Euphoric Egypt Steps Into the 21st Century

by Hussein Askary

March 21—This author spent a week in Egypt from March 9-16 (three days in Cairo and four in Sharm El-Sheikh in South Sinai). I was invited to speak at the International Water Technology Conference (IWTC.info) on saving Lake Chad and the Transaqua project, and was able to closely monitor the Egypt Economic Development Conference (www.egyptthefuture.com). The two conferences were held simultaneously in Sharm El-Sheikh in south Sinai (March 12-16). Egyptian government officials such as Minister of Water Resources and Irrigation Dr. Husam Mughazi and the Minister of Scientific Research visited the IWTC and spoke there, where *EIR*'s ideas and materials were delivered to Dr. Mughazi personally.

This report will focus on the Egypt Economic Development Conference (EEDC). Regular readers of *EIR* are already familiar with many of the actual and proposed projects through our series of articles since last June.[1]

The EEDC was an enormous success, both emotionally and economically. The Egyptian nation was rejuvenated, and the path towards the future was clearly identified. Around 2,000 delegates from 112 nations, including 30 heads of state and executives of multinational companies, were in attendance.

The title of the conference, "Egypt of the Future," set the tone very clearly: that it is the future which is the objective, not short-term advantages—a very healthy idea! During and after the conference, euphoria broke out in all layers of Egyptian society. People saw a glimpse of a historical moment and a turning point that will chart a new path for this very ancient but ever-young nation, a moment paralleled only by the great achievements of the late leader Gamal Abdel-Nasser. Current President Abdelfattah El-Sisi has played a key personal role in catalyzing this moment, and the majority of people see him as a new Nasser.

The sense you get from ordinary people, intellectuals, and even government officials is that El-Sisi's Egypt is a new Egypt. All the previous practices in dealing with economic and political affairs are no longer valid, although major questions are still not resolved. The high level of attendance at the conference was a clear sign of global support for Egypt's new policies, more valid than any certificate from the IMF, World Bank, or any rating agencies.

Egypt today is like a cancer patient who is told by the doctors unexpectedly that he is actually healthy, and the diagnosis was wrong. However, the patient is extremely exhausted due to the long agony and unnecessary medications. Egypt is tired, but is looking forward to a great future. Everywhere you go, in the overcrowded and congested capital city Cairo, you see the scars of more than three decades of negligence and lack of investment in basic infrastructure, such as roads, the metro, and housing. The dilapidated tramway and its

1. See *EIR*'s four-part series (Sept. 5, Sept. 12, Oct. 10, and Nov. 21, 2014) on Egypt and East Africa's development, by Hussein Askary and Dean Andromidas.

EGYPT THE FUTURE
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Egyptian President Abdelfattah El-Sisi told his youthful audience at the close of the EEDC conference, "I remind Egyptians and the world that Egypt is awakening now."

dusty tracks tell a sorry story of complete lack of interest in maintaining this key transport means in the city, which possessed one of the earliest rail networks in the world, in the 19th Century. The facades of the houses, many of which are actually very beautiful, have been left to the mercy of time and nature, and the tenants or homeowners seem not even to be interested in renovating or even painting, probably for lack of resources.

However, when you reach the banks of the Nile River in the center of the city, after a long taxi trip in what people in Cairo call "moving parking lots," the chronically jammed highways and streets, you get a completely different sense of the history and potential of this nation. The Nile is a symbol and real source of life for this nation, a constant companion of the people. It is also a fountain of hope and a place where you can find refuge from the hardships of daily life.

When you take a boat for a sightseeing ride on the Nile from the October 6th Bridge, the first thing you notice on the eastern bank of the river is a huge, burned-down modern building next to the National Museum (see photo). It is the former headquarters of the deposed former President Hosni Mubarak's National Democratic Party. It stands there as it was in the wake of the January 2011 revolution, as a monument to remind current politicians that the Egyptian people, although they allow a grace period for their new leaders as they did with also-deposed President Mohammad Morsi of the Muslim Brotherhood, will no longer tolerate corrupt governments, which sell out their nation either to foreign and domestic economic interests or for personal power ambitions. Egyptians often tell foreign visitors: "We overthrew Mubarak when we wanted to in 2011. We overthrew Morsi too in 2013, when we realized how dangerous he and the Muslim Brotherhood are. And, we will overthrow any other government in the future, if we so wish."

