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REAGAN'S BLUNT MESSAGE TO EGYPT'S MUBARAK

INTRODUCTION

Egyptian President Hosni Mubarak's visit to the White House on March 12 will focus attention on the United States' special relationship with his country. No other Arab state ever has received the attention and aid which the U.S. has been showering on Egypt. Yet, although Cairo and Washington remain bound by common strategic interests, there are growing differences between them about the optimal strategy for advancing the Middle East peace process and the scope and nature of the U.S. aid program. Ronald Reagan must speak bluntly to Mubarak about these differences and how to resolve them.

The U.S.-Egyptian relationship, in the main, remains mutually beneficial. Both partners, however, have been disappointed that the bilateral benefits of the arrangement have not been as great as anticipated. Cairo has complained about the perceived inadequacies of the U.S. military and economic aid programs and called for greater American diplomatic pressure on Israel in Middle East peace negotiations. Washington has been dismayed by the strict limitations Egypt has imposed on strategic cooperation and by the slow pace of Egyptian economic reform. Recently, there also has been increasing American concern about the cold shoulder Egypt has turned to Israel since the 1982 Israeli intervention in Lebanon. Continued Egyptian footdragging on normalizing relations with Israel will only strengthen Israeli misgivings about trading territory for peace with other Arab states.

Washington has poured \$15 billion of foreign aid into Egypt since 1974. To date, this investment has produced substantial strategic and foreign policy dividends. Cairo has broken with Moscow, worked to reduce the influence of the Soviet Union and radical anti-Western states in the Middle East, negotiated a

peace treaty with Israel, and acted as a moderate, stabilizing force in this turbulent region.

There are, however, troubling signs on the horizon. As Egypt's efforts at reconciliation with those Arab states opposed to the Camp David process have gained momentum, Cairo has sought to distance itself from the U.S. as well as from Israel. Reagan should tell Mubarak that the flow of U.S. economic aid is bound to be reduced if improved Egyptian-Arab relations come at the expense of Egyptian-American and Egyptian-Israeli relations. American aid should be seen in the context of Egypt's continued cooperation in building a stable, peaceful Middle East, not as an entitlement program derived from Egypt's past participation in Camp David.

American aid is a political reward and should not become an economic commitment that can be taken for granted. Washington should gauge the flow of aid primarily according to the degree of Egyptian strategic cooperation, rather than to Egypt's economic needs. Only Egyptian economic reforms, not American largesse, will solve Egypt's economic problems.

EGYPTIAN-AMERICAN SPECIAL RELATIONSHIP

Over the past decade the U.S. has developed a special relationship with Egypt--the preeminent state in the Arab world. This de facto alliance is founded on a common commitment to Middle East peace, regional stability and opposition to the expansion of Soviet influence. Although this relationship survived the 1981 assassination of President Anwar Sadat, it is clear that the honeymoon is over. After the initial burst of euphoria and the unfulfilled promise of the Carter-Sadat years, the United States has settled into a more restrained relationship with Mubarak's Egypt.

Comprising almost half the population of the Arab world, the 46 million Egyptians long have been a dominant political, military and cultural power in the Middle East. Egypt's major problems have been economic. In the 1950s, President Gamal Abdul Nasser sought to play off the two superpowers against each other to gain maximum economic advantage. He then opted for an alliance with Moscow.

When Soviet-supplied arms failed to produce Egyptian victories in a series of wars against Israel, President Sadat replaced Egypt's Soviet connection with an American one. Unlike Cairo's defunct special relationship with Moscow, which essentially was based on arms transfers, Cairo's special relationship with Washington was motivated primarily by economic and diplomatic goals--the revitalization of the Egyptian economy and the establishment of an Egyptian-Israeli peace that could be broadened into a comprehensive Arab-Israeli peace.

Sadat oversold the benefits of an Egyptian-Israeli detente. Counting heavily on U.S. assistance, Sadat promised that peace with Israel would improve dramatically the Egyptian economy and would be a first step toward a comprehensive solution. As custodian of Sadat's legacy, Mubarak has a vested interest in securing as much American help as possible to fulfill his mentor's promises. Failure to ameliorate Egypt's economic problems or expand Arab participation in the peace process (thereby removing the onus of Egypt's "separate peace" with Israel) would not only undermine Mubarak's authority but the stability of Egypt as well.

Although fundamentally healthy, the Egyptian-American special relationship remains vulnerable to several hazards. In the short run, the chief threat is Egypt's campaign to stage a reconciliation with other moderate states by holding the U.S. at arm's length, downplaying its commitment to the Camp David accords and freezing relations with Israel. There are also likely to be continuing strains over aid levels and peace strategies.

