

In November 1980 I returned to Egypt for the first extended visit in almost a decade. During my two-week stay I put myself in touch with networks of friends and acquaintances, both inside and outside government, dating back to 15 years of residence in Cairo. From them I came to understand that the Egypt of those Nasserite times had "gone by" in important ways. Some of the changes were starkly visible, some tucked away in the mind. Yet the basic texture of life was the same.¹

While my Report focuses somewhat on internal politics, I have also sought to report generally on what I saw and heard. My remarks have been organized under broad and basic categories—social and economic conditions, political background and current political tensions, and possible future difficulties for the regime—I have avoided adhering too rigidly to any category, however broad, on the theory that life does not really work that way.

* * * * *

What about social and economic conditions?

Egypt is in flux, even the countryside. In Cairo and the other cities a minor boom is under way. New buildings are going up in every block, and major new hotels are half finished. At every hand pavements are being replaced, and the potholes of unfinished construction have caused a spate of broken ankles. If dust is almost universal, so are action and movement and bustle. Everything is crowded—houses, streets, any open space. Cars, desperate for places to park, nose onto

the sidewalks; pedestrians are forced out onto the roads along the edges of dense traffic.

Above all, the smell of money is in the air and envelops the urban sprawl. The educated and the alert are making fortunes, both small and large, and are displaying their wealth in ways that would have been inadvisable in the socialist climate of Nasser's era. The source of money is largely the private sector, which is being allowed to grow within as yet unclear limits. Among the categories of enterprise producing the money are export-import trade, specialized agriculture, construction, small-scale industry, banking, and consulting.

But prosperity is not universal. Quite the contrary. The traditional have-nots—the urban lower class and the peasantry—continue to constitute a large majority and are still grimly poor. How poor is poor? Good evidence is scanty and a bit contradictory. Few would disagree that the crowding effect of a high birthrate has had a baleful impact. In one study the poverty line (the minimal-needs family income) for 1979 is estimated at above \$500 in cities and \$350 for rural areas; the study reckons that 21 percent of city households are below the line. Another estimate (though for 1975-76) puts the percentage at 34 percent in cities and 44 percent in rural areas.² Some of those below the line, however, do not think of themselves as poor. A study by a sociologist and social worker describes Bulaq, one of the poorest quarters of Cairo, where the urban housing shortage, acute almost everywhere, is particularly severe. Families of six

often have one room apiece, but if they have electricity, they manage to obtain on credit not only a television set but sometimes a washing machine as well. Currently the government is constructing "peoples' housing" in desert areas on the Cairo periphery and plans to move most of Bulaq out there. Yet despite the better conditions (running water at home, for instance), some families will not wish to leave.³

Roughly half of Egypt's 42 million people are country folk. Of these, some ten million have land and another ten million are landless or nearly so. The specialists disagree on how the landless are faring. Some say there is a year-round labor shortage that guarantees a good wage any time, others that the shortage is only seasonal. Large numbers emigrate to the cities each year; after this, some even go to work abroad in Jordan or Iraq. Among those who stay, doubtless the mass are worse off than a decade ago, but some of them—the landed "kulaks" and the adventurous—are doing better.

The public sector has serious problems. An inflation rate of some 25 percent has made deep inroads into its fixed pay scales. Nor, apparently, can the scales be raised significantly without disastrous effect on the national budget. Enormous and unwieldy, the bureaucracy remains the government instrument for providing jobs and preventing urban unrest. As the small private sector thrives and begins to create for itself a system of comfortable incomes, the public sector generally, including those in the large public-sector companies, are enmeshed in a system

that trades an eroding standard of living for job security.

The two systems offer some startling contrasts. In his first government job, a BS or BA graduate from an Egyptian university will earn 35 Egyptian pounds a month (about \$47). A medical doctor with 10 years' service in the Ministry of Health earns about £E 50 a month, and so does one of the head cleaners or sweepers at the state television building. A minister of the government earns £E 270 a month in salary, and though he has benefits in the form of a car, a driver, gasoline, and telephone expenses, he cannot—at a ministerial level—live on his income. On the other hand, when one minister recently left the government to join an Egyptian bank (which, like other banks, has been released from the restrictions of public-sector pay scales), his monthly income suddenly became £E 2,000. A stranger contrast is the case of skilled artisans; for example, an artisan who sets tiles in bathrooms can make as much as £E 50 per day, which could translate into substantially more than £E 800 a month.

Hence public sector employees are under heavy pressure to supplement their incomes in order to keep up with their cousins in the private sector—and with the cost of living. There is usually time to hold at least one more job; a recent estimate asserts that the average government employee manages to work no more than 13 hours a week. The government doctor, for instance, runs his own private clinic in the evenings; the head sweeper at the state television building buys and sells exotic textiles from Sri Lanka. Another way to supplement income is for wives to go to work. Or, in time-honored fashion, one can milk the system by graft and bribe-taking, with amounts received depending on one's echelon and leverage. A minister of government, on the other hand, is operating above the bribe-taking level; if he is not personally wealthy, he can borrow the money needed for what is in effect an investment in the influence and connections that will in due course bring him a lucrative job in the other sector.