President El-Sisi referenced this fact in his closing speech at the EEDC: "The Egyptian people made a change in January 2011, and made it again in June 30, 2013, and they can do it a third time. But I will not stay in power to see that day."

Besides domestic "enemies," the majority of Egyptians equally hate the World Bank and IMF and the current U.S. Administration, which they regard as a threat to their nation. The Obama Administration, like the

The burned-out building that formerly housed ex-President Hosni Mubarak's party headquarters is left as a reminder that the Egyptian people will not tolerate corrupt governments.

George W. Bush Administration, has continued and spread the regime-change policy, which the Egyptian people see spreading fires all around them, from Libya to Syria and Iraq. They regard the Obama Administration and its partners in Qatar and Turkey as the source of domestic terrorism, which intends to divide and destroy the nation when their "agents" of the Muslim Brotherhood failed to do that, or were prevented from doing that by the Egyptian people's massive turnout in the June 30, 2013 revolt against Morsi, and the massive turnout in the Presidential elections last year, which brought El-Sisi to power by an overwhelming majority.

The World Bank and the IMF are considered the masterminds of the destruction of the Egyptian economy over the past three decades. Their conditions, imposed on Egypt with the help of the Mubarak regime, such as the "structural reforms," privatization, and free-trade agreements, eliminated the state's capabilities to maintain the economy, and stripped the nation of its human, natural, and agro-industrial resources, which were instead directed towards exports. No internal improvements in the hard and soft infrastructure of the country were allowed throughout that period. Massive poverty and an exhausted physical-economy were the result. The fact that the Egyptian people and the intelligentsia are acutely aware of these "free-market economy" threats to their nation should be a warning signal to the current government, which is desperately seeking foreign investment at a very high price to the economy.

'It's the Economy...'

Besides its moral and patriotic value, the EEDC also made important economic achievements. These can be generally divided into three categories: 1) A donors conference, 2) Egyptian government plans, and 3) contracts and Memoranda of Understanding (MoU) with foreign companies.

1. The Gulf States of Saudi Arabia, the UAE, and Kuwait pledged to donate $12 billion, part of it to be deposited in the Egyptian Central Bank, and the rest to be invested in infrastructure, energy, agriculture, and real estate projects by the Egyptian government itself. The political price, which the Gulf States hope Egypt will pay, is to back the subversive sectarian and geopolitical plan which the Anglo-Saudis are pursuing in the Middle East, especially against Syria, Iran, and now Yemen. However, it is unlikely that the government of President El-Sisi and the Egyptian intelligentsia and people will support this, because they are not so fond of the Al-Saud dynasty and the wealthy Persian Gulf ruling families. They actually see Syria and Iraq as similar to Egypt, as republican nation-states with a deep historical and cultural character, unlike the wealthy Gulf States, which were a creation of the British Empire. Most Egyptians support the Syrian government of President Hafez Al-Assad.

As for Iran, there is still an enormous amount of skepticism, as Egyptians see Iran as a strategic rival rather than an ally. The fact that the hated Muslim Brotherhood tried to initiate some diplomatic contact, did not make things better. However, Egyptian officials and people see the Obama Administration's policies in the region as a greater threat to Egypt's security and future than Iran. To solve the dilemma of balancing the financial support from the Gulf States without following their subversive policies, the El-Sisi government has chosen not to publicly address the issues of Syria, Yemen, and Iran, but instead to allow some media outlets to attack Iran, the Houthis of Yemen, and the Shia groups that are considered allies or agents of Iran.

It is important for Egypt not to tie itself to geopolitical schemes in the region and the world. However, propaganda can lead to terrible, unintended consequences.

The new Suez Canal project is currently underway. It will include not just the canal, but new ports, railways, and industry.

Besides the political price, the Gulf States expect to be given a huge share of the contracts for real estate, agriculture, and power, with preferential terms and conditions, which will allow them to earn more than they have spent and to achieve a dominating position in Egypt's economic future. If the Egyptian authorities are not alert to the corrupting effect of allowing these special practices, the country could easily slide back to Mubarak's era of corruption and mismanagement.

For example, in the late 1990s, the wealthy Saudis and Emiratis were given large portions of the newly reclaimed desert land west and north of the new Toshka water transfer project. The idea was to cultivate this land for export crops to the Gulf and Europe. After ten years, only 10% of that land was cultivated, and the Toshka project was almost completely abandoned.

