>Joe Stork, "Sadat's Desperate Mission," p. 6.

<sup>117</sup>Dennis Mullin, "Latest U.S. Peace Efforts: Will It Save Egypt's Sadat," U.S. News & World Report, August 15, 1977, p. 24.

<sup>118</sup>Ibid.

have given Israel in the way of the most modern and sophisticated weapons--thanks to this, I fear that one day you will discover that they (the Israelis) are a threat to you, because they can get anything they ask for. They can stand a war, and, as the report of your Ministry of Defense (the Pentagon) says, they can carry it on for six months without needing anything new from you.<sup>119</sup>

David Hirst and Irene Beeson attributed Sadat's peace initiative to his desire to "go-it-alone" and to conclude a separate peace with Israel. For instance, when Sadat called for a Cairo Conference after his visit to Jerusalem he was asked about Egypt's response if other Arab states stayed away from the conference. Sadat said, "It is for everyone to decide for himself. If only the Israelis come, I will start the conference." "Egypt and Israel alone?" he was asked. "Yes, Yes," he responded, "like I visited Jerusalem alone."<sup>120</sup> Sadat further told the Kuwaiti newspaper al-Siyasah that he was under great pressure from the Egyptian people "to proceed in a way that will guarantee Egypt's regional interests while ignoring the Arab cause."<sup>121</sup> Sadat's personal desire to be the first to

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<sup>119</sup> Al-Akhbar, November 13, 1977 quoted in David Hirst and Irene Beeson, Sadat, p. 281

<sup>120</sup> Ibid., p. 289.

<sup>121</sup> Al-Siyasah, December 10, 1977, quoted in ibid.

achieve peace in the region was apparent in his remarks to the October magazine, when he said:

There are some who blame me for my "thundering initiative." Why? Because normally in politics some one rides on a horse and expects the others to follow him. But I am riding a rocket. And all the Knights of Politics are panting behind me. They beg me for an opportunity to get their breath back.<sup>122</sup>

On the other hand, Egypt's continued economic problems were blamed on socialism internally and on the continued war with Israel externally. In order to improve the internal situation Sadat embarked on the process of economic privatization and ideological de-Nasserization. In the international dimension Sadat focused on a new rapprochement with the United States. He assumed that the United States was the only country capable of pressuring Israel and bringing about a peaceful settlement to the Arab-Israeli conflict.<sup>123</sup> Sadat's conviction in the United States' ability to bring about peace in the region was revealed in an exchange between himself and President Carter. When President Carter said, "I don't agree with you that America hold 99 percent of the cards in the (Middle East)

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<sup>122</sup>October, December 25, 1977 quoted in *ibid*.

<sup>123</sup>Marie Christine Aulas, "A Very Strange Peace," MERIP Reports, No. 82, Vol. 9, No. 9, November 1979, p. 19.

game," Sadat replied, "My dear Jimmy, you are right; it is not 99 percent, but 99.9 percent."<sup>124</sup> Thus, Sadat's eagerness to move closer to the United States induced the Carter Administration to ask for concessions.<sup>125</sup> In his first meeting with Sadat on April 4, 1977, President Carter asked him "about the ultimate achievement-- diplomatic recognition of Israel and exchange of Ambassadors." Sadat, Carter said, "shook his head emphatically and replied, 'Not in my lifetime!'"<sup>126</sup> However, when Carter "pushed him hard on the open-borders and diplomatic recognition points," Sadat conceded by saying, "It may be possible to have a clause at the end of the agreement saying that, if things go well, diplomatic recognition of Israel would come after five more years."<sup>127</sup>

President Carter might even have induced Sadat to go to Jerusalem. On his April trip, Sadat called for a "bold" change of existing realities, and pointed out that:

For so long we have been told that politics is immoral and that international relations are

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<sup>124</sup>October, March 19, 1979, quoted in David Hirst and Irene Beeson, Sadat, p. 342.

<sup>125</sup>Zbigniew Brzezinski, Power and Principle, p. 93.

<sup>126</sup>Jimmy Carter, Keeping Faith, p. 283.

<sup>127</sup>Ibid., p. 284.

not the domain of idealism or spirituality, but one of expediency and the pursuit of self-interests. But the unfortunate turn of events in the past decade and the suffering that has been inflicted upon many of our fellow men have shaken the foundations of these premises . . . . We had to re-examine the postulates which we have taken for granted or acquiesced to for centuries. A process of soul-searching became inevitable for the salvation of mankind.<sup>128</sup>

Carter responded to Sadat's concessions by pointing out that, "He's a man who has been courageous in proposing, boldly, new ideas and new concepts which might be the basis for peace in this troubled region of the world."<sup>129</sup>

Moreover, when the joint American-Russian statement on Geneva collapsed, the President "sent Sadat a handwritten note in the third week of October [1977], appealing to him to make a bold, statesmanlike move to help overcome the hurdles on the path to Geneva."<sup>130</sup> Carter's personal message, dated October 21, 1977, stated that:

When we met privately in the White House, I was deeply impressed and grateful for your promise to me that, at a crucial moment, I could count on your support when obstacles arose

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<sup>128</sup>U.S. Presidents, "Visit of President Anwar al-Sadat of Egypt," Public Papers of the Presidents of the United States, Jimmy Carter, April 4, 1977 (Washington, D.C.: U.S. Government Printing Office 1977), p. 562.

<sup>129</sup>Ibid., p. 567.

