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What prompted Egypt to move from a socialist state to a capitalist one, from Israel's adversary to its reluctant diplomatic partner, from being a country with a strong national identity to a deeply divided one? The answer is war

By Ali E. Hillal Dessouki

When the war erupted at 2 o'clock in the afternoon on October 6, 1973, I had working for the Center for Political and Strategic Studies at Al-Ahram for the past few months. Earlier in August 1973, I had returned to Egypt after seven years of completing my graduate studies at McGill University in Canada. Soon after, I was appointed as an assistant professor of political science at Cairo University and joined the Al-Ahram Center. The center's main job to was to monitor the domestic politics of Israel. It was supported by Mohamed Hassanein Haykal, editor of Al-Ahram and a confidante of President Gamal Abdel Nasser, and directed by Hatem Sadek, Nasser's son-in-law. It included a group of senior researchers comprising a number of sophisticated social scientists, retired ambassadors, and policy analysts. The senior researchers used to meet on a weekly basis, and by late September, they met daily to discuss the development of events in the Middle East. All of us were at hand and the center was charged with writing daily position papers prepared specially for the president. For the following three weeks, I was commissioned to write the daily political commentary directed toward Israel, which was aired on Egyptian radio.

War is a momentous event in history. It can be a catalyst for societal changes, a source of new ideas, and an impetus for replacement and transformation. War is also closely associated with the process of state formation and the development of national pride and patriotism. Moreover, the balance of power between states is impacted by war, and great wars produce new international institutions and systems.

◁ Egyptian tank tipped on the side of the road near the battlefront after the October War comes to an end. Oct. 28, 1973. *Ahram/ Hassan Al-Tony*

The October War, especially, had a dramatic impact on most Egyptians. It was a spectacular event and a moment of elation, enthusiasm, and national pride. To us, it was a war of liberation meant to regain the lands occupied by Israel in the previous seven years. In 1973, the prominent literary figure Tawfiq Al-Hakim wrote about the eternal spirit of Egypt which remains active and alert despite the many challenges, including defeats. He described the crossing of the Egyptian army to Sinai as "transcending the defeat" of 1967.[1] Twenty-five years later, the Nobel laureate Naguib Mahfouz echoed the same idea by describing the victory of 1973 as the "restoration of the soul".[2] The prevailing conviction was that the war would energize Egyptian efforts in all walks of life and start a new chapter in Egyptian history. The term "spirit of October" was frequently used to refer to values of discipline, achievement, and solidarity.

What happened in the following years was different and controversial. It testifies to the concept of irony in history, the unintended and unexpected consequences or a paradoxical outcome of a particular historical event. As the German philosopher Friedrich Hegel suggests, history moves in unpredictable ways; contradictions and conflicts may interact to produce new and unplanned developments.

President Anwar Sadat, who assumed office in 1970, used his newly acquired legitimacy to take Egypt into a different path than that undertaken during President Nasser's time in office. Sadat initiated a process of restructuring of both the domestic and foreign policies of Egypt. This restructuring reflected a trade-off between political and economic goals as perceived by him, such as rapprochement with Israel in exchange for American aid and support or embracing the image of democracy in exchange of more Western investment.

Sadat told members of the parliament in 1975: "I prefer action to reaction." His political style was characterized by initiative-taking, surprise moves, and risk-taking. He was not a man of ideas or theories but rather a realist and pragmatist par excellence. He was a master of political survival and dexterity adept at seizing fleeting opportunities. And he was ready to change his strategy in the course of his political maneuvers.

Controlled Liberalization and the Turn Toward Religion

Domestic politics in Egypt underwent major changes in the 1970s. Sadat proposed a change in the name of the country from "United Arab Republic" to "The Arab Republic of Egypt" in 1971. The flag was also changed in the same year and the national anthem in 1979. These changes embraced the values and ideas of Sadat's new official political culture. In contrast to the values of

1 Al-Ahram October 9th, 1973

2 Al-Ahram October 1998

anti-colonialism, revolutionary change, and social justice upheld in Nasser's era, Sadat emphasized co-existence with pro-Western Arab states, traditional values, and economic freedom. At the level of institutions and policies, Egypt moved from a one-party state to partial political liberalization.