2. The Egyptian government has a very distinct idea about the physical-economic needs of the country, and the means to propel the nation and its economy into the 21st Century as a major regional and potentially global power. Nonetheless, Egypt does not have the capital (or so Egyptians believe), nor the capital goods and technologies, to accomplish that goal.

The government ministers at the conference outlined in their presentations a number of key transport, power, industry, and agricultural projects, the largest of which is of course the new Suez Canal Development Project (under construction, see *EIR*, Sept. 5, 2014) and the massive industrial zone along the new and old canal, which stretches more than 250 km. This will include ports, railways, and new industrial complexes where foreign and domestic companies will set up workshops.

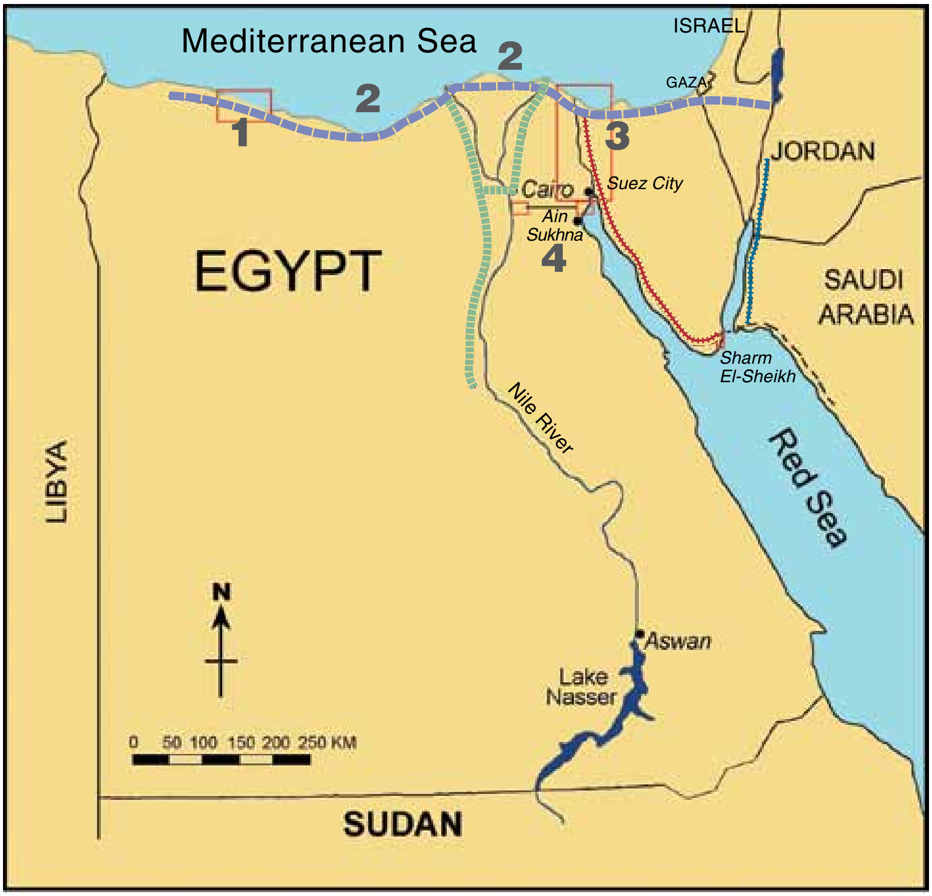
There is also a major project of building a new port in Ain Sukhna, southwest of the entry point to the Suez Canal from the Gulf of Suez. This new port, which will include fuel depots and power plants, will be connected through a 60 km cargo railway and a high-speed passenger railway to the Hilwan industrial city southeast of Cairo. Hilwan, now almost a suburb of Cairo, with a population of 650,000, was developed in the Nasser era to become the industrial powerhouse of Egypt, with the largest steel and cement plants, in addition to auto and military-industrial factories, and related machine-tool and service workshops. These have also suffered from the economic depletion of the past 30 years, and need reconstruction and modern technologies.