<sup>130</sup>Zbigniew Brzezinski, Power and Principle, p. 110

in our common search for peace in the Middle East. We have reached such a moment and I need your help.<sup>131</sup>

The "linkage" between President Carter's personal letter and Sadat's peace initiative was cited by Sadat in his memoirs. Sadat pointed out that the letter "included an up-to-date assessment of the situation, which directed my thinking for the first time toward the initiative I was to take two months later."<sup>132</sup> President Sadat went further to say:

President Carter knew of the tremendous psychological barrier that separated the two sides. It [the letter] indirectly suggested an entirely new course of action to me . . . I realized that we were about to be caught up in a terrible vicious circle . . . . And the root cause was none other than that very psychological barrier . . . .<sup>133</sup>

Thus, Sadat's trip was meant to break the psychological barrier. "It's a breakdown in 30 years, perhaps centuries of hatred," President Carter said.<sup>134</sup> Emphasis on the so-called "psychological barrier" was meant to transform the

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<sup>131</sup> Jimmy Carter, Keeping Faith, p. 295.

<sup>132</sup> Anwar al-Sadat, In Search of Identity. An Autobiography (New York: Harper & Row, 1978), p. 302.

<sup>133</sup> Ibid.

<sup>134</sup> U.S. Presidents, "Visit of President Anwar al-Sadat to Israel," Public Papers of the Presidents of the United States, Jimmy Carter, November 19, 1977, (Washington D.C.: U.S. Government Printing Office 1977), p. 2043.



ideological nature of the crisis. Whereas Kissinger presented the Arab-Israeli conflict as a "territorial" dispute, President Carter assumed that the roots of the crisis lay in the misunderstanding between the Arab states and Israel. Therefore, the U.S. pressured Sadat into adhering to the idea that peace could be achieved, if only there were a move to break down hatred and antagonism. The crucial role in Sadat's peace initiative was stated clearly by Sadat himself when he said, "I would have hesitated to embark upon this effort without the confidence that I could count upon Washington and its powerful help."<sup>135</sup>

Sadat's trip to Jerusalem helped the United States to accomplish two Israeli goals. According to President Carter, "One is this face-to-face negotiation possibility, and the other one is a recognition by a major Arab leader that Israel has a right to exist."<sup>136</sup> It also paved the way for Camp David and the peace treaty between Egypt and Israel.

#### Camp David

Sadat's trip to Jerusalem gave the United States an

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<sup>135</sup>"What role for U.S. in Mideast," U.S. News & World Report, December 19, 1977, p. 11

<sup>136</sup>Public Papers of Presidents, December 2, 1977, p. 2054.

impetus to undermine the call for Geneva by encouraging a bilateral settlement between Egypt and Israel. Thus, when negotiations reached a stalemate after Sadat's trip to Jerusalem, the Carter Administration decided to interfere by extending an invitation to Sadat and Begin to attend Camp David for a summit on September 5, 1978. Washington was apprehensive lest a deadlock should lead to reuniting the Arab front under a new radical leadership that would undermine the call for peace and stability and eventually lead to a renewal of hostilities between the Arab states and Israel.<sup>137</sup> The United States' fear of a radical counter-proposal to its peace statements was expressed by President Carter on July 28, 1978, when he wrote in his diary:

Sadat is meeting with the radical Arabs to try to repair his fences with them, which is not a good omen. My hope is that he still is depending on us and will accommodate what I propose.<sup>138</sup>

Thus, the United States aimed at creating a "peace" that would remove Egypt from the Arab confrontationist front, strengthen U.S. relations with Egypt, and, at the same time,

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<sup>137</sup>Seth P. Tillman, The United States and the Middle East, p. 25.

<sup>138</sup>Jimmy Carter, Keeping Faith, p. 315.

guarantee the security of Israel.

Egypt's bargaining position at Camp David was weak. Its weakness was due to Sadat's inability to pressure either the United States or Israel into a compromising position. Egypt's position was further affected by Sadat's visit to Jerusalem which "resulted in the severance of any military cooperation with the Eastern Front and the cutting off by the Arab oil-producing countries of economic aid and the financing of arms requirements to Egypt."<sup>139</sup> Consequently, Sadat acceded to Israeli and American pressure because his choices were obviously limited. Given the rejectionist atmosphere in the Arab world of his peace initiative, Sadat faced the choice of accepting humiliation by denouncing the separate peace as proposed by Israel or by accepting peace as a de facto result of desperation.<sup>140</sup> When Sadat appeared before the Israeli Knesset in 1977, he declared that "There can be no peace without the Palestinians" and that "an interim peace between Egypt and Israel, or between any Arab confrontation state and Israel, will not bring permanent peace based on justice in

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<sup>139</sup>Mahmoud Riad, The Struggle for Peace, p. 319.

<sup>140</sup>Ibid., p. 339.

the entire region."<sup>141</sup>

However, at Camp David Sadat was willing to make major concessions. He was willing not only to reverse his commitment not to reach an agreement over Sinai until the West Bank and Gaza problems were solved,<sup>142</sup> but also to forsake a comprehensive peace in order to achieve a separate deal with Israel. Sadat told Dayan in a meeting at Camp David:

I am now ready to make peace with you, a full and true peace, and ignore the opposition of the Arab States, but you must take all your people out of Sinai, the troops and the civilians, dismantle the military camps and remove the settlements.<sup>143</sup>

President Carter stated in his memoirs that Sadat's accommodationist style, and his acceptance of any proposal presented to him by the United States contributed significantly to the success of the Camp David accords. Commenting on Sadat's concessionary mood, President Carter said, "I would draft a proposal I considered reasonable, take it to Sadat for quick approval or slight modification, and then spend hours or days working on the same point with

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<sup>141</sup>New York Times, November 21, 1977, pp. 17, 18.

<sup>142</sup>Moshe Dayan, Breakthrough, p. 161.