For the discontent of any sector the best income-leveler and escape

hatch is to work abroad and make bigger money. In other Arab countries, refugees from the public sector can easily surpass the income of their private-sector cousins back home. A laborer or migrant peasant can hire on with a Jordanian construction firm, all transport paid to Amman, and make as much as £E 10 per day. A skilled artisan can do even better in Baghdad than in Alexandria. A university professor can increase his income tenfold by teaching at a Saudi university. The fact is that Egyptians are much in demand throughout the Arab world, even in Libya which is politically at odds with Egypt. And even from Libya, the money earned trickles back to help the Egyptian balance of payments.

And the balance of payments is in good shape, better than for many years and better than last year's projections. Remittances from abroad are coming in at the extraordinary rate of \$2.9 billion annually (up from \$1.2 billion in 1977). Net income from petroleum has gone up from \$3 million in 1977 to \$3 billion. Over the same period Suez Canal fees have risen from \$350 million to \$680 million. And tourism, despite mismanagement, has also produced more—from \$500 million to \$550 million—and when all the new hotels are finished, income (and mismanagement) will increase further. Only cotton income has remained the same, about \$500 million.⁴

Now add in some of the figures on capital inflows. The combined annual input of the American PL 480 program, the USAID program (the largest in its history), and the special American "peace dividend" amounts to a staggering \$1.1 billion. American military aid comes to an additional \$500 million a year, and there is a probability that this amount will be doubled shortly by congressional action. When the Reagan administration decides to allow these American support fires to burn a bit lower,⁵ what is currently in the pipeline will for some time continue to provide a lot of extra fuel for an economy that is doing relatively well on its own. Moreover, there are other capital inflows. EEC countries, especially France, are contributing. So is Japan. Various international agencies, such as the United Nations Development Programme (UNDP)

and the International Fund for Agricultural Development (IFAD), have major projects under way. And despite the Arab boycott, Arab money continues to find its private way in substantial amounts into Egyptian real estate, export-import ventures, and even banks.

As for the banks, they are flourishing—though perhaps, from the point of view of the Egyptian government, for the wrong reasons. Since 1974, when Sadat announced a welcome to private enterprise with his "Open Door" policy, more than 50 foreign banks or representative offices have established themselves under various arrangements and in various forms. The government had clearly hoped the new climate would inspire the confidence necessary for major private investment in projects that dovetailed with government plans for large-scale industrial development. Instead, the new banks have behaved the way commercial banks are supposed to behave. They have put large amounts into such certain earners as the import of consumer goods and of basic raw materials. A few have been more adventurous (or more eager to please their Egyptian hosts); one European "offshore" bank, working in tandem with a local bank, lists bank-supported small-scale enterprises in aluminum, shoes, marble, tiles, metal pipes, fittings for pre-fab housing, paper cartons, furniture, and ceramics. The government's criticism of the banks focuses on what one official in the Ministry of Economy called a "hit-and-run approach." Government planners, accustomed for two semisocialist decades to the full cooperation of all financial institutions, find it difficult to discard the notion that centralization of authority is the only way to do things, and they continue to expect that commercial banks will become sources of major investment capital—in accordance with centralized plans. They have hinted that a bit more central control may be necessary and have themselves begun to describe big projects that in their view the commercial banks ought to support. Bankers, both offshore and domestic, are saying that such projects, which reflect the government's social targets, are properly the concern of developmental banks or other direct instruments of government.

Indeed, it is the government's principal disappointment that Western industry has shown so little interest in major industrial investment. Western consumer goods are everywhere but few Western factories. Yet skilled labor is abundant, and so are consumers, particularly if Egypt can be reckoned as the manufacturing base for sales to other Arab countries. Potential investors, however, have been worried on several counts. The Arab boycott, though largely ineffective in other ways, threatens in substantial measure the possibility of exporting consumer goods into other parts of the Arab world. Moreover, the prospect of bureaucratic hassles and misunderstandings that reportedly follow investment does not sit well with Western or Japanese businessmen. Indeed, the final and crucial stumbling block to outside investment is the tradition of government interference, of changing the rules when convenient, of unpredictability. To put up with this, or put in the effort to get around it, the profit margins must be more than ordinary—and a surprising number of influential government officials have failed to absorb this message.⁶

If, despite the hesitation on industrial investment, the short-term economic picture is bright, it is more difficult to be bullish on long-term prospects. Egypt's assets are considerable, but the problems are truly formidable. They start with staggeringly high population density (circa 3,000 per habitable square mile) and a 2.9 percent rate of population growth; the number of Egyptians has more than doubled since 1950.⁷ Country people pour into the cities, all of whose facilities are strained to the breaking point. Perforce, the eye of the government is riveted onto what infrastructure is necessary right now—communications, transport, sewage, electric power—whereas careful thinking about what will be needed a decade hence has scarcely begun. As already implied, the bureaucracies of most ministries are hosts to modes of thought and non-action that are stifling. Over-centralization is endemic; any moves to decentralize face the massive opposition of an ingrained state of mind.

Political Background

One of Egypt's assets is political stability. Central to Egyptian political

life is the fact of gradualism. Under most circumstances, change will be slow, crises will be discernible before they occur. Since the 1952 revolution, there have been only two leaders, and despite differences of rhetoric, the similarities between them have been striking. Nasser, inevitably, was the innovator—land reform, "socialist" laws—but the changes initiated by Sadat have appeared greater to the outside world than to those inside. Despite talk since 1974 about a "second revolution" or "capitalist revolution," Sadat's public sector, like that of Nasser, still constitutes some 85 percent of all enterprise.