The **Suez Canal Development Project** will constitute 30-35% of Egypt's economy once completed. The Suez international industrial and logistics center will stretch across the three governorates of Port Said, Ismailia, and Suez, and will include six sea ports, says Yehia Zaki, managing director of Dar Al-Handasah

Egypt, who presented the mega-project to the conference. It will require $15 billion to be spent on utilities, as well as 6 gigawatts of power, and will include three economic zones covering an area of 500 km^2:

- **The East Port Said Zone,** which will house a transshipment port and an industrial area of 40 km^2 for light and medium industries. Crucially, it will include the new **East Suez Port**, the first phase of which has been completed.
- The **Qantara Zone,** which will house food industries because of its proximity to agricultural land; textile industries; and housing and real estate.
- The **Ain Sukhna Zone**, which encompasses 80 km^2 in northwest Suez, and will include a port that will act as Egypt's gateway to the Gulf State economies, connecting the Gulf with Africa and Asia. It will also include medium and heavy industries.

FIGURE 1
Proposed and Ongoing Development Projects



1. Al-Dabaa Nuclear Plant (Rosatom)
2. New gas and oil fields (BP and ENI)
3. New Suez Canal and industrial zone: ports, industries, conventional power plants, high-speed railway, train factory
4. New Ain-Sukhna port with fuel depots, power plant, and new railway connection to Helwan industrial city south of Cairo

EIR's proposed extension of Eurasian-African development corridor
Planned extension of the Development Corridor, adopted by the Egyptian government (see Figure 3)
Proposed rail line from the Gulf of Aqaba into Jordan
Proposed Afro-Asian rail link
Proposed extension of the rail grid in the future

Transport and Logistics

Transport Minister Hani Dhahi announced on the second day of the EECD some of the major government transport and logistics projects. Dhahi declared that his ministry has signed six agreements worth $2.2 billion: agreement with China's AVIC International Holding Co. to establish a company to build trains in Egypt (worth $500 million); a MoU to build a railway line with electric trains running from Alexandria to Abu Qir, with the Italian firm Trenitalia ($490 million); a goods railway line between the Gulf of Suez port of Ain Sukhna and Helwan City south of Cairo; an agreement with the UAE's Dubai Ports World to build a liquid bulk storage terminal at Ain Sukhna; and a $250 million contract for a new, multipurpose terminal in the Port of Alexandria.

All these projects are intended to integrate Egypt into the new development dynamic spearheaded by the BRICS nations (Brazil, Russia, India, China, South Africa), especially China's strategy of building the New Silk Road and the Maritime Silk Road between Asia and Europe (**Figure 1**).

New Capital City

One of the surprises at the EEDC was the announcement by the government of a new project to build a completely new administrative capital for the nation. However, the fact that a Dubai-based corporation, which was responsible for one of the largest real-estate

Ponzi schemes in modern times in Dubai itself, the Emaar project, is in charge, or partially so, of the projects, sends chills down the spine of any prudent observer. Emirati business tycoon Mohamed El-Abbar, CEO of Emaar, stated that his corporation will be in charge of implementing plans to establish the new capital for Egypt, and that he co-founded a new company, Capital City Partners—independent of Emaar—to develop plans for the new city.

On the face of it, a new capital city is a necessity, to relieve Cairo of some of its burdens. Old infrastructure and housing that can no longer accommodate the 20 million people inhabiting the city and its suburbs are a great obstacle for economic development and social justice. This author missed almost all his planned appointments in the city due to traffic jams.

The new administrative capital, an integrated world-class modern city larger than Washington, D.C., is projected to be built in 7 to 10 years. But President El-Sisi insisted during the conference that it should be completed in 5 to 7 years. The total cost is estimated at $45 billion. It will be located east of the current capital, at an equal distance of 60 km from Ain Sukhna and Suez City and Cairo. According to Minister of Housing Mostafa Madbouli, the new capital encompasses 700 km^2 of land available for urban development, and will include 1.1 million housing units for 5 million citizens. The capital would also include 250 km of roads and a new airport. It will be connected by light rail to the major industrial cities in Suez and Ain Sukhna, in addition to the old Cairo. There will be 663 health-care and medical education centers in the city. All government ministries, the parliament, and diplomatic corps will be accommodated in the new capital

Minister Madbouli claimed that this project will not cost the state budget anything, although the government will supervise the whole of it. He explained that the government was intending to sell state-owned land valued at 50 billion Egyptian pounds ($6.55 billion at today's exchange rates). For the first time in its modern history, Egypt would be selling land to foreigners, an issue that has raised a lot of criticism.

The major risk is that the whole new capital city project could become a real estate bubble, with astronomical prices that could not be afforded by ordinary citizens, or even by Egyptian companies and their employees. Although Minister Madbouli claimed that the government would provide housing for hundreds of thousands of low-income Egyptians, what this project could lead to, if not handled wisely, is a divided society and a failed real estate venture.

