

government, to try to impose their own socialist system. They are already soliciting agents throughout the country and are threatening to set up a government in exile in Libya against Mubarak. It is very dangerous.

Egypt's cities are overpopulated, and this provides a sort of agar dish, a fertile ground for the Soviets to sow their seeds of unrest and revolution. The goal of the Soviet Union in Egypt is to create enough of a disruption in Egypt to undermine and destroy Answar Sadat's Westernization program, which is linking Egypt to the West through Western industry and investment. The Soviets want to create enough of a disturbance to frighten foreign investors and American bankers out of Egypt—to cut off foreign investment and stop the capitalist industrial programs. You'll see terrorists disrupting

The IMF plan for Egypt

The World Bank and the IMF are the chief international enforcers of a depopulation policy for Egypt. Under the headline "Egypt may be the first victim of a tougher IMF," *Business Week* commented Oct. 12 that refusal of the IMF this month to grant Egypt a \$400 million loan "could mean chaos for Egypt."

Since 1977 there has been a standoff between the IMF and Egypt following food riots in Cairo, triggered when Sadat heeded an IMF demand to cut back on government subsidies. Now, with income from oil sales declining and a drop in investor confidence in Egypt which began even before Sadat's death, Mubarak may be forced to come to terms with the IMF.

Less than a month before Sadat's death, he opened up an unprecedented confrontation with the major multinational banks. In a tense Sept. 14 meeting Egyptian Finance Minister Abdel Razak Abdel Meguid confronted a number of banking executives for speculating on the Egyptian economy. A month earlier, Sadat had ordered changes in Egypt's complex foreign-exchange laws to reduce capital flight from Egypt. An IMF official commented on these actions with displeasure.

The IMF official noted that the IMF's sister organization, the World Bank, is promoting a plan for Egypt to base the economy on cotton production, because it is "labor-intensive." The plan calls for moving people out of Egypt's cities into the countryside; it is identical with the economic diktat imposed on Egypt by Britain during its colonial rule in the 19th century.

production and urban strife, even the bombing of industrial plants and urban construction sites.

I had a long talk with Anwar Sadat some years ago. He told me, "You bankers have performed miracles in Germany with your capital and industry. Please do this in Egypt." I told him, "No, it's different here. You don't have the entrepreneurial spirit. No one saves."

Q: Don't you see any way to solve Egypt's population crisis?

A: No, there is simply nothing which can stop a cataclysm in Egypt caused by overpopulation, unless there is some tremendous religious revival or reversal in which people decide to have no children at all. I don't see any solution.

Q: Won't the Soviet actions drive people out of the cities?

A: This process will certainly reduce the buildup of urban population in Egypt, but it won't be enough. What is more important is that it will lead to a cutoff in foreign financing in Egypt. That could create real problems for their food supply, which is heavily imported. First, there could be a food crisis. Then, they are losing their water supply, so there could be a water crisis. There will be little the Egyptian government can do.

Q: What is U.S. policy? What should it be?

A: This is precisely why [Aspen Institute President] Joseph Salter's people are already visiting the leaders of state in the Mideast, to try to pull something together. We need some new accord; Camp David is not sufficient to deal with the Soviet threat. If the Saudis could bring themselves to carry on the work initiated by Sadat at Camp David in reaching a new accord with the Israelis, to accept some adjustment in their demands on Israel, perhaps the area can be stabilized. It might have to be at the expense of Jordan, but that's unfortunate.

Q: Why should the Arabs agree to this now?

A: Because the turmoil in the area frightens them. This could frighten them into sacrificing more, more to Israel. If the Russians take over Egypt and shut down the Suez Canal, how do you think Europe will feel? That would starve Italy of fuel. Don't you think they'd go along?

If you want to find out more about what the Soviets and the Libyans are thinking, you should call Dr. Hammer, Armand Hammer of Occidental. Or call my old friend Bob Abboud (former First Chicago Bank chairman and now president of Occidental Petroleum). They were just over to see Qadafi in Libya three or four days before Sadat was shot. Both of them, especially Armand Hammer, are very close to the Libyan situation. They are also very close to Soviet thinking on the area. They can tell you what's going on in Moscow on this.