Indeed, to think of Sadat's Egypt as capitalist is as misleading as to think of Nasser's Egypt as socialist. The Western labeling process, which pushes us to fit alien cultures into our own political and economic categories, is not always helpful. When Egyptians borrow the labels in order to explain themselves, the confusion is compounded. Under the banner of socialism Nasser sought to recentralize authority, to return it to the traditional place it had occupied before the 70-year interference of the British—and before the word *socialism* was invented. He applied the doctrine selectively, according to the political threats he perceived; what was unthreatening was untouched. His behavior suggests that his real political faith, like that of most other Egyptians of his day and now, involved deep-seated beliefs in central authority, in planning, and (within limits) in greater social equity. The aspects of socialism he espoused were consistent with these beliefs and helped him justify his actions.

Though Sadat carries a different banner, his beliefs are not much different. When in 1974, with the inauguration of the Open Door policy, he proclaimed a basic change of direction for the Egyptian economy, the insignia of capitalism were prominently displayed. One tired Egyptian enterpriser, buffeted for years by government regulations, called the Open Door one of the century's great public-relations coups, a culinary exhibit for Westerners of capitalist frosting on the same old government-made cake. Yet there are differences. For one thing, the climate for enterprise is

different. And however much he talks about equity in the Nasser tradition, Sadat lays great stress on growth. In most basic political terms, what he has done is to liberate some 15 percent of the total economy and make it available as plaything and livelihood to a (supportive) private-sector elite that now leads a good life. If members of the elite can parlay their stake into something bigger, so much the better—but they must not do so by cutting more than lightly into the public domain. The approved method, not surprisingly, is to build their fortunes by attracting money from the outside.

On matters of equity, Nasser did better than Sadat has done. Nasser had the option of opening up the public sector and providing jobs on a social-need basis. Sadat, on the other hand, inherited an economy whose public sector was already grossly featherbedded and whose productivity per capita had plummeted. Circumstances, if nothing else, impelled new approaches. Yet despite differences of approach, both men have had similar notions of what constitutes equity. Each needed a compromise between reality and perfection; each found it in the notion that central planning must be aimed at building a floor under the economy to keep the poor reasonably content. In Sadat's view, it is also acceptable that a few should become rich as the floor is being built. By and large, the USAID mission with its billions has adopted this same working definition, and its officials see themselves as fostering political stability at a time when political unrest might jeopardize the success of the U.S. Middle East policy.

Nasser and Sadat grew up sharing at least one additional basic political conviction. Along with other educated Egyptians, they were taught to believe that universal manhood suffrage was a virtue, even if it had not yet found a comfortable resting place on the Nile. Today the notion of political democracy has major impact because, unlike socialism or capitalism, it is highly valued. Accordingly, Nasser used the word *democracy* extensively and successfully in his public utterances; when he stressed economic democracy, the public disregarded the socialist aspects of the message and

responded eagerly to the idea of meaningful political choice. Like Nasser, Sadat has kept the institutional trappings of political democracy plainly visible and healthy enough to persuade the public that political choice and universal manhood suffrage are a planned eventuality. A parliament, one major political party and a few other groupings, periodic "elections," a new consultative assembly—all these institutions are reassuring evidence of the leadership's ultimate intent, even if they are neatly controlled for the time being.

The governing styles of the two men have, of course, been different. Nasser was popular, a charismatic figure who appealed to the urban mass and who continued to appeal, despite the setbacks of the late 60s, until almost the end of his life. Sadat, who once had occasional spells of popular appeal, has few of them today. For one thing he speaks in public too long and too often; the sound of his voice on radio or television has become something of a bore. Nonetheless, Sadat has reintroduced a reassuring legalism. Unlike Nasser's time, when quick arrests often took place without warning, now the individual can feel a measure of protection against the unexpected.

Current Political Forces

Despite the trappings of democracy and the legalism, Sadat—like Nasser before him—stands at the head of an authoritarian regime run by a small clique of persons gathered around the presidency. When an Egyptian refers, somewhat sourly, to Egypt's family orientation, he is expressing disapproval of the fact that a favorable decision on a major matter needs a friend who can get a nod from one of the president's *shilla* or family-like interest group—the president himself, a close crony, a trusted aide, perhaps his wife. If membership in Nasser's *shilla* was often on the basis of achievement, especially in the economic sector, Sadat's group includes more persons already established by reason of position or wealth. Perhaps the best-known current member had no official status until recently; Osman Ahmed Osman, just appointed to the Cabinet, is a construction mogul operating in the private sector and reportedly has had a hand in the selection of all major appointments

in the economic sector of government—and not unexpectedly is now related to the president by marriage.

Sadat himself, of course, is very much on top. The *shilla* includes no apparent rivals, no one who might be thought a challenger. Indeed, this is one of the system's principal weaknesses. Because Sadat has allowed no rivals to grow in his shade, he himself is the only shock absorber; in the event of a major crisis, no other person of genuine stature and public personality can be thrown to the wolves. Vice President Husni Mubarak, the former head of the Air Force, is the only visible successor, but he does not fit the description of a rival, or, for that matter, of a successor who would last for very long in the event of, say, a presidential heart attack.

As Sadat and others look down the road, what political forces within Egypt must they reckon with? Let me comment on three of them.