In the long run, the slowly rising tide of Islamic fundamentalism within Egypt, unless checked, poses the most serious threat to close relations.¹ Because such fundamentalism has mushroomed among young educated Egyptians alienated by the dismal employment prospects offered by the Egyptian economy, Washington must find a strategy of economic reforms and aid to bolster Egypt's economy if it hopes to help avert the triumph of Islamic fundamentalism in Egypt.

FOREIGN POLICY ISSUES

Middle East Process

The chief foreign policy issue on Mubarak's agenda for Washington will be the Middle East peace process. He believes that a window of opportunity exists for broadening the Middle East peace negotiations to include Jordan and the Palestine Liberation Organization (PLO). The apparent agreement on common negotiating principles reached between Jordan's King Hussein and Yasser Arafat last month has strengthened this conviction.² The

¹ For an analysis of Islamic fundamentalism, see: Daniel Pipes, "Fundamentalist Muslims and U.S. Policy," Heritage Foundation International Briefing No. 13, August 1984.

² Meeting in Amman, Hussein and Arafat reportedly arrived at a "framework agreement" that called for an international conference at which a joint delegation of Palestinians and Jordanians would negotiate the return of Israeli-occupied lands in return for peace. Arafat indicated his acceptance of previous U.N. resolutions on the Palestine issue (but not a specific acceptance of U.N. Resolution 242) and accepted an eventual confederation with Jordan while insisting on Palestinian "self-determination" (i.e., a Palestinian state). The New York Times, February 15, 1985.

Egyptian President considers it Washington's responsibility to galvanize the moribund peace process to resolve the status of the West Bank and Gaza before the growth of Israeli settlements leaves little to be negotiated.

Mubarak's view that Washington's active involvement is crucial to the success of Middle East peace talks is based on the historical record. In all successful negotiating efforts in the past--the 1974 and 1975 Sinai disengagement agreements, the Syrian-Israeli disengagement agreement, the 1978 Camp David accords, and the 1979 Egyptian-Israeli peace treaty--U.S. engagement in the negotiations as an honest broker was indispensable.

American involvement, however, is a necessary but not sufficient condition for success. There must be a willingness to compromise on both sides of the negotiating table and, more important, a willingness to come to the negotiating table in the first place. President Reagan's bold September 1982 peace initiative, calling for Palestinian self-government in association with Jordan, was rejected out of hand by Israel's Begin government and was shelved when King Hussein haggled indecisively with Arafat.³

Mubarak lauded the Reagan initiative as a "lifetime opportunity"⁴ and appealed to the other Arab leaders to support it. Mubarak differed with the plan, however, on two major points. He advocated the creation of a Palestinian state, an outcome specifically ruled out by the Reagan initiative, and he held out the possibility of a PLO role in the negotiations. During a White House visit last year, Mubarak embarrassed his host by calling for U.S.-PLO talks despite Washington's longstanding commitment to reject negotiations with the PLO until it recognizes Israel and disavows terrorism. Mubarak recently softened this position by urging the Reagan Administration to invite to Washington an Israeli and joint Jordanian-Palestinian delegation, that would include non-PLO Palestinians rather than PLO officials.⁵ The Egyptian President also offered to act as a host for such talks in Cairo.

The Reagan Administration has indicated willingness to broker a wider Arab-Israeli agreement. Wisely, however, it has resisted the temptation to rush into peace talks before both sides have reached a consensus on a negotiating position. Israel is preoccupied with its withdrawal from Lebanon and its economic crisis. A push for negotiations now could precipitate the fall of Israel's national unity government and paralyze movement on these issues, as well as peace negotiations, until after another round of elections.

³ For an analysis of Reagan initiative, see: James Phillips, "For Hussein, Time to Get Off the Fence," Heritage Foundation Background No. 235, December 20, 1982.

⁴ John Merriam, "Egypt Under Mubarak," Current History, January 1983.

⁵ The New York Times, February 25, 1985.

The Arabs also are far from ready to enter such crucial negotiations. Already the Hussein-Arafat framework agreement announced February 11 has drawn criticism from senior PLO officials. Such criticism led Arafat in April 1983 to back away from a similar agreement on a unified Jordanian-Palestinian negotiating stance that King Hussein sought in reply to the September 1982 Reagan peace initiative. Even if the slippery PLO chairman should abide by his agreement with Hussein this time, the agreement itself is a nonstarter. It falls short of what would be necessary to induce Israel to join the talks. Jerusalem would need an explicit recognition of the state of Israel before entering negotiations with Palestinians--not just an implicit recognition of the deliberately vague U.N. Security Council Resolution 242.

The international conference on the Palestinian question envisioned in the Hussein-Arafat framework agreement would lead to rhetorical posturing but little real progress. Moscow, meanwhile, could hardly be expected to facilitate the peace process because a lasting peace would reduce Arab dependence on Soviet arms--Moscow's chief source of influence. An Arab-Israeli settlement, moreover, would intensify the Muslim world's attention on the Soviet occupation of Afghanistan. Hardline states such as Syria would be handed a veto over the negotiating positions of Arab moderates. The resulting lowest common denominator diplomacy would lead inevitably to a bitter stalemate.