<sup>143</sup>Ibid., p. 172.

the Israeli delegation."<sup>144</sup> The President went further to say:

While at Camp David, Sadat wanted to make Egypt's decisions himself, did not like to have aides present when he was with me, and seemed somewhat uncomfortable when they were around him . . . in Sadat's case, the leader was much more forthcoming than his chief advisers . . . .<sup>145</sup>

The Camp David accords contained two "unrelated" items. The first called for a conclusion of a peace treaty between Egypt and Israel, and the second, a Framework for Peace, called for "autonomy" for the Palestinians living in the West Bank and Gaza.

The Camp David accords, of course, failed to draw a "legal" linkage between the Egypt-Israel peace treaty and the autonomy talks for the West Bank and Gaza. This failure led not only to Egypt's isolation and alienation from the Arab world, but also to an adamant Israeli insistence that the West Bank was part of Israel.<sup>146</sup>

Camp David fulfilled Israel's objective of achieving a separate peace with Egypt, as President Carter stated in his diary on November 8, 1978: "It's obvious that the Israelis want a separate treaty with Egypt; they want to keep the

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<sup>144</sup> Jimmy Carter, Keeping Faith, p. 356.

<sup>145</sup> Ibid., p. 342.

<sup>146</sup> Herman Frederick Elites, "Saving Camp David: Improve the Framework," Foreign Policy, No. 41, Winter 1980-81, p. 5.

West Bank and Gaza permanently . . . "147 Former Israeli Defense Minister Ezer Weizman also pointed out that, "Whereas the Egyptians saw the Sinai agreement as the model for similar understandings with Jordan and Syria over the West Bank and the Golan Heights, Begin saw it as the precise opposite. As far as he was concerned, the withdrawal from the Sinai would be the end of the story."148

The Camp David accords also guaranteed Israel recognition, security and peace with Egypt. "The Camp David agreements," Harold Saunders maintained, "go further toward meeting all of these fundamental concerns of Israel than any international action since the founding of the modern state of Israel."149 Moreover, as President Carter said: "This great aspiration of Israel has been certified without constraint in the greatest degree of enthusiasm by President Sadat . . . ."150

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147 Jimmy Carter, Keeping Faith, p. 409.

148 Ezer Weizman, The Battle for Peace, (New York: Bantam Books, 1981), pp. 190-91.

149 U.S. Department of State, Bureau of Public Affairs, Challenges and Opportunities for Peace in the Middle East, Address by Harold H. Saunders, Assistant Secretary for Near Eastern and South Asian Affairs before a Conference sponsored by the Department of State, the World Affairs Council of Boston, and the Ford-Hall Forum, Current Policy No. 53, Washington, D.C., January 25, 1979, p. 3.

150 Ibid.

However, according to George Ball, as a comprehensive peace, "the Camp David accords were from the very beginning doomed to failure, since the other Arab states in the area had not participated in this development, nor did the accords contemplate bringing in the P.L.O. as spokesmen for the Palestinians."<sup>151</sup> Furthermore, Lord Caradon, "the father" of Security Council resolution 242, pointed out that Israel's

. . . support for resolution 242 "in all its parts" [as agreed at Camp David] is clear for all the world to see as a fraud, and the Israeli Government's declarations and actions such as annexing occupied Arab Jerusalem and imposing Israeli settlements in the West Bank have made it abundantly clear that it never intended even at Camp David to make "full autonomy" for the Palestinians a reality. They have made it plain that all along they intended "full autonomy" to be a denial of self-determination.<sup>152</sup>

The Camp David accords has, paradoxically, become a further "psychological barrier to Arab participation in a comprehensive peace." "It is difficult to conceive," former U.S. Ambassador to Egypt Herman Elites wrote, "how

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<sup>151</sup>George W. Ball, "From Partial Peace to Real Peace in the Mideast," World View, Vol. 22, No. 12, December 1979, p. 7.

<sup>152</sup>Lord Caradon, "Resolution 242, Camp David and the Future," American-Arab Affairs, Number 1, Summer 1982, p. 1.

even moderate Arabs could have accepted the substantively disparate arrangements envisaged for Sinai on the one hand and the rest of the occupied territories on the other."<sup>153</sup>

The Egypt-Israel Peace Treaty

To ensure the growing rapprochement between Egypt and Israel, the peace treaty called for the opening up of the Egyptian economy to Israeli goods and services.<sup>154</sup> Article I of the peace treaty called for the termination of the state of war and the establishment of normal relations which included "full recognition, diplomatic, economic and cultural relations, termination of economic boycotts and discriminatory barriers to the free movement of people and goods . . . ."<sup>155</sup> To guarantee Israel's access to the Suez Canal and the Straits of Tiran and the Gulf of Aqaba, Article V stated that "ships of Israel, and cargoes destined for or coming from Israel, shall enjoy the right of free passage through the Suez Canal and its approaches through the Gulf of Suez and the Mediterranean Sea . . . ."

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<sup>153</sup>Herman Frederick Elites, "Saving Camp David," p. 10.

<sup>154</sup>Nabeel Shabeeb, Taqe'em Siyasi Li Mugararat Mutamar Camp David (A political evaluation of the Camp David Accords) (Beirut: Mu'assasat ar-risalah, 1979), p. 49.

<sup>155</sup>The Search for Peace in the Middle East, p. 31.



Part two of the same Article mentioned that "the parties consider the Strait of Tiran and the Gulf of Aqaba to be international waterways open to all nations for unimpeded and non-suspendable freedom of navigation and overflights."<sup>156</sup>

The treaty took precedence over Sgypt's other agreements with the Arab countries. Part two of Article VI clearly stated that: "The parties undertake to fulfill in good faith their obligations under this Treaty, without regard to action or inaction of any other party and independently of any instrument external to this Treaty."<sup>157</sup> Moreover, Part four of the same Article pointed out that: "The Parties undertake not to enter into any obligation in conflict with this treaty."<sup>158</sup>

The Egyptian-Israeli Peace Treaty also abrogated Egypt's sovereignty over Sinai by calling for the demilitarization of most of Sinai and limited Egypt's deployment of troops to the area. The treaty further limited Egypt's use of El-Arish, Rajan, Ras en Naqb, and Sharm el-Sheikh air bases in Sinai to civilian flights only.<sup>159</sup> President

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<sup>156</sup>Ibid.