Army Officer Corps. In Nasser's time it was said that his principal and crucial constituency was the Army officer corps. While the game of politics included a lot of maneuvers involving the general public, the real game was played inside the Army. Nasser's *shilla*, especially in the early days, had in it a high proportion of officer-corps friends. Very soon, he and his principal lieutenants reorganized the corps so that information leaks would make coups d'état virtually impossible. In addition, they established a check on Army adventurism by promoting the police officer corps both socially and financially, providing these natural rivals and watchdogs with the same pay and almost the same benefits as their coddled Army counterparts.

Sadat has taken equal care. He has continued the coddling of Army officers. Their pay and benefits are geared to convince them they are being well-treated. They receive better salaries than most other members of the bureaucracy, and among their benefits are special pension provisions, special clubs and vacation spots at highly subsidized rates, occasional appointments to public-sector enterprise boards, and the likelihood of public-sector jobs after retirement. Sadat has also taken the cautionary step of

creating a new central security force (*el-amn el-markazy*), another counterbalancing act involving more than 75,000 well-equipped, specially recruited light infantry for handling major demonstrations and other outbreaks of civil unrest. The officers of the new force have police origins; in political terms they are playing an internal-security role that Army officers used to play and may still want to play.

In what ways has the Army officer corps changed? Nasser's organizational "reforms" persist but the corps is much larger than it was, more unwieldy for anyone plotting a coup. More important, the climate within the corps has changed, though pinpointing the change is not easy. Some observers will only say that the climate is different now, that the "political culture" of Nasser and Sadat has run its course, and that the concerns and dedication, if any, of the Army since the defeat of 1967 are unknown. Most agree that younger officers are not prepared to die or sacrifice for the present system or for Sadat or for the ideology associated with him (however they perceive it). They accept Sadat just as they would undoubtedly accept a new leader with a new "system"—always provided that Army dignity is preserved and pay and benefits are properly maintained. To be sure, Sadat must keep tabs on officer opinion; if opinion were to crystallize against him, he would have to step down rather than attempt a suicidal major purge of officers. But under most circumstances opinion would not crystallize; only a major crisis, badly mishandled, would produce such an event. As for the temptation on the part of a small group of officers to stage a coup, the likelihood that plans would reach maturity before arrest is remote; the greater likelihood is that such a group would finally decide there was too much to lose. Most officers, moreover, would not seriously consider a coup; regardless of social origin, they now associate themselves emotionally with the rich. After all, if they play their cards right after retirement, they too will be rich—members of the elite, favored by Sadat.

Yet in a passive sense at least, the officer corps will play a role in finding a successor for Sadat. The corps is the accepted talent pool for

Egyptian presidents. Membership or ex-membership comes close to providing a kind of legitimacy for the job, a guarantee to the public that a president has the right connections, that he will be an approved and, hence, stable element. There exist several theories on how the selection process would occur; all are conjecture. The common thread is that the choice would be made in the knowledge that key senior officers would validate it. The more critical the situation (see below for some possible scenarios), the more active the role those key officers would play.

Nasserists and Others. Occasionally Egyptians will refer to the "old left," which ironically is made up of (1) old-line socialists, whom Nasser used to put in jail from time to time, and (2) Nasserists, who look back favorably on the former president's special version of socialism. Currently, the old left is easily controlled by some of the same methods Nasser used to use—selective allocation of jobs, high-visibility no-influence postings, bureaucratic harassment. As already suggested, Sadat is less disposed than his predecessor to use the method of public accusation and jail.

The Socialist Labor Party (SLP) is also on the so-called left. Recently created with the blessing of Sadat and led by Ibrahim Shukry, the SLP was slated to provide the opposition or pseudo-opposition that Sadat thought Egypt ought to have in order to be internationally respectable and more content internally. Shukry and his colleagues have done better than the old left, perhaps better than Sadat intended. As planned at the moment of creation, they were able to garner a few parliamentary seats in the last election, but they have also been critical of the government in the party's weekly publication, *Al-Shaab*, which has developed a significant readership. Some of the criticism has been pointed: it is a mistake, say Shukry and others, to put all Egyptian eggs in the American basket; the U.S. presence has become too overwhelming. In November 1980, not unaccountably perhaps, the major daily *Al-Ahram*, which toes the government line and supplies newsprint to *Al-Shaab*, announced cutbacks on those supplies of newsprint for "technical and economic reasons."

Yet none of these groupings on the left constitute a serious challenge to Sadat. Their principal appeal is to intellectuals of various stripes. Any one of them, at any time, can be rendered ineffective by a new law or decree. While more than a few would regret such action (on democratic more than socialist grounds), no one would protest publicly. Meanwhile the SLP is useful to Sadat in democratic-image terms—and useful to the educated public as a gauge of how much dissent and what kind are currently permissible.

Islamic Fundamentalists. The real challenge to Sadat and others of like mind is long-term. It comes from those who view the modern world through an Islamic lens. Distinct from the Muslim Brotherhood, which is seen as passe, new organizations of younger, less patient Muslims are teaching a return to traditionalism, a turning away from the secularism that has been a hallmark of urban Egypt for many decades. Politically, these Islamic Fundamentalists (IF) are anti-Western, anticommunist, anti-Israeli, and anti-Camp David. Their stand on economic matters such as the role of private enterprise is unclear.

