

# Hope and Realism Between Egypt and Israel

George E. Gruen

The Egyptian-Israeli peace process is 95 per cent irreversible." That is the professional assessment of Hedayat Abdel Nabi, the American-educated diplomatic correspondent for *Al-Ahram* and interviewer for Cairo's "Voice of Peace" radio program, with whom I spoké in Cairo some months ago.

Peace is indeed very popular in Egypt. While the 99.9 per cent approval President Anwar el-Sadat received in a recent referendum understates the opposition, his peace policy enjoys the backing of a substantial majority of the general population. This includes, to all indications, the armed forces, whose loyalty remains a crucial element in the stability of the regime.

The desire for peace is equally strong among the people of Israel. President Sadat was deeply impressed by the massive popular welcome that greeted him in Jerusalem in November, 1977, and by the friendly outpouring of the people of Haifa when he visited there last September. Sadat noted this together with the "unanticipated" five million Egyptians who greeted him on his return to Cairo from Jerusalem and when he came back from the White House treaty-signing ceremony. Sadat said that Prime Minister Begin felt an equally warm reception in Cairo and Alexandria. He cited this popular sentiment for peace in response to Joseph Lapid, head of the Israeli Broadcasting Authority, who, in Haifa last September, asked him what would happen after Sadat: "What guarantees do we have that we will have another Egyptian president who will pursue your attitude and that we will not lose Sinai and peace together?" Sadat insisted that this was an unjustified fear, since Egypt was no longer a "one-man country" but a "democracy with institutions and a multiparty system." Consequently, the popularly endorsed movement toward peace, he stressed, was not simply "a tactical step...it is a strategic step."

Yet in certain ways Sadat's vision of peace is more far-reaching and all-embracing than that of others in the

intellectual and bureaucratic élite of Egypt. I found that the meaning of peace was given a different emphasis by many Egyptians and Israelis. For the Israelis peace means primarily recognition of their legitimacy, normalization of relations, and prospects of economic and technical cooperation. As Mohammed Sid Ahmed, a leading leftist intellectual in Egypt who is currently out of favor, put it to me, for the Israelis peace means finally "getting out of the ghetto" of isolation in the Middle East.

For the Egyptian masses peace is essentially a domestic matter, as illustrated by signs in Arabic and English proclaiming that "peace equals progress and reconstruction." It is not so much peace with Israel as peace of mind, removing the burdens of a wartime economy, that enjoys such widespread support. A critical question is whether the anticipated "peace dividend" will prove as much an illusion in Egypt as in post-Vietnam America.

Sadat must demonstrate that peace pays tangible dividends to the Egyptian people. Anis Mansour, editor of the popular magazine *October* and a confidant of Sadat, assured me that the Egyptian Government was aware of the problem and has been trying to lower the level of expectations from the unrealistic euphoria that accompanied the peace treaty. The return of El Arish to Egyptian administration with much fanfare in May and of Mount Sinai in November demonstrates the value of the peace process in restoring the Egyptians' national dignity.

Sadat has skillfully used the attacks and economic sanctions against Egypt by other Arab League members to rally popular support in Egypt by noting that his distant Arab critics became rich from oil while the Egyptians sacrificed their lives and treasure in four wars with Israel. Sadat has also played upon Egyptian national pride in emphasizing the unity and primacy of Egyptian civilization. Its cultural greatness reaches back to the Pharaonic period, in contrast to the internal divisions and young "upstart" character of the regimes in Jordan, Libya, Syria, Iraq, and Saudi Arabia. In the midst of all this turmoil, Sadat is fond of declaring, Egypt stands out as "the island of peace, the island of love, the island of democracy."

(Continued on page 22)

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(from page 14)

But national pride does not fill empty stomachs. As the January, 1977, riots against the attempted removal of subsidies on basic foodstuffs dramatically demonstrated, the Egyptian regime must also provide its people with bread and hope for economic progress. A crucial element in Sadat's long-term strategy since the Yom Kippur War has been the policy of *infitah*, "opening" to the West. In place of the heavy reliance upon the Soviet Union by his predecessor, Gamal Abdel Nasser, Sadat has turned to the industrialized Western countries in general and to the United States in particular for economic aid and technical assistance. This has been accompanied by a shift from "Arab socialism" to a more liberal economic policy designed to encourage private initiative and foreign investment.