Egyptian Minister of Water Resources and Irrigation Dr. Husam Mughazi, at the International Water Technology Conference, with his copy of EIR in his hands.

Agriculture

President El-Sisi announced before the EEDC that his government has adopted a plan to reclaim and develop 4 million feddans (1 feddan = 1.038 acres) of agricultural land from the desert west of the Nile Valley. The first stage will include the development of 1.2 million feddans. The development of the desert areas, and building a chain of agro-industrial and urban centers, are key elements of resolving the demographic imbalance in the country, where the 89 million Egyptians are concentrated in only 6% of the country's land area, while vast tracts of desert that are actually fertile lands are undeveloped.

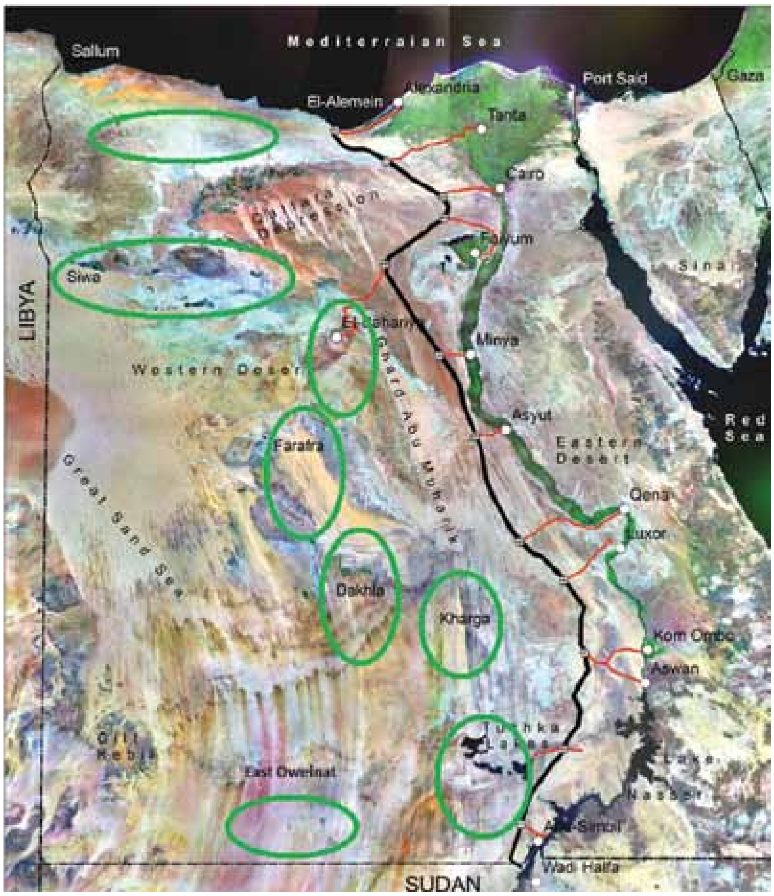
Minister of Water Resources and Irrigation Mughazi told the attendees at the International Water Technology Conference before heading to the EEDC's opening session, that the government will start immediately to reclaim and develop 1.2 million feddans of the Western Desert. This project which is known to *EIR* readers as the Development Corridor (**Figure 2**), will accommodate 4 million Egyptians, mostly educated youth, who will move from the densely populated Nile Valley (**Figure 3**) and the Delta to develop the desert.

Geophysicist Dr. Isam Metwaly, who is a remote-sensing and hydrogeology professor working in the National Center for Desert Research, with a long record of work with NASA, told *EIR* that each feddan requires four members of the labor force to develop, service, and maintain the land. (An interview with Dr. Metwaly will be published in *EIR* soon.) The water source will basically depend on the groundwater potential in the Western Desert.

Egyptian scientists, such as Dr. Metwaly and Dr. Farouk El-Baz have developed a comprehensive map of the deep aquifers in the desert, with the help of remote-sensing techniques in collaboration with NASA. These aquifers are also directly and indirectly related to the massive Grand Nubian Sandstone Aquifer, which spreads for a massive 4 million km^2 beneath Egypt, Sudan, Libya, and Chad. The quality and quantity of this water is estimated to be suitable for agricultural purposes for a very long duration. These are not simply "fossil" water aquifers, but renewable or rechargeable ones too, with different layers and rock-fracture conduit systems.