What is disturbing to Sadat is that the IF are essentially militant, that is, prepared to struggle or resist on behalf of their cause. In the early '70s, IF militancy was useful to Sadat; he used the new organizations as a counterweight against the Nasserism and socialism he sought to discredit. Implying that he was more of a believer than his predecessor, he based the legitimacy of his regime in some measure on its greater religiosity. On university campuses, that special soil always scrutinized for hostile political growth, the authorities drastically thinned out the influence of Nasserists and left almost clear fields for the rapid propagation of Islamic groups. But in 1974 one of the IF groups attempted a coup using its adherents in the technical military academy⁸ as the chosen instruments; while the plan was doubtless doomed to failure under the best of circumstances, its initial success in taking over the academy was eye-opening. The conspirators were tried and jailed; the leader was executed. Since 1974, there has been occasional violence, not always on

the campuses. In 1977, to take an extreme case, a former Cabinet member was kidnapped by another IF group who demanded the release of jailed colleagues; when the authorities refused, the ex-minister was killed and the ensuing crack-down resulted in many deaths. Yet despite the violence, executions as such are rare. Indeed, to the extent possible Sadat must show sympathy for religious causes, matching to some degree the sympathy for the IF groups themselves shown by sizable segments of the urban public.

Are these groups really motivated by religious principle? Where do they come from and how strong are they? Educated Egyptians disagree on the answers to these questions.⁹ But all are concerned and aware of something new they do not clearly understand. A little more than a decade ago, the visitor to Cairo saw no women in the long body-covering "traditional" dress now affected by IF members; on Egyptian campuses today, perhaps a third of the women are dressed in this way. Some observers date the new wave of religious feeling from the devastating military defeat of 1967; others adduce sociological reasons such as the frustrations caused by increasingly low social mobility in Sadat's Egypt; still others seek to make the case that the movement is a nativistic response to many decades of too-rapid Westernization. Whatever the correct mix of explanations, something significant has happened. A few Christian Egyptians, assuming a less tolerant climate in the future, have made long-range plans to emigrate.

Despite disagreement, there exist some generally accepted assessments of the Islamic fundamentalists.

1. The new wave of religious feeling has produced other phenomena as well. Attendance at mosques is greater. The number of enthusiastic followers of various *tariqas*, as measured by attendance on their saints' days, has substantially increased. *Sufi* or mystic orders are larger than they were. The Muslim Brotherhood, whose voice is now considered moderate, has more adherents and more readers for its periodicals. Moreover, among the Christian minority, Egyptian Copts

are showing greater interest in church matters.

2. There are an indeterminate number of IF groups—some relatively large, some consisting of no more than a cell-like embryo—in various stages of development. There appears to be little or no coordination among them—and probably a sense of rivalry. One group, known as Repentance and Holy Flight, probably had in 1977 between 3,000 and 5,000 highly organized active members.¹⁰ Curiously, among the groups an outstanding leader has yet to emerge; this judgment includes consideration of those few who have been executed. The Muslim Brotherhood, on the other hand, still has sound leadership, though certainly less charismatic than it was in the pre-Revolutionary days of Hasan el-Banna, whose memory is revered not only by the Brothers but by the IF.

3. The social origins of the groups tend to be lower middle class—with a relatively high percentage of “high achievers.” Perhaps the most knowledgeable Egyptian observer, Professor Saad Eddin Ibrahim of the American University, has counted a significant number of followers among good students graduating from such university faculties as engineering and pharmacy. On campuses or elsewhere, the groups are perhaps less effective today than five years ago, but they would probably win campus elections if these were still permitted. At this writing, the government is moving toward withdrawing legal status from the IF, though not from the Muslim Brotherhood, its moderate uncle.

4. While there are deeply committed Muslims belonging to the groups, a major, at least initial attraction is the possibility of effective and somewhat protected protest. Significantly, families that produced leftist protesters in Nasser's time have now supplied younger sons for the IF. Behind the shield of Islam, IF are able and still permitted to organize in ways that would otherwise be severely discouraged. Once organized, they can meet and decide on policy and action.

In the early '60s, when Nasser was providing jobs and stressing equity, talented members of the lower

middle class had an easier road upward. With Sadat's stress on growth and the overcrowding of the universities (which are still the only path to elite status but now better connections are needed), frustration has mushroomed and the number of Muslim militants has grown as if in response.

5. The immediate objectives of the IF groups are uncomplicated and (importantly) easily within the power of the government to arrange. For example, on campuses men and women should not sit next to each other in classrooms; courses should be scheduled to permit time for noon prayers. Yet the government resists, perhaps because the next target might be factories rather than universities. Moreover, other students—the substantial number, perhaps a majority, who remain staunchly secular—would object.

6. If the sources of funding of IF groups are uncertain, the best guesses are obvious. Observers usually mention public sources in Libya and private ones in Saudi Arabia and the Gulf. Certainly some of the well-disciplined groups tax their members working abroad—usually in Saudi Arabia and the Gulf, in whose conservative climates most IF adherents prefer to work. The larger IF groups appear to have ample funds to carry on their work.

Are there links with like-minded groups abroad? Little hard evidence is available but some observers have seen signs of communication and mutual moral support—between, say, a hard-lining Syrian group and one of the Egyptian ones. Doubtless a relationship exists between the sizable number of IF-minded Egyptians working in Saudi Arabia and the Gulf and the funds, if any, that flow from that region to the Nile Valley. Whatever the links, each Egyptian group appears to be working for itself within the context of hopes for *Egyptian* reform, finding help where it can but not feeling a basic responsibility toward similar Muslim groups outside the country.¹¹

7. It is generally assumed that the Egyptian government has succeeded in penetrating in some measure the larger IF groups and thus keeps abreast of their moods and special plans, if any. According

to one observer, the tenor of governmental utterances becomes more Islamic as the intensity of feeling increases among the IF groups—and indeed, since 1974 at least, public allusions to the values of Islam have been growing. For example, Sadat now stresses his first name; he is Mohamed Anwar Sadat. The slogan “knowledge and faith” (*el-'ilm wa el-imān*) has become a familiar refrain.