Sadat has spoken of the need for a "Carter plan," modeled on the post-World War II Marshall Plan, on the scale of \$10 billion to \$15 billion over the next five years. He has even talked of appealing directly to the American public, citing Israel's success in selling Israel Bonds and obtaining United Jewish Appeal contributions. One wonders how realistic is this expectation at a time when foreign aid is increasingly unpopular as recession and inflation eat into the buying power of the American taxpayer.

American officials point out that current aid to Egypt already exceeds the total given any European country under the Marshall Plan. By September 30, 1979, the U. S. had obligated \$4.3 billion to Egypt since 1974 and spent about \$2.4 billion providing basic food and assisting in port construction, agricultural research, health care, mechanization and telecommunications, and water and sewage projects. The remaining \$1.9 billion remains unspent through a combination of stringent AID requirements and the notorious Egyptian bureaucratic red tape.

Nevertheless, some tangible results are already visible. Since the 1977 riots there has been a tremendous building boom. New overhead highways and luxury hotels as well as factories and housing are under construction. The crumbling sidewalks have been repaired, the impossible phone system now works at least sporadically, and new taxis and buses have been added to the seriously dilapidated transport system. The highway from Cairo to Alexandria is filled with trucks carrying foodstuffs and industrial materials, and one sees an increasing number of tractors and other mechanized vehicles used on farms in the Nile Delta. In addition, growing Western tourism, expanded Suez Canal revenues, oil income steadily boosted by increased production and rising prices, and remittances from the nearly two million Egyptians working in other Arab countries are all helping to improve Egypt's balance of payments.

It is hard to tell how much of the economic boom has reached the masses. The average Egyptian still earns less than \$300 a year, and even an architect makes only some \$60 a month. Inflation is over 25 per cent, and the population of 40 million is increasing by 1.25 million a year. Housing remains the number one problem in Cairo—as in Jerusalem—and the population increase causes a steady influx from the farms to the cities, aggravating

the housing and unemployment problems. The Egyptians, I was repeatedly told, are a patient people. But the question remains whether Sadat or a successor will not begin to look for a foreign scapegoat—Israeli "intransigence," American stinginess—if there is not significant progress in raising living standards and narrowing the gap between the masses and the newly affluent who are profiting from the liberalized economy.

How do Israelis and Americans fit into this picture? The Egyptians are ambivalent about foreigners in general and about Jews in particular. They want the benefits of Western technology, and they admire the intelligence and business acumen they believe Jews possess to an exceptional degree. At the same time, they fear the consequences of too heavy dependence upon foreigners. They recall four centuries of Ottoman rule; the "temporary" British occupation from 1882 to 1954, ostensibly prompted by Egypt's failure to pay its debts; and the unpleasant experience with Russian "advisors." Thus both pride and self-interest dictate a certain measure of caution.

Egyptian government leaders, however, are eager to attract, not only American, but Israeli cooperation as well. Ali Gamal el-Nazer, minister of state for economic cooperation, told me that he had no hesitation about working directly with Israel. Egypt's policy was for full normalization and that means joint projects, because "economics is the way to cement relations." He was delighted to see a little car repair shop in Cairo sporting a new sign renaming it "The Peace Treaty Workshop," symbolizing popular acceptance of the idea among ordinary Egyptian people.

Mr. Nazer said that it was fortunate that the Egyptian-Israeli conflict had lasted "only" thirty years instead of a hundred years, since there are former Egyptian Jews now living in Israel and elsewhere who remember the prewar days and could help reestablish commercial and professional contacts. He welcomed the visits to Egypt of former American Jewish Committee President Elmer Winter and the AJC's Board of Governors. He had heard of Mr. Winter's work as chairman of the Committee for the Economic Growth of Israel and his efforts to promote Egyptian-Israeli cooperation on the basis of "the five T's"—trade, technological exchanges, training, tourism, and transportation.

I asked Mr. Nazer what he thought of the proposal by various American and Israeli economists to help solve Israel's pressing shortage of water by piping Nile water to the Negev. Mr. Nazer said that although he had not seen detailed studies, it was a feasible idea, and that several years earlier Egypt had considered a plan to sell Nile water to Saudi Arabia. Moreover, he was aware of Israel's pioneering work in the use of sprinklers and drip irrigation to exploit every drop of scarce water.

President Sadat publicly endorsed the idea in his press conference in Haifa. Noting that he was planning a channel under the Suez Canal to bring Nile water to the Sinai, he added: "Well, why not send you some of this sweet water to the Negev as good neighbors....Sinai is on the borders with the Negev, why not. Lots of possibilities, lots of hopes...."