FIGURE 2

Proposed Development Corridor West of the Nile



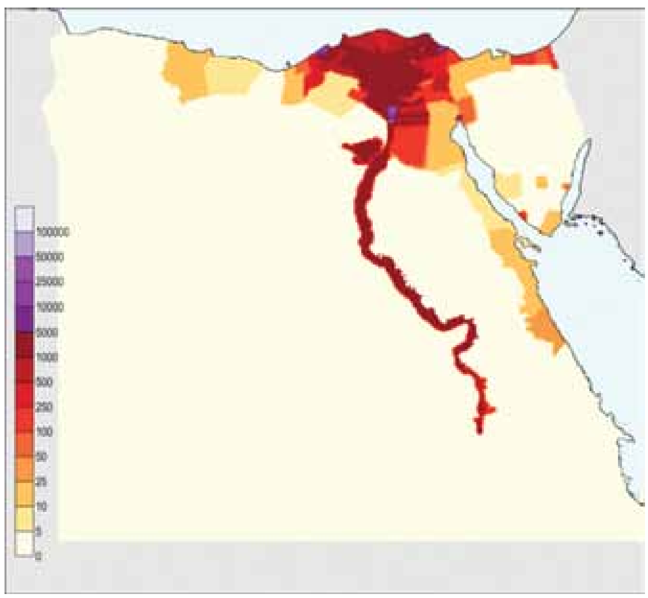
Dr. Farouk El-Baz

Minister of Agriculture Dr. Salah Hilal announced at the EEDC that MoUs and protocols were signed with investors to immediately reclaim and cultivate 218,000 feddans. The National Agricultural Research Institute will provide complete scientific studies to investors, and he said he would personally facilitate the projects. He reported that he had signed an agreement with a UAE company to develop 220,000 feddans for agriculture and a food-processing project in Kom Ombo, on condition that the company presents a feasibility study within three months.

He stressed that there will be specific legislation for the investment in the agricultural sector and management of the groundwater. Eighty percent of the land will be for private sector investments, both domestic and foreign, and 20% will be allocated for Egyptian youth and family farmers. The government will build the infrastructure necessary for the projects, according to Hilal, in order to encourage the investors to launch new projects. He added that 1.2 million feddans will be

FIGURE 3

Egypt's Population Density, 2010



http://sedac.ciesin.columbia.edu/gpw/ creative commons prepared for investments in Al-Mughara, Eastern Oweinat, East Sewah, Old Farafra, southeast of the Qattara Depression, west of El-Minia, Toshki Wells, Toshki Canal, and west of Kom Ombo. Hilal stated that "President El-Sisi instructed that all these projects will have to be integrated agro-industrial complexes to contribute to the overall national economic development." Hilal indicated that foreign investors will be granted 49-year utility licenses for the land and Egyptians 3-year ownership permits, both on condition that they show seriousness in the investments. The minister stressed that the next stage will witness the reclamation of 3 million more feddans, and the creation of fish farms in many coastal areas and along the Nile.

It is clear that the Egyptian government is rushing into this legislation to attract investors, but the terms and conditions are still vague and non-transparent. Egypt's early experience of encouraging foreign investment in agriculture for the sole purpose of export, at a time the nation was in dire need of food for its own consumption, proved to be catastrophic. There should be very strict and clear terms and conditions in any investment that give priority to achieving a decent level of food self-sufficiency for the people of Egypt.

Power Generation

The big question is: Given the completely run-down and exhausted national economy that has been looted for more than 30 years, how will this massive industrial revolution be powered? Egypt has to double its power generation capacity before any of the other projects can start. Here comes point 3—foreign investments.

At the end of 2013, Egypt had 31 GW of installed generating capacity, dominated by natural gas and oil. Between now and 2030, the scheduled date for the completion of the current government economic vision, Egypt will have to more than triple its power-generation and -distribution capacity. Even before any massive development projects are undertaken, Egypt has witnessed disruptive blackouts in recent years, especially during the Summer.

Most and the largest foreign investment contracts focus on building the power-generation capacity and finding the fuel. Besides the 1,000 megawatt nuclear power plant that Russia will build in northwestern Egypt on the Mediterranean in Al-Dabaa, Siemens and General Electric (GE) were awarded the largest contracts. Saudi and Emirati companies signed contracts to build coal-powered plants for a capacity of up to 6,000 MW. There is also a long list of much smaller solar- and wind-power contracts. Chinese companies such as the State Grid Corporation will build the new high-voltage nationwide grid.