8. Members of IF groups usually identify each other by the way they dress, especially the women. The general rule (there are many sub-rules, according to sect) is that women should not wear clothing that reveals the contours of the body, though one occasionally sees clothing in the traditional mode which in fact breaks the rule in subtle and beguiling ways.

On the campuses, where modern Western dress remains the majority mode, the adoption by women students of traditional dress is sometimes part of the recruitment process. While many women act purely from religious motivation, practical reasons for dressing according to the IF rule also exist. A woman coming from a lower-middle-class background finds the finances of modern dress difficult to manage; fashionable change of daily costume demands money and sophistication, unlike a mode in which only one costume is necessary. Moreover, the larger IF groups, with funds from outside, are willing to pay for that one costume. By agreeing to wear it, the woman student signals she is not a swinger and informs potential husbands of her purity, thus solving a social as well as a financial problem.

Two Long-term Political Possibilities

In Egypt's authoritarian atmosphere, two (controlled) political experiments bear watching. They are, to be sure, small experiments and each could be understood as window-dressing to impress Western opinion. Yet each is recognized as a response to a major Egyptian problem and concern. In fact, the progress of each will be a good measure of the amount and speed of change one can expect in the coming years. If allowed to develop further than at present (and further than current educated opinion might favor), each

could lead to profound social transformations in the distant future.

The first experiment tackles problems of political democracy and equity. When Nasser established his one-party participatory democracy, he created not only a parliament but also regional and local councils. Half the membership of all these institutions, he decreed, must be made up of workers or peasants, with each of these categories being defined in such a way that only the poor could be included. All this came to pass, and Sadat sustains the system.

For now, of course, the elite and the influential can, with relative ease, manipulate the system to their own advantage. Yet here and there, workers and peasants have won a few minor skirmishes, especially at local levels. Thus, the institutional apparatus for radical change is now available and accepted; if workers and peasants continue to learn how to use the apparatus, their political clout will slowly increase.

The second experiment, related to the first, tackles the problem of centralization. Under the influence of Sadat, with financial encouragement from USAID officials, government planners have become increasingly interested in delegating authority *and* money to regions and local areas for certain kinds of local efforts. Several governorates now have their own budgets for promoting regional enterprise and infrastructural schemes. Village councils in some regions have the right to spend small amounts *and* to ask for an accounting of other expenditures by the local bureaucrats, on whom pressure from the poor can now be more effectively applied if only by virtue of nuisance value.

Other such decentralization experiments in years past have not lasted long. In this instance the key indicator will be the development of working institutions that regulate and manage decentralization in both its financial and its jurisdictional aspects. In the short term, such a development will be influenced most crucially by the amount of pressure from on top.

Possible Trouble for the Regime

Given the stresses, strains, and structure of Egypt today, how might the regime get into trouble? Here we enter the murky area of informed

speculation, with the intent not of predicting but of sensitizing and training the "weather eye." I base my notions on responses to a series of questions put to a cross section of thoughtful Egyptians. Though the responses were occasionally contradictory, some common elements emerged.

To begin with, all agree that the economy and the polity are in satisfactory health. If a few clouds are on the horizon, no immediate threats are discernible. Occasional spots of trouble engineered by Muslim militants are so far manageable. The officer corps is reasonably loyal and reasonably content.

What are the issues that really matter? In today's Egypt what stands out is the relative nonimpact of foreign-policy issues that do not impinge directly on Egyptian life. The Israeli connection matters a lot less than the American one. While Sadat would like the Camp David process to succeed—his pride is involved—its success is less important than the major goals already achieved, such as American friendship and financial support, which have domestic implications. If it were economically effective, the Arab boycott of Egypt, imposed after the Camp David agreements, might matter substantially more than it does, but as things now stand, the accusation of political immorality made by the boycotting powers hurts very little. Egyptians note, for instance, that more than half the teachers in Saudi Arabia are still Egyptian, and they are convinced they can easily return one day to the Arab fold if they choose to make an appropriate gesture.¹² What matters most is what is happening at home—prosperity of a sort, critiques from right and left, hopes for political democracy, Egypt itself.

The only group with sufficient power and discipline to mount a challenge and impose a new government is the Army officer corps. While the IF can make trouble by demonstrations and riots and thus pave the way for others, they themselves are not organized to take power—unless they are able to infiltrate and use the institutional capacity of the officer corps itself. In light of the failure of 1974, the safeguards that have been set up, and

the generally secular views that line officers are presumed to have, it is difficult to see how such an attempt by one of the IF groups could finally succeed.

Conceivable under some circumstances is a crystallization of opinion among senior officers that the time had come to act. What would bring them to the point of pre-emption of power, to the point of making a clear and unrefusable request of Sadat that he step down? One Egyptian put it this way: under what circumstances would key officers *think* the situation was getting out of hand? Bear in mind that officers have had little experience in such matters. Given the checks and balances inside the corps, how does one senior officer initiate potentially treasonous conversation with another? There are no Army routines for determining the climate of officer opinion, let alone for taking action if, indeed, the climate should turn out to be strongly anti-Sadat.¹³

Nonetheless, despite these unknowns, my informants felt that Army pre-emption of power was always possible and that at least three situations, if they should develop and be mismanaged, could be dangerous for the regime. I report them here in what I perceive to be the order of increasing worry to the officer corps—and the order of increasing opportunity for exploitation by Islamic fundamentalists and other protesters (like groups from the "old left," who might be temporary allies).