The idea has aroused some opposition in Israel. Former General and now Minister of Agriculture Ariel Sharon commented: "I would hate to be in a situation in which the Egyptians could close our taps whenever they wished." This is an ironic turn of events, for when I first heard of the idea in the summer of 1973, from Israeli water engineer Elisha Kally, he said his main problem was to convince anyone that the Egyptians would ever recognize Israel and agree to share a precious national resource like the Nile with the Israelis.

This illustrates the importance of the psychological element and the need to build trust in the Egyptian-Israeli relationship. Many Egyptians pointed out to me that Egypt has a rhythm and tempo all its own and that attempts to press forward with projects too aggressively will be counterproductive. Moreover, educated Egyptians resent any inference that the Israelis know how to do things better. "If that is their concept of normalization, we don't want it," said Leila Takla, a prominent member of the People's Assembly. El-Sayed Yassin, director of the Al-Ahram Foundation's Center for Political and Strategic Studies, is undertaking a major series of studies on the social, political, economic, and military effects of peace in the Middle East. He has also examined the evolution of Egyptian and Israeli attitudes. Dr. Yassin expresses concern over the possible cultural confrontation between Egypt and Israel, and he is somewhat skeptical about the value of Israeli technical assistance, noting that much of Israel's technological superiority is based upon the application of American and other Western ideas. Although Egypt is underdeveloped, it has a cadre of scientists, teachers, and technicians who already play a significant role throughout the Arab world, and the nearly two million Egyptians abroad will be sending home some \$1.7 billion this year, unaffected by the official Arab League boycott of the Egyptian Government. Dr. Yassin, who favors a comprehensive approach to peace, believes that Egypt should do more to tap American technology directly.

Other Egyptians expressed the hope that American Jewish businessmen would help Egypt attract United States private investment, which thus far consists of about \$500 million in oil exploration and only \$200 million in other operating enterprises, mainly Coca-Cola, Union Carbide, and Squibb. Ford and General Motors have signed letters of intent. Israeli officials have generally been aware of Egyptian sensitivities, and Yossi Hadas, the Egyptian-born director of the Israeli Foreign Ministry's new Division of Implementation of the Egyptian-Israeli Peace Treaty, told me that he was trying to hold down unrealistic expectations of rapid progress and grandiose schemes. He has been urging the Israelis whose visas for visits to Egypt he has to approve to show an appreciation of the Egyptians and their civilization.

Uzia Galil, president of Elron Electronic Industries Ltd. of Haifa, stressed the importance of carefully picking the first joint ventures to assure that they would be successful. "It is also terribly important that we create a spirit of partnership," and "the worst thing we can do is to try to appear as teachers," he cautioned. He suggested that the involvement of American companies as third

partners could be helpful, not only as a source of capital, but "for emotional reasons." Elscint, a division of Elron, produces advanced medical equipment that would be used in developing health care in both Egypt and Israel. A specific program of Egyptian-Israeli cooperation to rehabilitate the handicapped in both countries was announced in October by Dr. Howard A. Rusk, director of NYU's Institute of Medical Rehabilitation. The tri-lateral joint venture has already been endorsed by Aliza Begin and Jihan el-Sadat, the wives of the two political leaders, who have been active in efforts to help the mentally and physically disabled, including casualties of the Arab-Israeli conflict. Initially, Israeli and Egyptian health specialists would be sent to New York for training, eventually serving in each other's countries.

**I**n the commercial area, direct Egyptian-Israeli trade is likely to be modest in the first three years, with estimates ranging between \$100 million and \$150 million, excluding oil. The first large-scale commercial agreement was signed in July between Koortrade, the international marketing division of Koor Industries, and an unnamed Egyptian concern. Koor, a Histadrut-owned company, is Israel's largest conglomerate, with annual sales of \$1.3 billion. Initially, Israeli goods would be shipped via a European port, but following the completion of the first stages of Israel's withdrawal to the el-Arish-Ras Muhammed line, and the establishment of formal diplomatic relations in February, 1980, the company expects to receive Egyptian permission to transport the goods directly by land. To overcome the anti-Israel Arab boycott, Israeli products will be marketed under the Egyptian firm's trade name. Koor officials said that the Egyptians were interested in agricultural items such as drip irrigation systems and pesticides, solar energy units, sanitary plumbing and aluminum window frames, and possibly oil-refining equipment. In return Egypt was expected to sell Israel cotton and some other agricultural products.

Yitzhak Matza, an Egyptian-born Israeli industrialist, suggested that joint production of solar energy equipment in Egypt was preferable to simply exporting finished Israeli products to Egypt. He emphasized the importance of proceeding slowly and taking the time to cultivate Egyptian friendship, since "the Egyptians don't like to be rushed in making deals" and "do business only with friends."