<sup>157</sup>Ibid.

<sup>158</sup>Ibid., p. 32.

<sup>159</sup>"The Middle East U.S. Policy, Israel," Congressional Quarterly, p. 10.

Carter requested that Sadat "offer a pipeline from the oil wells [in Sinai] to Israel."<sup>160</sup> Thus, on a visit to Haifa in September 1979, Sadat not only agreed to sell Israel two million tons of oil annually, but also told some Israeli newspaper editors: "I am planning to bring the Nile water . . . to Sinai. Well, why not send you some of this sweet water . . . . Why not? Lots of possibilities, lots of hope."<sup>161</sup>

#### Aid and Political Oppression

Continued U.S. political, economic, and military support of Sadat occurred, despite gross violations of human rights in Egypt. Substantial economic and military aid went into the country supposedly to strengthen the interim peace between Egypt and Israel, as well as Egypt's capability to defend against Soviet and radical influence in the Horn of Africa. However, as is true for all Third World surrogates, part of U.S. military aid was devoted exclusively to the Egyptian government's maintenance of internal order. Through the commercial military exports sales programs, Egypt obtained light arms, gas guns, gas grenades,

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<sup>160</sup> Jimmy Carter, Keeping Faith, p. 425.

<sup>161</sup> International Herald Tribune, May 26, 1980.

and masks. These were mainly designed for internal repression and to counter political opposition. Table 13 shows U.S. arms exports to Egypt's police force between 1976 and 1979.

Egypt's share of U.S. commercial military exports jumped from \$0.7 million between 1950-1976 to \$19.7 million between 1977-1981.<sup>162</sup> Between 1976 and 1979 Egypt received 153,946 gas grenades and projectiles, 350 gas guns, 2,419 pistols and revolvers, and 328,000 rounds of ammunition.<sup>163</sup> U.S. weapons were used directly against political dissidents in Egypt. Robert Fisk of the London Times wrote, after the 1977 food demonstrations:

One after another, young policemen wearing gas masks ran forward, knelt on one knee and fired cannisters into the crowd . . . Behind them ran three perspiring soldiers carrying dustbins full of replacement gas cartridges. As the crowds noticed with interest, these came not from the country's former military suppliers--the Soviet Union--but from the United States. One group of demonstrators chanted anti-American slogans, charging that all the tear gas came from the United States. Indeed, this appeared to be true. Every empty gas cannister which I picked up bore

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<sup>162</sup> Joe Stork and Jim Paul, "Arms Sales," MERIP Reports, No. 112, p. 12.

<sup>163</sup> Michael T. Klare, Supplying Repression: U.S. Support for Authoritarian Regimes Abroad, (Washington, D.C.: Institute for Policy Studies, 1981), p. 61.

Table 13. U.S. Arms to Third World Police Forces, September 1976-May 1979 (to Egypt)

Quantity	Manufacturer/Product	Exporter	License Date	Recipient
32,500 rds.	SW S38-158 RN ammo.	SW	6/76	Ministry of Interior Police Dpt.
5,500	FL CS gas grenades	JA	7/76	U.A.R. Police
9,704	FL CN gas grenades	JA	7/76	U.A.R. Police
50	FL gas masks	JA	8/76	U.A.R. Police
91,000 rds.	FC ammo. (.22, .38 cal.)	JA	10/76	U.A.R. Police
30,000	FL CS gas grenades	JA	4/77	Ministry of Interior Police Dpt.
41,000	FL CN gas gren., proj., cart.	JA	4/77	Ministry of Interior Police Dpt.
15,000	FL CS gas grenades	JA	4/77	Ministry of Interior Police Dpt.
14,000	FL CN gas grenades & proj.	JA	4/77	Ministry of Interior Police Dpt.
250	FL .377-mm. cal. gas guns	JA	4/77	Ministry of Interior Police Dpt.
23	SW .38 cal. revolvers	SW	7/77	Security Dept. Presidency of the Republic
1,500	SW .38 cal. revolvers	JA	7/77	U.A.R. Police
500	SW .38 cal. revolvers	JA	8/77	U.A.R. Police
6,500	FL CS gas grenades	JA	8/77	U.A.R. Police
42	FL CS gas grenades	FL	4/78	Cairo Police test & eval.
380	SW .38 cal. revolvers	JA	6/78	U.A.R. Police
45,000	FC .38 cal. cart.	JA	6/78	U.A.R. Police
32,000	FL CS gas grenades	JA	7/78	U.A.R. Police
3,500	FL grenade launchers	JA	7/78	U.A.R. Police
100	FL 1 1/2" cal. gas guns	JA	7/78	U.A.R. Police
100,000	FC .22 cal. cart.	JA	7/78	Police practice and training
58,000	FC .38 cal. cart.	JA	10/78	U.A.R. Police
1,000	SW 9-mm. ammo.	SW	5/79	Ministry of Home Affairs
16	SW .357 cal. revolvers	SW	6/79	Presidential Security Force

Source: Michael T. Klare, Supplying Repression: U.S. Support for Authoritarian Regimes Abroad, (Washington, D.C.: Institute for Policy Studies, 1981), Appendix III, pp. 145-46.

the words "CS#518-Federal Laboratories, Inc., Saltburg, P.A."<sup>164</sup>

Likewise, when a riot broke out in 1981 in Sherebeya, 250,000 riot police, security forces, and troops were dispersed around Egypt's slums. The police "showered hundreds" of tear gas cannisters into the crowd.<sup>165</sup>

Moreover, the United States spent between \$20 to \$25 million directly for Sadat's personal protection. The CIA's 1980 budget "included funds for an elaborate communications system to protect Sadat's private security force from interception by other police or military agencies."<sup>166</sup> U.S. officials, as Patrick Tyler pointed out, "also trained Sadat's security forces in Secret Service-style methods of crowd control, defensive tactics and intelligence-gathering related to assassination plots."<sup>167</sup> The U.S. provided AWAC planes to escort Sadat on his journeys abroad, which Sadat acknowledged in an interview

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<sup>164</sup>The London Times, January 20, 1977, quoted in *ibid.*, p. 62.

