

# Egypt rallied for economic growth

by Judith Wyer

The ruling National Democratic Party under Egyptian President Hosni Mubarak convened a three-day conference Feb. 12 to establish a new direction in Egypt's economic policy. The conference began the day after Mubarak returned from a five-nation U.S. and European tour in which he sought new commitments to aid Egypt's economic development. Since he took power in October, Mubarak has repeatedly stressed that economic policy would be his prime focus.

The closed-door meeting was the first such parley involving the spectrum of Egypt's political elites to discuss economics since the days of Egyptian revolutionary leader Gamal Abdul Nasser. It produced the strongest signal yet that Mubarak intends to depart from the posture taken by his predecessor, Anwar Sadat.

## Economic shakeup

Last month Mubarak replaced every cabinet minister responsible for economic policy and planning as a first step toward eliminating the "excesses" of the Open Door policy which Sadat initiated in 1974 to invite badly needed foreign investment into Egypt. The issue of limiting foreign investment to areas Mubarak has defined as "productive sectors," in order to raise the standard of living of the impoverished Egyptian population, was the primary theme of the conference.

The rapporteur of the conference, Abraham Hilmi Abdel Rahman, issued a statement to the press at the conference's close affirming the need to reform Sadat's Open Door policy: "The conference was called for correcting certain trends in the Open Door policy in order to concentrate more on the implementation of the productive projects rather than the consumer projects, bolster the activities of the Egyptian and foreign private sectors in accordance with the development plans of Egypt. . . ."

The repeated emphasis on limiting the burgeoning consumer market in luxury imports in Egypt directly relates to the activities of the unregulated free zones and offshore banking units which have fostered a wave of

drug trafficking and hot-money flows in and out of Egypt. This is the side of the Open Door policy which is considered "excessive."

## Drug crackdown

In mid-February Mubarak's three-month-old anti-corruption campaign put a third parliamentarian behind bars. Mahmoud Suleiman Osman was sentenced to 15 years following a seizure of five-and-a-half tons of hashish on his property near Alexandria. The sentence came as a result of investigations which evolved from the December corruption trial of parliamentarian Rashid Osman (who is no relation). Rashid Osman was found to have operated a private port east of Alexandria where hashish was transshipped from Lebanon into and through Egypt to Europe.

Washington sources report that the free-trade zones have become havens for illegal drug trade. Mubarak, according to Egyptian diplomatic sources, is determined to shut down the drug trade and purge the zones of organized crime; he has announced that any business operating within a free zone must show proof of producing something vital to Egypt.

At the same time that Mahmoud Suleiman Osman was sentenced, a parliamentary committee has announced an investigation of Egypt's largest free trade zone at Port Said, east of Alexandria. Parliamentary sources report that Port Said has become Egypt's top smuggling center, costing the government millions in lost tariffs, not to mention the illegal drugs that pass through.

## Putting Egyptians to work

An Egyptian diplomat told *EIR* in late February that the conference resolved to solve the growing unemployment problem through a massive job training program, using Egypt's military. The diplomat said that Mubarak wants to create as many as 400,000 new jobs; primarily through 1) increased agricultural output to be underwritten by an aggressive land reclamation scheme; and 2) a plan for construction of 150,000 new housing units in Egypt to help relieve the country's extreme housing shortage.

With a population growing at a rate of over 100,000 a month, Mubarak must raise standards of living or accede to demands from the powerful local office of the U.S. Agency for International Development (AID). AID is demanding that Mubarak enforce an unpopular and unnecessary program of population reduction.

During Mubarak's speech to the conference, he noted the need to reduce Egypt's population, but how serious he is remains to be seen. Both former presidents Nasser and Sadat paid lip service to population-control policies without enforcing them, simply to ensure that American development aid to Egypt continued to flow.