The largest power-generation contract was awarded to the German industrial conglomerate Siemens. President El-Sisi personally negotiated the costs and time frame of building the new power plants, which he claimed, in his final speech at the conference, helped reduce the construction time to 18 months from 36! Siemens alone will help increase the generating capacity of the country by one third, at the cost of about $10 billion. Siemens and the Egyptian government agreed to the following, according to the Siemens AG website:

- Agreement on the 4.4 GW Beni Suef power plant in Southern Egypt;
- Agreement to build 2 GW of wind power generation capacity and a wind rotor blade factory.
- Agreement for Siemens to develop concepts for a further 6.6 GW of combined cycle power plants and ten substations.

The agreements were signed in the presence of Egypt's Minister of Electricity, Shaker Al-Markabi, Germany's Vice Chancellor Sigmar Gabriel, and President and Chief Executive Officer of Siemens AG Joe Kaeser.

There was no clear announcement during the conference of the financing methods nor terms of profit and repayment on the investment. Siemens, with backing from the German government, and banking and financial institutions, will probably cover the whole cost. President El-Sisi will visit Germany in April to meet Chancellor Angela Merkel, to discuss Germany's support for Egypt's development programs. This kind of development perspective, like that of the BRICS, is a key element for the survival of Germany's and Western Europe's advanced industrial sector.

While much was being said in and around the conference about wind and solar power—which, with their low energy-flux density, are vastly inadequate to the needs of the modern world—natural gas, coal, and nuclear power will dominate Egyptian power generation in the coming decades.

The Egyptian government also announced an agreement with the American firm General Electric to quickly add 2.6 GW to the national immediately, through newly installed turbines grid and increasing the efficiency of the grid. According to GE, to date, "more than 70% of the advanced gas turbines have arrived on the ground."

The electricity, equivalent to the power needed for 2.5 million homes, will enter the grid in May 2015, in time to meet the high demand during the Summer months, according to GE's website.

In a consortium with Egypt's Orascom to build two power plants, GE P&W's Power Generation Products business will provide 12 9E heavy-duty gas turbines, which will generate a total of 1,495 MW. GE claims that its advanced gas turbines already help generate more than 9.5 GW of electricity, nearly 30% of the country's total installed capacity.

"Euphoric" Egyptians working on the new Suez Canal, give the V for Victory sign, while hoisting a banner picturing President El-Sisi.

However, there is no extra gas, oil, or coal available in Egypt to fuel these power plants, and it is unthinkable to import these raw materials from international markets due to the cost. Therefore, the next-largest contracts were signed with BP ($14 billion) and ENI of Italy ($5 billion) to explore and develop primarily new gas fields and also oil fields offshore along Egypt's Mediterranean coast. There are a number of large coal mines in the Sinai Peninsula and eastern Egypt on the Red Sea that have been either shut down or neglected for decades. These will have to be reopened and developed to fuel the new power plants.

BP estimates there to be 5 trillion cubic feet (TCF) of gas and 55 million barrels (MMbbls) of condensates in the West North Delta region, which it expects to produce at a rate of up to 1.2 billion cf/day. This figure, if borne out, it will increase Egypt's current gas production by about 25%. BP expects production to commence in 2017. The new producing wells are to be located in the North Alexandria and West Mediterranean Deepwater offshore concession blocks, which the company already operates. There are potentially additional 7 TCF to be added through future exploration.

ENI's projects are expected to add 200 million barrels of oil and 1.3 TCF of gas.

Legitimate Skepticism

There are, of course, big questions that have not been answered by El-Sisi's government. The major issues are: How will the pressing social and economic conditions of the most impoverished sectors of society be alleviated? And how big are the concessions that the government has had to make, and the incentives it has had to offer, for the foreign investors to work in Egypt? The question of direct financing by foreign interests, as opposed to the creation of a Hamiltonian national credit mechanism, is still not completely understood by the Egyptian government.

President El-Sisi, in obvious desperation to attract the foreign investors, signed a new investment bill in early March by Presidential Decree (as the parliament is dissolved and new elections will not be held before late this year), ahead of the conference. The move is being criticized by Egyptian economists who are opposed to free-market-economy ideology. Ahmed El-Naggar, writing in *Al-Ahram* daily, for example, claimed that the new law is similar to the one in effect during President Mubarak's era, which facilitated looting by foreign investors of the labor power, water, and natural resources of the country. Foreign investors are reportedly being offered tax and customs exemption. They are allowed to transfer their profits abroad rather than reinvest in the country. Foreign workers are allowed to transfer all of their income abroad.