<sup>165</sup>Robert Fisk, "Communal rioting in Cairo leaves 14 dead," The Times (London), June 22, 1981.

<sup>166</sup>Patrick E. Tyler, "U.S. Spent Millions to Guarantee Protection for Sadat," Washington Post, October 8, 1981, p. A21.

<sup>167</sup>*Ibid.*

with NBC "Meet the Press." When asked about his opinion of the sale of AWACs to Saudi Arabia, Sadat said:

You shouldn't leave the Saudis like a sitting duck, blind and (not knowing) what is happening around them. Me, too. At some time I found it necessary and I called the American Ambassador, before my trip to Sudan, and I wanted to know what is happening in Libya and in Sudan and in Chad . . . where I am going to visit. So I asked him to provide me with one of the AWACs to tell me and we borrowed one from Saudi Arabia. Your administration sent it to me . . . to do the monitoring and to let me know what is happening around me.<sup>168</sup>

Egypt had been living under the pretext of democracy since the Sadat regime came to power in 1970. The Egyptian regime, not an exception among Middle Eastern countries, built and sustained legitimacy by force. In 1975 Sadat's policies came under great criticism domestically because of the second Sinai disengagement agreement with Israel, his increasing anti-Sovietism, and his open-door policy. The Egyptian government typically accused the Communist Party of instigating social unrest, and, in July 1975, twenty alleged communists were arrested and charged with attempts to overthrow the state. Furthermore, in March 1976 strikes and demonstrations by workers in Alexandria, Muhalla Al-Kubra and Damietta were met by a widespread

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<sup>168</sup>Ibid.

crackdown on opposition. In April of the same year twenty more "communists" were jailed and charged with subversive activities."<sup>169</sup>

In January 1977 food demonstrations broke out and lasted two days. The riots resulted in 80 deaths and approximately 2,000 arrests, which included journalists, lawyers, students, workers, and members of the National Progressive Unionist Party.<sup>170</sup> When the demonstrations ended, the Government promulgated Law 2 of 1977, which stated that:

. . . "participation in or incitement of riotous assembly or public disorder" is punishable by life imprisonment with hard labour or lesser punishment. The same penalty is applicable to participation in or intent to establish a clandestine or military organization hostile to the social system, and to "workers deliberately striking by agreement among themselves for the achievement of a common aim that could be damaging to the national economy."<sup>171</sup>

Moreover, during 1977-78 Egypt was still governed under a State of Emergency, a euphemism for martial law, which was lifted in May 1980 and quickly reinstated in November 1981 after Sadat's assassination. It "enable[d] certain

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<sup>169</sup> Amnesty International Reports, (London: Amnesty International Publications, 1976), pp. 180-81.

<sup>170</sup> Amnesty International Reports, 1976-77, p. 293.

<sup>171</sup> Ibid., p. 294.

security laws to be applied to political cases and accord[ed] President Sadat certain powers over the judiciary, including the right to refer cases to military courts and to ratify the decisions of special tribunals concerning political cases." This gave the President the power to overrule court decisions. When a court decided to acquit 19 prisoners in 1976, for instance, the President interfered and the prisoners were retried in 1978.<sup>172</sup>

In May 1978, a new law on "national unity and social peace" was introduced. This law stated that:

. . . any person found guilty of violating national unity, social peace or the country's democratic socialist principles may be barred from political life . . . . In addition the law introduce[d] new measures to discipline the press, stating that persons who write articles which could jeopardize the state's national interests, or instigate whatever is harmful to social peace and national unity, will be regarded as corrupting political life and subjecting national unity and social peace to danger.<sup>173</sup>

In addition, the Camp David accords and the resulting peace treaty with Israel were accompanied by a high level of repression by the state. The government first banned the activities of the Muslim Brotherhood Organization and liquidated their magazine al-Dawa. Leftist influence was

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<sup>172</sup> Amnesty International Report, 1977-78, p. 253.

<sup>173</sup> Ibid.



also undermined, and on May 5, 1979, a presidential decree prohibited those who opposed the treaty from running for election.<sup>174</sup> The authoritarian rule of the Sadat regime, coupled with continued economic crisis coalesced both right and left criticism of the conduct of the state. This opposition was exacerbated by Sadat's peace with Israel and by the promulgation of the "Law of Shame" in May 1980. The "Law of Shame," a repressive measure designed to undermine opposition to the government, was condemned by lawyers, leftists, and Islamic groups alike. They questioned the rationale for such a measure and openly declared it repressive, un-Islamic, unconstitutional, and in flagrant opposition to universal human rights. Consequently, on May 12, 1980, prominent Egyptian figures\* challenged the state in a "Statement by the Egyptians." The statement

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<sup>174</sup>Marie-Christine Aulas, "A Very Strange Peace," pp. 19-20.