The experience of past Arab-Israeli peace efforts indicates that only direct, face-to-face negotiations are likely to succeed. Until Arab negotiators are willing to sit down with the Israelis, a high-profile American peace push would be unproductive. It merely would focus Arab attention on negotiating with Washington rather than with Jerusalem and distract the Arabs from their own responsibility to impart momentum to the peace process.

Egypt and Israel

While Cairo is impatient for a renewed American commitment to broaden Egyptian-Israeli peace to include other Arab states, Washington--particularly Congress--is growing increasingly impatient for a renewed Egyptian commitment to the existing peace. The current "cold peace" between Egypt and Israel reduces Israeli incentives for taking risks to make peace with other Arab countries. The freezing of Egyptian-Israeli political, trade, and cultural relations that followed the 1982 Israeli military operations in Lebanon should be thawed gradually as Israel withdraws from Lebanon.

Particularly disturbing is the continued absence of an Egyptian ambassador in Israel and Cairo's escalating conditions for his return. The Egyptians initially indicated that their ambassador would return after Israel withdrew from Lebanon. Later Cairo added new requirements, such as progress in negotiations over the disputed border at Taba and the enhancement of Palestinian living standards in the occupied territories.

A thaw in the "cold peace" would go far toward encouraging the Israelis to enter negotiations with other Arabs and would reduce Israeli reservations about the willingness of Arabs to fulfill treaty commitments, a concern heightened by the abrogation of the May 17, 1983, Lebanese-Israeli agreement.

Egypt and the Arab World

Washington is concerned that the growing Egyptian rapprochement with the Arab world will harm Egyptian-American relations. Mubarak has gone out of his way to mute his association with the U.S. and stress Egypt's "nonalignment." Cairo's urge to keep Washington at arm's length is reflected in Egypt's voting record in the United Nations. It is a curious voting record for a country seeking a massive increase in American aid.

Percent of Egyptian U.N. Votes With U.S.

<u>Year</u>	<u>Percentage</u>
1980	32.8
1981	29.0
1982	24.4
1983	23.4

Source: U.S. State Department, International Organization Bureau.

U.S.-Egyptian Military Cooperation

Egypt's large population and strategic location make it a key geopolitical actor in the Middle East. It straddles the African-Asian land route as well as the important Suez Canal-Red Sea waterway. Egypt's armed forces at 447,000⁶ are the largest in the Arab world. They are undergoing a transfusion of Western, particularly American, military technology to replace outmoded Soviet weapons systems and maintain a relatively high level of military morale and combat effectiveness.

Egyptian-American strategic cooperation began in earnest after the 1978 Camp David accords. Egypt provided the U.S. with some of its most advanced Soviet-made weapons systems, which the U.S. dissected and reconstructed through reverse engineering.⁷ American intelligence capabilities were also enhanced through the exchange of information between the two intelligence communities

⁶ The Military Balance 1983-1984 (London: International Institute of Strategic Studies, 1984), p. 53.

⁷ The Washington Post, October 8, 1981, p. A20.

and access to Egyptian facilities for SR-71 reconnaissance flights over Afghanistan, Iran, and South Yemen.⁸ Egypt supplied arms to Afghan resistance forces and extended sanctuary to the Shah of Iran after he was ignominiously shunted out of the United States.

Egypt has been a stabilizing force in the Middle East not only by quitting the confrontation bloc, thereby reducing the risks of another Arab-Israeli war, but also by checking the destabilizing activities of such anti-Western states as Libya, South Yemen, Iran, and Ethiopia. Cairo has provided pilots and advisors to the Sultanate of Oman, supported anti-Libyan factions in Chad, backed the beleaguered Sudanese regime of President Gaafar Numeiri, and supplied Iraq with weapons to stem the advance of Iranian forces that eventually could threaten the entire Persian Gulf.

The hallmarks of direct Egyptian-American cooperation have been the "Bright Star" series of annual military exercises and the deployment of American AWACS radar aircraft in Egyptian airspace following Sadat's assassination, Libya's intervention in Chad, and the March 1984 Libyan air attack on the Sudanese city of Omdurman. This latest Libyan gambit also prompted the U.S. to air transport an Egyptian air defense unit to Sudan to guard against further Libyan aggression. In addition, Cairo has granted overflight rights and landing privileges to American aircraft participating in military exercises in Oman and facilitated the transshipment of supplies to U.S. Marines stationed in Lebanon with the multinational peacekeeping force. In August 1984, an American minesweeping force at Egypt's request helped clear the Red Sea shipping channels of mines presumably placed by Libya.