Specifically, since 1953, there had been no institutionalized political competition in Egypt and the political landscape was dominated by a single political organization. Gradually in the years following the war, the one-party structures were replaced by a controlled multiparty system. In January 1977, Sadat announced the establishment of three political parties representing right, center, and left.

Along with political liberalization, Sadat issued the "October Paper" in 1974. The author of the paper was the famous Egyptian journalist Ahmed Bahaa Eldin who informed me that it was originally intended as a speech to be delivered by the president. Sadat was impressed enough by its content that he decided to make it the guiding blueprint for political and economic change in the country. The key concept of the paper was Egypt's dire need for "*infitah*" (opening), i.e., Egypt has to open its doors to benefit from other countries in the world. The *infitah* was justified in terms of the failure of the "socialist system in Egypt" brought on by Nasser, the desire to attract investments from rich Arab oil-producing countries, and to benefit from the relaxation of global tension at the international level brought about by the policy of détente between superpowers.

In embarking on this new path, Sadat was inspired by two considerations: he wanted to promote the image of Egypt in the West as a modern democratic state. He was also keen to disassociate his new regime from the legacy of his predecessor by appearing more liberal and democratic. But let us make no mistake, these changes were meant to be cosmetic and the extensive powers of the president remained untouched.

The other important and risky move made by Sadat was his rapprochement and tacit alliance with the Muslim Brothers. In the early 1970s, the main opposition to Sadat came from Nasserite and leftist groups, especially among university students and young people. As a counter strategy, he ordered the release of many of the Muslim Brotherhood members from prisons, approved the republication of their weekly magazine *Al-dawa*, and even tolerated their activities on university campuses and elsewhere.

Sadat similarly sought to leverage Islam to enhance his legitimacy. His speeches included verses of the Quran and were replete with Islamic symbols. For him, Egyptian society had to be based on two pillars: *Al-ilm* (science) and *Al-iman* (Faith). He liked to be introduced in public meetings as the "believer-president" so as to accentuate his piety.

Under the patronage of the government, Islamic groups succeeded in containing the influence and weakening Nasserite and leftist centers of opposition. The plan soon backfired, and as the Arabic proverb states, "the magic turned against the magician." Islamic groups increased their criticisms of Sadat's policies, especially toward Israel, and escalated their personal attacks on him. Eventually, a group of militant Islamists assassinated him in October 1981.

Economic liberalization

The shift toward economic liberalization was the other major pillar of Sadat's shift of direction. After the war, Egypt's economic policy underwent a major change from Nasser's Arab socialism, moving from central planning and public ownership to an increasingly free market and private sector-driven economy. These new policies carried the name of economic opening—a term that appeared for the first time in a government statement on April 21, 1973. Initially, it referred to encouraging the role of Arab and foreign capital in the housing and construction sectors.

With the declaration of the October paper in 1974, the term took broader dimensions to include all sectors of the economy and the Open Door Economic Policy (ODEP) was officially adopted. The two essential elements of ODEP were to attract Arab and foreign capital through a liberal investment policy and to incentivize Western companies to open branches and factories in Egypt through the establishment of free zones.

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In the beginning, the policy was framed as compatible with socialism. Sadat took pains to explain that ODEP was in no way a break with Nasser's ideas, and that the economic challenges facing Egypt in the aftermath of the war required new solutions. Five years later, in 1979, he informed representatives in the chambers of industry and commerce that capitalism was no longer a crime in Egypt.

The adoption of ODEP was closely related to the changes in Egyptian foreign policy orientation. When a ruling elite decides to pursue a development strategy based on foreign capital and aid, it follows that all necessary steps will be taken to assure and entice its creditors. A stream of international financial dignitaries continued to flow to Egypt throughout 1974. During that year, Cairo received David Rockefeller, chair of the Chase Manhattan bank, who stated that "Egypt has come to realize that socialism and extreme Arab nationalism had not helped the 37 million people." The U.S. Secretary of Treasury William Simon also visited Egypt and discussed economic policy, and Sadat announced after meeting with him that "we agree 100 percent."

International financial institutions contributed to the adoption of the new economic policy. As early as April 1975, consultations had begun between IMF staff and Egyptian officials. As a result, the IMF report stated that "the Egyptian authorities have reaffirmed their commitment to the "Open Door" policy." It added: "The fund believes that in order for this policy to be successfully implemented, fundamental changes in economic policies are required. Domestically, subsidization should be sharply reduced to ease the budget deficit and release resources for investment."