\*The powerful Egyptian figures who signed the statement include: Abdul Latif al-Baghdadi and Kamal ad-Din Hussein who were members of Free Officers who made the 1952 coup, Mahmoud Riad, ex-Minister of Foreign Affairs and President of the Arab League, Dr. Nured-Din Tarraf, ex-member of the President's Council, Abdul Hamid Metually, ex-Vice President of the High Dam Organization, Abdul Aziz al-Shurbagi, ex-President of the Bar Association. Among the prominent leftists who supported the statement were Dr. Fuad Mursi, Mehamed Said Ahmed and Lutfy al-Khaly.

criticized the undemocratic nature of the regime, Sadat's peace initiatives, his relations with the United States, along with a host of other criticisms of the promises and performances of certain governmental bodies and agencies.

Sadat's undemocratic policy, the statement declared:

. . . has paralyzed the country's constitutional bodies, disrupted the apparatus of government, rendered support or opposition irrelevant, stripped the people of their supervisory function, opened the door to exploitation, laxity and shirking of responsibility . . . .The state, with the vast machinery of government at its disposal, has become unable to think, plan or implement the decisions necessary to deliver the people from the harsh economic crisis they are facing and to break the blockade preventing them from launching a new take-off through fruitful cooperation with Arab, Islamic, and friendly countries.<sup>175</sup>

Nevertheless, the government's crackdown on opposition continued. In September 1981, 1536 people were arrested,<sup>176</sup> and accused of "instigating sectarian sedition." In addition, the Sadat regime

. . . confiscated the licenses of seven publications; dissolved 13 Christian and Islamic societies, and froze the assets of others; assumed control of 40,000 privately owned mosques; transferred over 120 journalists and university professors from their jobs; and, in effect, deposed Coptic

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<sup>175</sup>Raymond William Baker, "Sadat's Open Door: Opposition from Within," Social Problems, Vol. 28, No. 4, April 1981, pp. 382-83.

<sup>176</sup>Amnesty International Reports, 1982, p. 319.

Patriarch Shenouda III . . . .<sup>177</sup>

Among those arrested were journalists, lawyers, professors, former Cabinet ministers, opposition party members and alleged Christian and Muslim extremists.<sup>178</sup> In a televised speech on September 14, President Sadat said that the Cabinet will promulgate a new law "against indiscipline in the street, in the office, in the university, in the school, in the public sector, and in the private sector."<sup>179</sup> Consequently, the government spent \$690,000 for additional security measures on university campuses. It also forbade women from wearing the traditional face veils, and checked student ID cards when they entered university campuses.<sup>180</sup> To defend his crackdown on opposition, Sadat said in a press conference, ". . . sometimes we have to do surgery. We have to swallow bitter pills."<sup>181</sup> Lutfi al-Kholi, a left

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<sup>177</sup>Louis Lief, "Cairo after roundup: gloom, arrest lists, riot police," Christian Science Monitor, September 9, 1981.

<sup>178</sup>Ibid.

<sup>179</sup>Louise Lief, "Sadat attacks 'indiscipline' with reforms of everything," Christian Science Monitor, September 22, 1981, p. 6.

<sup>180</sup>Ibid.

<sup>181</sup>Louise Lief, "Sadat frets crackdown may hurt his reputation in West," Christian Science Monitor, September 10, 1981.

wing opponent of the regime and a former editor of al-Talia, underlined the causes of opposition to the Sadat regime, when he told the Christian Science Monitor that Sadat's promises that peace with Israel would bring about prosperity were false. The road to peace, he said, "has not led to prosperity. Instead the economic problems in Egypt have increased, and all long-term development has been halted." Al-Kholi continued to say, "We were also promised our conciliation would tame Israel, but instead of becoming more reasonable, Israel has shifted toward greater extremism and aggression . . . ."182

The high level of political repression in Egypt coincided with an increasing level of U.S. military aid and economic assistance. It provided one indication of the systemic link between United States' interests and influence on the one hand, and the severe violations of human rights on the other. The absence of official U.S. comments on repression in Egypt, moreover, shows that Washington was not interested in how Sadat maintained stability, only

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<sup>182</sup>Helena Cabban, "Egyptian anti-Camp David opponents forge coalition," Christian Science Monitor, September 2, 1981.

that he do so.<sup>183</sup> Violations of human rights were acceptable for the sake of "stability."

This chapter has focused on the interrelationship between arms transfer to Egypt and the surrogate role that Egypt was to play in the region. As was also pointed out, Sadat's peace initiative contributed to the enhancement of the United States' regional interests. Paradoxically, Sadat's initiative led to the polarization and destabilization of the region, for the end result was contrary to the United States' expectation that, should Egypt sign a peace agreement with Israel, the other Arab states would follow. As was also indicated, the provision of arms to Egypt coincided with continued violations of human rights.

In the final chapter, this dissertation will assess the actual impact of both realism and globalism on U.S.-Egyptian relations. An emphasis will be placed on the continuity and changes in the conduct of U.S. foreign policy.

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<sup>183</sup>U.S. Congress, Senate, Committee on Foreign Relations, Report on Human Rights Practices in Countries receiving U.S. Aid, 96th Cong. 1st session, February 8, 1979, (Washington, D.C.: U.S. Government Printing Office, 1979).

U.S. Congress, Senate, Committee on Foreign Relations, Country Report on Human Rights Practices for 1981-1982, 97th Cong. 1981-1982, (Washington, D.C.: U.S. Government Printing Office, 1981).

Both reports, while acknowledging the various arrests, argue positively of human rights in Egypt.

## CHAPTER VI

Conclusion: Realism, Globalism and Future U.S.

Relations with Egypt

### Changes and Continuities in U.S. Foreign Policy

The lesson we should draw from the experience of the last ten years is that the United States, its allies, and all other nations which cherish peace should return to the containment policy pursued between Truman's time and the American withdrawal from Vietnam.