Despite close cooperation in restraining Libyan activities, Egypt has been less willing to aid American contingency planning for Persian Gulf crises. The modernization of the Egyptian base at Ras Banas was to have been the most concrete manifestation of bilateral military cooperation. Located across the Red Sea from the oil terminal at the Saudi industrial city of Yanbu, Ras Banas was slated to become a key rear staging base for the U.S. Rapid Deployment Force. Sadat insisted, however, that he would not sign a formal agreement for U.S. access to the base and questions arose as to whether Egyptian or American contractors would carry out the \$400 million modernization program. The U.S. Congress eventually declined to fund the project because of persistent disagreement on these issues.

Cairo's continued refusal to sign Ras Banas access agreements with Washington, let alone grant base rights, has been attributed to Egyptian determination to retain its nonaligned status. Yet Egypt exhibited no such inhibitions during the early 1970s when the Soviets maintained up to 20,000 military specialists and

⁸ The Washington Star, January 8, 1980, p. 4.

advisors in a base network inside Egypt, some of which Egyptians were not allowed to enter without Soviet permission. Egypt's "nonalignment" was never called into question within the so-called nonaligned movement because of such overt pro-Soviet behavior. If Cairo feels bound by the nonaligned movement, it should not request so much American military aid.

Foreign Aid and the Egyptian Economy

Between 1974 and 1984, the United States provided over \$15 billion in military and economic assistance to Egypt. The American aid effort in Egypt is now the largest non-military aid program in the world. In real terms the U.S. has already spent more per capita on Egypt than it did on Europe during the Marshall Plan.⁹ Yet American aid has had little visible impact on Egyptian society. It is disbursed to repair Egypt's decaying infrastructure, to fund imports of food and raw materials to reduce Egypt's balance of payments deficit, and to support Egyptian health and education programs.

Cairo is requesting an additional \$1 billion in FY 1986 on the top of its \$2.2 billion in FY 1985. It also wants its military debt to the U.S. rescheduled. More aid will not solve Egypt's staggering economic problems. Egypt needs a dynamic economic strategy designed to trigger growth and the will to carry it out. Mubarak should cut, for instance, the massive subsidies that skew Egyptians' economic behavior. He should boost productivity by strengthening the private sector and reducing government mismanagement. Internal reform, not external aid, is the key to the revitalization of the Egyptian economy. Washington should increase its aid to Egypt only if Cairo undertakes long-overdue economic reforms and upgrades its strategic cooperation with the U.S.

U.S. POLICY TOWARD EGYPT

Ronald Reagan should advise President Mubarak that:

- 1) The U.S. remains committed to broadening the Middle East peace, but only on the basis of the Camp David accords. The framework agreement reached by King Hussein and Yasser Arafat is stillborn because neither the U.S. nor Israel will accept it. Direct Arab negotiation with Israel, not an international peace conference that will turn into a propaganda extravaganza, is the means of furthering the peace process.
- 2) American aid to Egypt should be based on the level of Egyptian strategic cooperation and compliance with the spirit of Camp David--not on Egypt's economic needs, which may prove

⁹ Stanley Reed, "Dateline Cairo: Shaken Pillar," Foreign Policy, Winter 1981-1982, pp. 176-177.

to be bottomless given the current structure of the Egyptian economy. And with Congress' concern over the deficit, Cairo should not expect a \$1 billion aid increase in the absence of improved strategic cooperation.

- 3) Internal economic reforms are needed to ameliorate Egypt's economic problems, not massive injections of American aid. Egypt's huge subsidies soak up billions of dollars that could otherwise be invested in expanding Egypt's economic base. While limited subsidy programs such as food stamps should continue to protect the poor, middle-class and wealthy Egyptians should pay the market price for food, electricity, and gasoline.
- 4) The official U.S. presence in Cairo should be reduced to avoid provoking a xenophobia that could be manipulated by Islamic fundamentalists. The U.S. Agency for International Development (AID) should limit its American contract personnel, replacing them with Egyptians wherever possible.
- 5) Washington should coordinate its policy toward the Sudan with Cairo, which historically has taken a deep interest in Sudanese affairs due to Sudanese control over the upper Nile. A joint disaster relief team consisting of U.S. food relief personnel and Egyptian medical personnel would go far toward easing the famine that threatens the Sudan.

CONCLUSION

Cairo and Washington share similar goals but often advocate different views of achieving these goals. The U.S. should encourage Egypt to seek a wider peace by promoting direct Arab-Israeli talks along the lines of Camp David rather than subscribing to the pipedream of a peace produced by an international conference. American aid should be devoted to strengthening the Egyptian free market economy by encouraging internal reforms rather than reinforcing its subsidies. Aid levels should be pegged to the level of strategic cooperation to thwart not only regional threats such as Libya, but also the Soviet Union.

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