The report referred to the structural imbalances in the Egyptian economy and recommended the necessity of making adjustments in exchange rate policies.[3] For two years (1975-1976), international financial institutions and Arab and Western creditors pressured Egypt to make its economy more acceptable and accessible to the world's capitalist market by curbing subsidies and devaluing the Egyptian pound. For these two years, the Egyptian government resisted the demands because of their negative impact on the lower classes. The pressure continued and eventually the Egyptian government succumbed. In January 1977, the government announced an increase in the prices of a number of vital commodities such as rice, gas, sugar, and cigarettes, which triggered a mass uprising in a number of urban centers.

The government was obliged to appease the demonstrators and Sadat eventually rescinded the decisions. The January events had their impact on Sadat who became convinced that a dramatic and game-changing step was needed, leading him to undertake his visit to Jerusalem in November 1977.

Regional Realignment and the Rise of Pragmatic Arabism

Similarly, Egypt's regional policy witnessed significant changes, most important of which was changing its alliances from revolutionary radical states such as Syria and Iraq to the moderate camps of Saudi Arabia and other Gulf oil-producing countries.

The move was necessitated by the increasing economic and financial troubles of Egypt and the corresponding increase of wealth in Arab oil-producing countries, especially Saudi Arabia, due to the hike in energy prices after the October War. Arab Gulf states' aid started to flow to Egypt to help solve its economic problems. According to the Riyadh newspaper issued on May 23, 1979, Egypt received 13 billion dollars during the period between 1973 and 1979. Further, the Egyptian government sought to promote Arab and foreign investment and issued a number of laws to encourage them.

3 International Monetary Fund, Arab Republic of Egypt, staff report for 1976, Article XIV, (August 1976), pp.16-17.

As a result, Egypt became increasingly incapable of shouldering its traditional regional role. The withdrawal of Egypt's central role created a systemic crisis in inter-Arab politics because no other Arab country was qualified to fill this vacuum. The regional structure of leverage was diffused and the hierarchy of power became blurred. Hence, inter-Arab politics witnessed competing rival states struggling for influence. For a while, rich Arab states could not translate their immense wealth into comparable political influence. It took Saudi Arabia more than two decades to emerge as an explicit regional power.

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The principle of national interest became more pronounced in the conduct of Arab foreign policies, a change which was described by Ejaz Gilani in 1977 as "the emerging of pragmatic Arabism,"[4] and by Fouad Ajami in 1979 as "the end of Pan-Arabism." This development brought to the fore the pre-existing contradiction between norms of Arab unity and imperatives of state formation. The call for Arab unity had different consequences; it was a legitimate resource for the adherence to Pan-Arabism, but it was also detrimental to the emerging legitimacy of many Arab states.

Consequently, in the 1970s the goal of Arab unity was replaced by that of Arab solidarity and cooperation. This was reinforced by the continuous failure of all constitutional unity arrangements between Arab states.

Egyptian-Israeli relations also underwent major changes, from Egypt being the only Arab country that fought five wars against Israel in the years 1948, 1956, 1967, 1969, and 1973 to being the first Arab country to sign a peace treaty with Israel. The shift can be explained in light of Egypt's economic troubles, the rise of popular dissatisfaction and political dissent, exemplified by the January 1977 riots as mentioned earlier, and the continuing fragmentation and disagreements between Arab states on settling the conflict with Israel. The termination of the Arab oil embargo in 1974 and the reopening of the Suez Canal in 1975 further weakened the Arab bargaining position.

President Jimmy Carter sent Sadat a handwritten note expressing his unhappiness with the ongoing course of negotiations between the Arabs and Israel. He related to Sadat his fear that something drastic had to be done. In November 1977, Sadat made his historic visit to Jerusalem, which eventually

4 E'jaz Gilani, Pragmatic Arabism: The logic of contemporary Inter-Arab relations, Unpublished PhD submitted to political science department, the MIT, 1977.

led to the signing of the Egyptian-Israeli peace treaty of 1979. Thus, a constellation of domestic and external factors contributed to the restructuring of Egypt's regional policy.