Eugene V. Rostow, co-founder and chairman  
Committee on the Present Danger<sup>1</sup>

This dissertation has analyzed changes and continuities in U.S. foreign policy with respect to Egypt and the Middle East. As pointed out, changes were motivated by domestic, regional, and international factors. Yet, the goals of U.S. foreign policy remained constant throughout the period dealt with by this study. Strategy, for instance, always played a major role: containment of communism endured as a foreign policy goal of successive administrations. The specific means used to achieve containment, however, changed. Such means ranged from constructing military alliances and regional defense pacts to providing economic, political,

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<sup>1</sup>"Rostow Starts Digging His Own Hardened Silo," New York Times, June 28, 1981, p. 5, quoted in Jerry W. Sanders, Peddlers of Crisis. The Committee on the Present Danger and the Politics of Containment (Boston: South End Press, 1983), p. 7.

and military aid to regional allies. They also included building regional forces capable of playing the "surrogate" role of maintaining "peace" and "stability" in the region. Joseph A. Califano, as an adviser to both Johnson and Carter, underscored this continuity in U.S. foreign policy when he observed that:

Presidents since Roosevelt have pursued essentially similar foreign policy objectives on the major issues that face this nation abroad. Where change has come . . . it has often been dramatically expressed. But it has invariably evolved through broad, bipartisan consensus . . . . The . . . international policies of most administrations are found in a more substantial and non partisan ideological consensus than the rhetorical idiosyncracies and disparate styles and means most presidents tend to reveal.<sup>2</sup>

U.S. policymakers, in fact, have always been concerned with the proper means to achieve the so-called "national interest," which means that their policies have focused primarily on strengthening the global position of the United States. Both realism and globalism urged saving the world not only for "democracy" and "interdependence," but also from "communism" as well. Both schools, as Melvin Gurtov has argued, converged in their insistence on the

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<sup>2</sup>Joseph A. Califano, A Presidential Nation (New York: Norton, 1975), quoted in Charles W. Kegley, Jr., and Eugene R. Wittkopf, American Foreign Policy, Patterns and Process (New York: St. Martin's Press, 1982), p. 5.

maintenance of U.S. predominance in the Third World.<sup>3</sup>

In the early 1970s, changes precipitated by the decline of Pax Americana, the oil crisis, and the "Vietnam syndrome," required a new outlook that emphasized "managerialism" and "interdependence" to maintain U.S. global dominance. Jerry Sanders has argued that:

A mounting conviction began to take hold among an influential segment of [the] elite that military intervention was no longer cost-effective in an age of revolutionary ferment and rising anti-colonialism. Their alternative proposal for the continuing projection of American global dominance called for a reinvigorated system of world trade and the creation of rationalized institutions of financial cooperation in partnership with the expansion of multinational corporate investment.<sup>4</sup>

The late 1970s and early 1980s, however, witnessed the decline of globalism and the rise of Cold War militarism. The globalists' emphasis on North-South dialogue was replaced by a militaristic and vehement East-West rivalry. Jeane Kirkpatrick, U.S. Ambassador to the United Nations, for example, expressed concern over the growing reluctance to use force to defend U.S. national interests throughout

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<sup>3</sup>Melvin Gurtov, "Realism, Globalism, and Global Humanism in U.S. Policy Toward the Third World," Asian Perspective, Vol. 7, No. 1, Spring-Summer 1983, pp. 31-50.

<sup>4</sup>Jerry W. Sanders, Peddlers, pp. 16-17.



the world. She explained the defeatist nature of what she called the "culture of appeasement" when she argued that:

We are daily surrounded by assertions that force plays no role in the world. Unfortunately it does, in most aspects of society, especially in international relations. Therefore a culture of appeasement which finds reasons not only against the use of force but denies its place in the world is a profoundly mistaken culture--mistaken in the nature of reality.<sup>5</sup>

Accordingly, trilateralism and global interdependence gave way to a rising militarism supported by the Committee on the Present Danger (CPD). Military force was thought of as a sufficient and legitimate means to contain Soviet communism. "I believe in being strong," Jeane Kirkpatrick argued, ". . . and the reason I do is because I believe the Soviet Union has been consistently uninhibited in the use of force. . . ."<sup>6</sup> This new approach has transformed what President Carter called an "inordinate fear of communism"<sup>7</sup> into a Cold War ideology paradoxically represented by the Carter Doctrine itself.

The renewal of a hardline Cold War ideology has been further emphasized by the Reagan Administration in the form of "a strategic approach" to foreign policy. The Reagan

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<sup>5</sup>Ibid., p. 162

<sup>6</sup>Ibid., p. 169.

<sup>7</sup>Ibid., p. 236.

Administration views the Middle East as a "politico-strategic theater" in the struggle between the United States and the Soviet Union. The search for a lasting peace has been subordinated to "security" and "regional consensus." "It is thus important," as Richard Burt, Director of the Bureau of Politico-Military Affairs, has argued, "to handle the Arab-Israeli question and other regional disputes in a strategic framework that recognizes and is responsive to the larger threat of Soviet expansionism."<sup>8</sup> In this context, U.S.-Egyptian relations tend to reinforce and be influenced by regional and international developments.