Severe Political Embarrassment. As already suggested, it is not the failure of the Camp David process that will be severely embarrassing to Sadat or his shilla. On the other hand, Sadat has staked his reputation on playing the "American card"; he would be seriously discredited at home if he were suddenly and dramatically to be repudiated by Reagan. If it became apparent that Washington's sense of responsibility for Egypt was evaporating, what is now a bullish atmosphere might change almost overnight into a bearish one. How dangerous this would be for the regime is uncertain, but without doubt it would be politically unsettling. Despite some Egyptian fears, however, such an eventuality is unlikely. The new American

administration shows every sign of continuing its support at present levels, including the enormous USAID program.

What will happen when a partial withdrawal of American financial support does occur—as it one day must, given its present extraordinary intensity? If it does not also symbolize a withdrawal of political support, Sadat can doubtless manage. Already he is assiduously cultivating the European community and Japan, possibly with this inevitable moment in mind.¹⁴ Moreover, a partial, not unfriendly withdrawal of American support might even be helpful. Among educated Egyptians, fears of overdependence on the United States are not hard to find, and on the moderate left American influence has bred resentment. These feelings are exacerbated by the presence of a large, highly visible American community, an alien intrusion whose wealth and unintentional arrogance contribute to a counterproductivity that worries more than a few, though not enough, American officials. The United States, they say, would be better served if its presence were less obvious.

More embarrassing to Sadat—closer to home and very touchy—would be the involvement of members of his own family in, say, a presumed intentional misuse of funds. Suspicion of such misuse always exists in some quarters; what I mean is a general consensus on gross misuse—with large bits of supposed evidence in plain view and available as a site for public demonstration. Such a crisis of confidence might well be enough to persuade key Army officers it was time to make a move.

Economic Downturn. Economic downturn, when it occurs, will also change a bullish atmosphere into one of economic despondency, accentuating the country's stresses and strains. Those in the public sector who must supplement their government incomes in order to keep up will feel the pinch—including not only relatives of Army officers but also, in some measure, Army officers themselves.

While economic downturn will normally be signaled in advance by the usual indicators, it can happen more abruptly for political reasons.

One such possibility is occasionally mentioned by Cairo diplomats who speak fearfully about a sudden drying up of the flow of remittances from abroad; this, they say, would have a shock effect, working a hardship on thousands of Egyptian families and seriously affecting the balance of payments. What if other Arab states were to carry the economic boycott a step further, prohibiting the import of Egyptian laborers and technicians or preventing the repatriation to Egypt of money they earned? On this score the evidence suggests there is little to worry about for the moment. Other Arab countries, it appears, are not prepared to do without Egyptians. Moreover, it is demonstrably difficult to prevent the repatriation of income when the incentives back home are attractive. As indicated earlier, unfriendly Libya has tried and failed.

What will economic downturn bring in its wake? One theory is that the government will seek to take over parts of the fledgling private sector and create new jobs for military officers—at least as a temporary expedient in order to garner their support. Would this really occur without an economic near-disaster? Probably not. In their positions of special influence, officers will feel their status already puts them one-up over others and will wish to preserve as long as possible a system that offers hope of cushy retirement into the elite.

The Islamic fundamentalists, however, could change this picture somewhat, making good use of hard times by using as their focus for organized protest and demonstration such universal complaints as lack of adequate housing or high prices. Riots would lead to redoubled government efforts to please the military—and possibly to military efforts to replace the regime.

Food problems. In 1977, partially in response to demands from the World Bank as one of the conditions for a loan, the government permitted a rise in the price of basic foodstuffs. The rise in prices was not excessive, representing a minor adjustment in the subsidies the government provides in order to keep its urban populations content. Still, the result was massive urban rioting.

Sadat had to call in the Army to restore order.¹⁵ While the blame was publicly placed on "leftist elements," the participants had the same social origins—working and lower middle classes—as those who support the IF. The riots served as an excuse for repressive measures, involving the press and some political groupings of the old left. The final outcome, however, was a cancellation of the price changes.

Food is the most sensitive political issue and economic problem in urban Egypt. Food riots have a quality of anger that other riots I have observed do not possess. And they can erupt suddenly with only a minimum of organization necessary. Since 1977, it has become a policy axiom not to play around with the structure of food subsidies. Economists point out that it is economically disastrous to continue the subsidies, that freer pricing is essential to proper development, that the countryside suffers as a result. Politicians see the realities in different terms. AID, which once followed the World Bank line of 1977, now recommends a go-slow policy.

There are other food issues that might erupt—for example, the very availability of basic foodstuffs is crucial. Egypt now imports substantial quantities of the food whose sale it subsidizes. Should mismanagement or natural disasters affecting deliveries cause food shortages for very long, the resulting tension could be easily exploited by those seeking public sympathy for sustained, potentially violent protest.

* * * * *

These three situations or sets of circumstances suggest what the general stage sets for abrupt change might be. At present the stages have *not* been set and few of the props are in place. Were props put into place and curtains opened for a drama, the likelihood is that the regime could cope with the crisis.