Shifting Egypt's Foreign Policy Orientation

On the foreign policy front, the period between 1973 and 1978 saw Egypt move gradually from an essentially pro-Soviet position to a virtual strategic and economic ally of the United States. This was not the first restructuring in Egypt's foreign policy; more than a decade earlier, Nasser made the reverse process when he broke with Western countries and sought arms and economic assistance from the Soviet Union. The rift between Cairo and Washington became deeper in the 1960s due to Egypt's military support to the Yemeni revolution in 1962 and the intensification of the "Arab Cold War" between revolutionary or radical regimes backed by the Soviet Union and moderate or conservative ones backed by the United States. The rift went as far as suspending American wheat shipments to Egypt in 1964. The Soviet Union seized the opportunity and diverted grain ships bound for Canada and Australia to Egypt. Egypt severed its diplomatic relations with Washington altogether in the aftermath of the 1967 War.

Sadat had deep suspicions of Soviet intentions toward Egypt and the Middle East. He viewed the policy of détente between the United States and the Soviets as an alliance between the two superpowers. For him, this meant preserving the post-1967 status quo in the Middle East, which implied the continuation of the Israeli occupation of Arab lands. Sadat considered the use of the term "military relaxation in the Middle East" in the Soviet-American Communique of May 1972 as confirmation of his views that an alignment between Washington and Moscow could potentially thwart Egypt's resort to a military option to regain its lost territories. Thus, he understood the delay of Soviet arms shipment to Egypt as a form of pressure on his country and strongly criticized the Soviets for doing this.

Having lost confidence in Soviet policy, Sadat was prepared to break with Moscow sooner than later. Thus, it was not surprising that in his first meeting with Henry Kissinger in December 1973, Sadat spoke of the possible cooperation between the two countries to remove Soviet influence in the Middle East. It is ironic that while Egypt relied almost exclusively on Soviet weapons in the 1973 War, its president was making these overtures to Kissinger, whose country was the chief political and military ally of Israel and had provided Israel with the modern military equipment that put an end to the Egyptian offensive in the October War.

Sadat believed that the United States was the only country that could influence Israel and repeated frequently that Washington possessed 99 percent of the cards of the game. Hence, Kissinger monopolized the indirect negotiations

between Egypt and Israel and his "shuttle diplomacy" led to the signing of the first disengagement agreement between Egypt, Syria, and Israel in 1974. Over the following few years, Sadat became more convinced of the importance of the American role in settling the Arab-Israeli conflict. For him, the United States was not just a mediator between Egypt and Israel but rather a full partner in the peace process. He allocated a great part of his time to address American public opinion through meetings with officials, members of Congress, journalists and opinion makers, and leaders of the American Jewish community. As a result, Sadat captured the minds and hearts of millions in the United States and Europe.

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In this context, the objective of his visit to Jerusalem in 1977 was not only to assure the Israeli leadership and public but also to gain American confidence in his determined quest for peace. In 1978, Carter invited Sadat and Israeli Prime Minister Menachem Begin to meet with him in Camp David and initiate a new round of negotiations which led to the signing of "The Camp David Accords" and later the Egyptian-Israeli peace treaty in 1979. In the years following the 1973 War, Egyptian-American relations moved dramatically from an absence of diplomatic relations and deep hostility to close strategic cooperation, and Egypt was frequently referred to in American official documents as the cornerstone of American strategy in the Middle East.

Unmet Expectations

Fifty years after the 1973 October War, it is appropriate to reflect on the discrepancy between the revolution in rising expectations in the immediate aftermath of the war and the reality of what happened afterward. The war heralded a period of major changes in Egypt and an unexpected adoption of new politics. The impact of these changes on most Egyptians was profound and devastating. They saw the ideas they were socialized into, such as Arab socialism and Arab nationalism, declared bankrupt, and the heroes they trusted, such as Nasser, heavily criticized and attacked. The pillars of Egypt's foreign policy that were oriented toward non-alignment, opposition to Western influence in the region, and a pro-Soviet alignment, were replaced with an abrupt shift toward the West, and a budding strategic partnership with the United States.

All of this resulted in a prevailing sense of cynicism, uncertainty, and ideological confusion, a situation very similar to what Emile Durkheim called *anomie*. As a

manifestation of that, different segments of society held various value systems, from liberal Westernized views to strict conservative religious views, shown in their dress codes and social behavior. In this context, Islamists presented religion as a comprehensive value system providing a sense of direction and purpose, which would influence politics for years to come. The Egypt which fought the 1973 War simply faded away in the ensuing years.