It has been argued throughout this dissertation that an understanding of the interrelationship between U.S. political, economic, and strategic interests in Egypt and its regional and global design can best explain the rationale behind specific policies. The United States has attempted to maintain regional "tranquility" and contain "communism" through the achievement of a separate peace between Egypt and Israel, and arms transfers to both sides. It was

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<sup>8</sup>U.S. Department of State, Bureau of Public Affairs, Middle East Regional Security, A statement by Richard Burt, Director of the Bureau of Politico-Military Affairs before the Subcommittee on International Security and Scientific Affairs of the House Committee on Foreign Affairs, March 23, 1981, Current Policy No. 270, (Washington, D.C.: U.S. Government Printing Office, 1981), p. 3.

assumed in Washington that such an agreement between Egypt and Israel would set a precedent for the rest of the confrontationist states to follow, which, in turn, would consolidate regional "pax-Americana" and undermine Soviet influence. Such a design proved short-sighted and inconsistent. The Camp David accords and the subsequent peace treaty isolated and alienated Egypt from the other states in the region and resulted in the cut-off of political, economic, and diplomatic relations between the Arabs and Egypt. There was a strongly negative Arab reaction to the entire Egypt-Israel rapprochement, which was the cornerstone of the new U.S. policy. "Peace," contrary to the expectations of U.S. leaders, undermined regional stability and led directly to the 1982 Israeli invasion of Lebanon. "Behind the victory in Lebanon," observed former Israeli military intelligence chief, Shlomo Gazit, "there is the peace treaty with Egypt."<sup>9</sup> Accordingly, Reagan's peace initiative of September 1, 1982, was a futile attempt to stabilize a Middle East already disrupted by the Israeli invasion of Lebanon.

Although Hosni Mubarak was more committed than Sadat

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<sup>9</sup>Quoted in Joe Stork and Jim Paul, "The War in Lebanon," MERIP Reports, Vol. 12, No. 6 and 7, September-October 1982, p. 4.

to non-alignment and to improving Egypt's relations with the other Arab countries, he favored the continuation of Egypt's alliance with the United States and emphasized the role of the private sector in the development of Egypt's economy. He stated, for instance:

. . . it has surprised me in the last months to see that the private sector is still hesitant despite the government's efforts to create a conducive atmosphere . . . I would like to reiterate that the government is committed to encouraging the private sector and that there will be no return to the fettered and closed policy.<sup>10</sup>

Egypt's emphasis on the private sector and its liberalization policy, however, not only led to increased dependence on the United States and other Western countries, but also held out little prospect for long-term development of the economy. Furthermore, Egypt's reliance on petroleum and the service sector as the primary sources of foreign exchange was sharply affected by international economic crisis in the 1980s. The price of oil declined in 1982, and Sadat's death increased investors' uncertainty about the political stability of the regime.<sup>11</sup>

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<sup>10</sup>Assem Abdel Mohsen, "Egypt Back in the Picture," Middle East 95, September, 1982, p. 12.

<sup>11</sup>U.S. Congress, House, Committee on Foreign Affairs, Foreign Assistance Legislation for Fiscal Year 1983, Pt. 3 Hearing and makeup before the Subcommittee on Europe and the Middle East, 98th Cong. 1st session, (Washington, D.C.: U.S. Government Printing Office, 1983), p. 73.

The failure of economic privatization and of U.S. economic aid to bring about sound economic development to Egypt led W. Antoinette Ford, Assistant Administrator, Bureau for Near East of the Agency for International Development, to call for new reforms in the industrial and agricultural sectors in order to sustain economic growth, increase Egypt's foreign exchange earnings, and reduce Egypt's dependence on the service sector.<sup>12</sup> During his visit to the United States in February 1983, President Mubarak was assured of continued U.S. support for economic reforms. The United States, in a statement entitled "Greater Support for Economic Progress in Egypt." "endors[ed] the intentions expressed by the Government of Egypt to acknowledge the continued need for economic reform and progress and to undertake necessary measures toward that end."<sup>13</sup> Based on past experience, however, it is unlikely that Egypt's development will be promoted any more by the latest U.S. aid than by previous assistance. This is especially so since political rather than economic criteria

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<sup>12</sup>Ibid., p. 75.

<sup>13</sup>Ibid., p. 82.

continue to govern the aid program.<sup>14</sup>

The United States' emphasis on the political "stability" of its client states and the "prosperity" of its multinational corporations leads its policy-makers to endorse and support authoritarian regimes which, as have been argued, play the "surrogate" role of maintaining the kind of stability that protects U.S. economic and strategic interests. Economic underdevelopment and the continued violation of human rights in the Third World are often tolerated for the sake of "stability." After all, as Ambassador Jeane Kirkpatrick has argued, the Third World is destined to live in misery and underdevelopment:

Because the miseries of traditional life are familiar, they are bearable to ordinary people who, growing up in society, learn to cope, as children born to untouchables in India acquire skills and attitudes necessary for survival in the miserable roles they are destined to fill.<sup>15</sup>

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<sup>14</sup>Political and strategic considerations played and continue to play a decisive role in determining the amount of foreign aid to Egypt and other Third World countries. As Allen Wallis, Under-Secretary for Economic Affairs, has argued: "Allocations that are politically based are unlikely, of course, to coincide with good economic development policy." U.S. Department of State, Bureau of Public Affairs, Economics and Politics: The Quandry of Foreign Aid, Address by Allen Wallis, Under Secretary for Economic Affairs before the Heritage Foundation and Philadelphia Society, Current Policy, N. 461, Washington, D.C., March 3, 1983, p. 3.

<sup>15</sup>Quoted in Melvin Gurtov, Ray Maghroori, and Stephen Gorma, Roots of Failure: American Foreign Policy in the Third World (forthcoming), p. 9.

So long as the United States views the Middle East through the prism of an East-West global strategy, its policies will continue to emphasize the kind of "stability" that favors its own narrow interests, a stability which is likely to result in further destabilization of the region. The collapse of the Shah of Iran in 1979 proved that "stability" built on concentration of power is illusory and counter-productive. Moreover, so long as Middle Eastern "dictators" view their interests as coinciding with those of the U.S., little if any prospect for change in the nature and pattern of the relationship that currently exists between the U.S. and the region seems imminent. There is, indeed, urgent need for internal "transformation" of the Middle Eastern regimes--a transformation that would bring in leaders more responsive to the basic economic and political needs of the people. This change might present U.S. policy-makers with a new challenge to reconsider the current "power politics" approach to the Middle East.

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