Furthermore, foreign companies are blessed with subsidized power and fuel. The government buys the power and fuel, and sells it to the foreign companies much more cheaply. Thus, the government increases its own deficit. All these issues, which will potentially be attacked by the new parliament after the elections later this year, could create a deadlock for investment.

On the morning following the EEDC, El-Naggar wrote in *Al-Ahram*: "It is true that raising the economic growth rate, diversifying and developing the economy, and creating new employment opportunities are major objectives if local investment is to be awakened, along with Arab and foreign investment. However, this must be based on the rules of justice and parity in the relationship between the state and those investors, accompanied with policies that distribute the fruits of economic development equitably."

He further stressed, expressing the view of a large representation of the Egyptian intelligentsia whom *EIR* spoke to before and after the conference: "The trickle-down theory has proved to be a failure in practical reality in treating the negative social consequences of the free-market model, which is represented in the state's general budget deficit due to the expansion of taxes and customs, exemptions for the benefit of the capitalists and their companies, the increase of poverty and widening its scale, set against the increase of richness of the upper class and a widening gap between classes, and the spread of monopoly and monopolistic prices."

Hamiltonian Credit

One year before El-Sisi was elected as President, and a few weeks after the deposing of President Morsi on June 30, 2013, *EIR* (July 26, 2013) published a "Proposal for an Egyptian Economic Declaration of Independence," in which we advised whoever would assume power in Cairo on how to deal with the economic situation.

Fortunately, several of the steps proposed by *EIR* were adopted by El-Sisi's government, such as national mega-infrastructure projects, and resorting to the people and domestic market for financing. President El-Sisi announced in June 2014 the intent to build a new Suez Canal, and appealed to the people to contribute to financing it. The Egyptian people delivered 60 billion Egyptian pounds (ca. $8 billion at today's exchange rates). A deputy bank director I met in Sharm El-Sheikh stated that their bank offices had to stay open late after the closing time for many days, in order to comply with Egyptian citizens' demand for Suez Canal bonds. The Egyptian people are true patriots who heeded the call for defending and building the nation.

When *EIR* made its proposal in 2013, we estimated that there was more than $70 billion in the domestic market that could be mobilized for a series of mega-infrastructure projects, not just one. However, we proposed the establishment of a "Hamiltonian" National Development and Reconstruction Bank, in which all resources—private, governmental, and even foreign—would be deposited, in order to give the government and the bank the leverage to issue national credit to finance the development projects, not project by project through direct bonds. The momentum that was created to mobilize for building the New Suez Canal is being lost now, amidst the frenzy to attract foreign investors and money. Egypt does not need so much foreign "money" at usurious rates. It does need the foreign technologies and capital tools to relaunch the economy.

Conclusion

It is very clear that President El-Sisi is widely regarded as a savior of the nation at this critical moment, and a reincarnation of President Gamal Abdel-Nasser. The absolute majority is proud of him and supportive. He has shown that he wants to achieve a leap into the future in the shortest possible time. But, while the President is leaping like a gazelle, the government and its institutions are lagging behind, due to massive bureaucracy and latent corruption. The rest of the economy is crawling like a turtle, due to three decades of destruction by World Bank and IMF policies, backed by the U.S. and the EU, with the collaboration of Mubarak's regime.

In his closing speech at the EEDC, El-Sisi, who clearly was very moved and was speaking amidst a large crowd of Egyptian youth, said: "I remind Egyptians and the world that Egypt is awakening now. People thought my country had died. But no, Egypt is a country God created for life....

"I know Egypt and its problems and I can see them as I can see you now. I know the solutions as I see you now. Egypt needs no less than $200 to $300 billion to have real hope for the 90 million Egyptians to really live, really work, and really be happy."

He pointedly located the state of the economy as described here, when he said: "We are behind, and those who are late must either speed-walk or run ... even running will not be enough in our case."

After being in Egypt for a week, and talking to people of all levels of society, it became clear to me that the whole nation has set its eyes on the future, and the momentum exists to rebuild it. What is needed is farsightedness and a larger focus on the whole world's situation in which Egypt exists, and a clear understanding of social and physical economics.