What the officer corps fears, if there should be a crisis, is bad management. Clumsy handling of trouble could bring prolonged civil disturbances, which could be fostered and expanded by IF organizations. The evidence suggests strongly that the numbers already organized under IF banners are enough to organize others at demonstrations

and riots and promote a dangerous momentum. The longer the crisis and the more time and scope for exploitation, the tenser and more divisive the situation. Observers say that after the semi-chaos of many days of sporadic rioting, public confidence would be undermined and urban Egyptians would begin to think about alternatives. Like a large, partially damaged anthill, the population would scurry about frantically in search of ways to re-establish living routines that work, willing to listen to new notions of how to do it. Under such circumstances, the officer corps would fear radical change and become concerned about law and order as well as its own public image and its dignity. Army pre-emption of power would presumably follow.

The foregoing is only speculation, and unanticipated events regularly make a mockery of prognosis. I report it here because it is "believed speculation," making sense to thoughtful Egyptians. Asked to speculate further about pre-emption by the officer corps, these Egyptians seemed to make the following assumptions:

(a) The sooner the pre-emption, the more Sadatist the succession to Sadat.

(b) Pre-emption, because it would presumably need a voiced consensus within the top echelons of the corps, would be slow in coming.

On this last point, they underscored what has already been asserted, namely, the routines for making

political decisions of this drastic kind have probably not been established. At the same time, if officers were to delay unduly a decision to pre-empt, their difficulties would mount; order would be re-established only with great effort and perhaps with brutality. And under delayed circumstances the compromises the corps might have to make with the released traditionalism of Muslim militants could constitute a major change of direction for Egypt.

Such educated guesswork should not obscure the fact that Egypt is stable for now. Egypt's problems are big ones, almost insurmountable in the view of the pessimists, but some Egyptians feel optimistic these days.

(May 1981)

NOTES

1. For the full sweep of change and continuity, see the work of John Waterbury, who for almost a decade wrote *AUFS Reports* from Egypt. For starters, I recommend the opening and closing chapters (one written in 1973 and the other in 1976) of his *Burdens of the Past, Options for the Future*, Indiana University Press, 1977.

2. For all these estimates a high degree of caution is required. These figures and their shortcomings are discussed in Saad Eddin Ibrahim, "Social Mobility and Income Distribution," in Robert Tignor and G. Abdel-Khalek (eds.), *Income Distribution in Egypt* (New York: Holmes and Meier, 1981), forthcoming. More data is on its way from Professor Ibrahim, and an AID-funded distribution study of larger scope will reportedly make data available in late 1981.

3. See Andrea B. Rugh, "Coping with Poverty in a Cairo Community," *Cairo Papers in Social Science*, American University, Cairo, January 1979. Though the author's sample was Christian, she is careful to flag the points at which this bias makes the sample different from the Muslim majority. Some of the information given here comes from an interview with the author.

4. See "Egypt," *Foreign Economic Trends and Their Implications for the United States*, U.S. Department of Commerce, November 1980. Prepared by the American Embassy in Cairo, this part of the series is now considered to provide better information on Egypt than the World Bank. Some of the

figures given here are updates given in interviews at the American Embassy.

5. Recent Washington proposals for cutting the budget have not included any lessening of American support for Egypt.

6. Here I report the opinions of a few who contemplated investment and then decided against it. Now needed is careful interviewing of the handful of companies that have already made industrial investments.

7. See Charles F. Gallagher, "Population and Development in Egypt; Part I: Birth and Death on the Nile," *AUFS Reports*, forthcoming 1981.

8. The technical military academy is not to be confused with the prestigious and senior military academy for line officers that produced Nasser, Sadat, and others of the 1952 Revolution. It is a semisecondary institution, catering to younger men of more scientific bent.

9. See Saad Eddin Ibrahim, "Anatomy of Egypt's Militant Islamic Groups: Methodological Note and Preliminary Findings," a paper presented at the Middle East Studies Association, Washington, D.C., November 1980. Information on the IF comes from Professor Ibrahim's paper and from interviews with him and a number of other observers. All assertions and errors, as elsewhere in this *Report*, are my own.

10. *Ibid.*, p. 5.

11. This assertion is seemingly belied by the fact that when the Grand Mosque in

Mecca was taken over by militants in 1979, the Saudi authorities, after the battle, found about ten Egyptian members of Repentance and Holy Flight. These were persons who had escaped from Egypt after the kidnapping and murder of an ex-minister in 1977 and made their way to Saudi Arabia. Before the event at the Mosque, Egypt had tried to have them extradited, but the Saudis had refused.

12. In this respect, Sadat's freedom of action will be restored in May 1982 when the last Israeli soldier is scheduled to leave the Sinai.

13. In 1973, John Waterbury, referring to the role of the officer corps, said that "while there is good evidence that certain elements of the army were very unhappy with the firing of Sadiq [a former Chief of Staff who became Defense Minister], their inability to act decisively would seem to indicate that the Egyptian Army has simply become too big and too internally complex to sustain a collective mentality or even collective grievances." See "A Note on Egypt: 1973 [JW-7-'73], *AUFS Reports*, Northeast Africa Series, Vol. XVIII, No. 4, 1973.

14. At the same time, of course, he is signaling the West that even a partial return to a special relationship with the Soviet Union is now out of the question—and observers assert it will not happen in the future without lengthy preparation and advance notice.

15. Now, presumably, he would call in the new central security force.