Some Egyptian-Israeli and Egyptian-American ventures have run into unanticipated obstacles. One example was the recent Cairo film festival to which Israeli and Jewish artists and films were cordially invited, only to find that the censors had removed Hebrew and Jewish themes. It is hard to tell to what extent this was simply inefficiency in a traditional bureaucracy that had not yet absorbed the new spirit emanating from President Sadat or if it reflected a conscious effort to sabotage progress by those in the administration who feel that Sadat has been moving too rapidly in his normalization with Israel and further damaging his relations with the other Arab states. Most of the critics of Sadat's policy, such as former Foreign Minister Ismail Fahmy, have resigned or have been removed from their posts, but some mea-

sure of quiet opposition continues among the career civil servants and the intellectual élite. Sadat countered the unfavorable publicity by welcoming Elizabeth Taylor, whose films had long been banned in Cairo because of her pro-Israel sympathies, and then lent her his personal plane to fly on to Israel. Ordinary Americans and Israeli tourists cannot yet fly directly between Cairo and Tel Aviv, but must stop at third-country airports.

**N**ormalization with Israel is not being impeded, Egyptian officials insist, but is proceeding according to the schedule prescribed in the peace treaty. When some of his foreign ministry advisors urged President Sadat to defer his trip to Haifa until after the Havana nonaligned summit had met, in the vain hope of muting anti-Egyptian sentiment, Sadat insisted on proceeding on schedule. As an added gesture of friendship Sadat inaugurated a twin-cities program between Haifa and Alexandria. He offered to welcome all of Haifa's 250,000 Jewish and Arab residents, adding that he would find room for them, since Alexandria already accommodated a million-and-a-half visitors each summer.

A potential stumbling block to the process of normalization could come from a serious escalation of Israeli-Syrian clashes in Lebanon or from a breakdown in the talks over the self-governing authority in the West Bank and Gaza.

What does Sadat expect from the autonomy talks? Sadat is in less of a hurry than is the Carter administration. He is willing to be patient and is not particularly worried about meeting specific deadlines as long as his general strategic objectives are advanced. As for Palestinian participation, Sadat has become disillusioned with Yasir Arafat and his aides, since they failed to bring about a moderation in the PLO position. Overruling his advisors' objections, Sadat has offered to have Egypt negotiate not only for Gaza but even for the West Bank, should Hussein refuse to join the talks. In deference to President Carter, Sadat has agreed that the Palestinian homeland need not be totally independent and should be linked to Jordan. Sadat hopes that by the third year of autonomy, when negotiations on the final disposition of

the territories are to begin, either King Hussein or moderate Palestinians will emerge who will enable him to get the Palestinian question off his back. When pressed on what to do now, he responds: "Let us not cross the bridge until we reach it."

Sadat is also prepared to work out a compromise with Israel on Jerusalem that will keep the city physically unified. Sadat's plan to erect a mosque, a synagogue, and a church on Mt. Sinai is part of his broader vision of having the three monotheistic religions working together to combat the threat of atheistic communism. This ecumenical approach also provides a framework for maintaining the religious element within the Egyptian identity without encouraging the type of fundamentalist fanaticism that rejects Sadat's goal of Western-style modernization and has already led to Muslim-Coptic clashes in various places in Egypt.

Sadat is unlikely to do anything in the near future that will jeopardize his opportunity to obtain total Israeli withdrawal from Sinai and to strengthen the economic, political, and military support of the American Congress and public he has so assiduously and skillfully cultivated since 1973. But it should always be kept in mind that Mohammed Anwar el-Sadat is a master of surprise and a strategist who has sharply shifted direction when it suited him to do so. Kicking out the Russians, signing the peace treaty with Israel, and offering asylum to the shah all demonstrate his readiness to pursue a course of action he believes correct, irrespective of the criticism it evokes. These are the marks of a statesman. Yet Sadat operates within certain economic and political constraints. The Egyptian-Israeli peace process may seem 95 per cent irreversible, but having long studied the unpredictable Middle East, I still worry about that other 5 per cent.

The United States, which is a full partner in the Camp David negotiations, has a clear national interest to aid and encourage the normalization of Egyptian-Israeli relations so that the peace process takes firm root and becomes truly irreversible. Mutually beneficial cooperation between Cairo and Jerusalem is a symbol of stability and sanity in the turbulent and terror-ridden Middle East. **WV**

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