

**New Egypt's Strategic Priorities:  
Mutually Assured Peace & Sustainable  
Economic Fairness**

**By**

**Ahmed M. El-Mokadem**

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**All views expressed in this paper are, entirely, my responsibility.**

**“Blessed *are* the poor in spirit: for theirs is the kingdom of heaven.  
Blessed *are* they that mourn: for they shall be comforted.  
Blessed *are* the meek: for they shall inherit the earth.  
Blessed *are* they, which do hunger, and thirst after righteousness: for they shall be filled.  
Blessed *are* the merciful: for they shall obtain mercy.  
Blessed *are* the pure in heart: for they shall see God.  
Blessed *are* the peacemakers: for they shall be called the children of God.  
Blessed *are* they, which are persecuted for righteousness' sake: for theirs is the kingdom of heaven.  
Blessed are ye, when *men* shall revile you, and persecute *you*, and shall say all manner of evil against you falsely, for my sake  
Rejoice, and be exceeding glad: for great *is* your reward in heaven:  
For so persecuted they the prophets which were before you”.**

**Matthew (5:3-12)**

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## **Abstract**

This paper is based on a previous paper on the economic prospects of Egypt's post the Transitional Stage. Assuming a Grand Strategy of a "Modern, Civil, Democratic, Pivotal, and Prosperous" New Egypt". Two Strategies are focused on in this paper. These relate to National Security, being the core of a Pivotal state, and Economic Fairness, as an urgent and fundamental pre-requisite of Prosperity.

It is proposed that "Mutually Assured Peace" (MAP), and "Sustainable Economic Fairness" (SEF) should be regarded as "New Egypt's Strategic Priorities", within the Grand Strategy, referred to above. The adoption of the former is based on well-know National Security options, such as the Camp David Peace Treaty, Balance of Power, and Mutually Assured Destruction (MAD). The preferred Strategy, MAP, is to be based on the concepts of both Mutually Assured Security (MAS), and Mutually Assured Respect (MAR).

As to the second Strategic Priority of SEF, the growth model developed in the previous paper is taken as the main framework. Given growth, attention is focused on Economic Fairness, dealing with the increasing unjust inequality in Egypt that has reached a totally inhuman unacceptable level. To deal with this most serious challenge in a fundamental and sustainable way, a new socio-economic system is proposed, which is called "Societalism". The basic framework of this system is described conceptually, and details will follow in forthcoming papers.

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# I: Two Key Words, One Country & One People

Two Key words represent the exclusive focus of this paper. These are: Peace & Fairness, in relation to One Country: Egypt, and One People: The Egyptian People.

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## What Peace?

- By Peace, I mean real peace, not just peace on paper, but also genuine, sustainable peace.
- One, which is not only on the ground, but, most importantly, in the hearts of all those people involved, from the average simple man, or woman, to those on the highest level of authority.
- Peace that is based on substance, and not on an artificially painted picture that solely aims to look good to the eyes.
- Peace that stands on science, and not on fiction, on the whole and not on bits and pieces, and, above all, rests on a clear, honest, well-meant conscience.
- Peace that prevails, for today, for tomorrow, for all the days after. One that is genuinely reciprocated, and mutually assured.
- Peace that is meant to protect the innocent child still to be born, the one who is living, the adult who has aspirations to fulfil, and for the elderly, who count the days praying for a blissful retirement.
- Peace, which is comprehensive, supported with mass enthusiasm, has a flag of love, which is held up high, at all times, and by all parties.
- Peace that covers every inch of the geography of the land, on whose soil decent, well-intentioned people live.
- Peace, that reflects the true happy, cultural, meaningful, and, above all, relevant parts of human history.
- And last, but not least, for those who ultimately rely on faith, and I am one of them, it is the Peace of all the Holy Books, one that is summed up in **Lord Jesus’ “Sermon of The Mount”**;

**“Blessed are the Peacemakers: for they shall be called the Children of God” (Matthew 5:9)**

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## What About Fairness?

- Fairness, in general, simply means no discrimination between people, based on gender, race, colour, religion, or on any other grounds, whatsoever. All are equal before the Law, where the Rule of Law prevails
- Fairness in the context of this paper focuses, specifically, on Economic Fairness. Normally, this relies on issues related to distribution of income and wealth. In this paper, Economic Fairness is not confined only to these distribution issues, in the narrow conventional sense.
- A much more ambitious attempt will be made to propose a fully comprehensive socio-economic framework. One that aims to encompass all aspects of fairness in a multidimensional approach.
- This aim is not confined to just trying to achieve some degree of Fairness today, relying on the usual politically and tactically motivated measures. The overwhelming objective will be a strategic sustainable Fairness that lasts beyond today, tomorrow, and the day after.
- Economics will represent the solid foundations of the said framework. However, other concepts, ideas, historical relevant events, faith, amongst many additional sources, will be drawn upon, too.
- It is hoped that a host of novel concepts will make it possible for a new Socio-Economic System to be proposed. Strangely, the hoped-for new proposed system would aim to foster, very closely, and resort, in a prime way, on “Social Conscience”.
- This might sound too emotional for a very serious matter that occupied the minds and brains of many imminent philosophers (such as Adam Smith, Marx and others) over many decades. However, it is to be emphasized that ultimately referring to “Social Conscience” does not mean ignoring such a wealth of thoughts and ideas, in any way.
- Thus, Socio-Economic Fairness in this paper will introduce some fundamental initial thoughts on the main pillars of what we have chosen to call “**Societalism**”. This is envisaged to be a new system that is most likely to suit, in the first place, the country and people of the prime concern in this paper; namely Egypt.

- And, last, but not least, again for those who ultimately rely on faith, and I am one of them, it is the sort of Fairness of all the Holy Books: of the “meek”, the “merciful”, the “pure in heart”, and those who “do hunger and thirst”, for those who “shall inherit the Earth”, “shall obtain mercy”, “shall see God”, and “shall be filled”. (Matthew 5:5)

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**For whom Peace and Fairness are aimed?  
One Country and One People, in the first place!!!**

- Of course, all the righteous, who do good on earth deserve Peace and Fairness. But, this is the responsibility of humanity, at large.
- As to my part in that responsibility, it comes out from just me, in a simple, loud & clear way, no guessing is required!!
- It is one, and only one, Country, and one, and only one, People. It is my cherished land of Egypt, and her most unique people. In the context of this paper, New Egypt, post the 25<sup>th</sup> January Revolution, represents the focus of the analysis.
- But, concentrating on Peace and Economic Fairness in Egypt and her people does not reflect selfishness on my part. In fact, it is not only based on practicalities, but is, also, based on what is perceived as conceptually and analytically correct.
- Time and capacity limitations mean that attention has to be confined to the most important priority in relation to the main subject matter of this paper. Thus, in concentrating on Egypt, one might have to resort to the standard economics’ practice of the “other things being equal” *ceteris paribus* qualification.
- In any case, given the “Pivotal” status of Egypt geopolitically, both regionally and internationally, on one hand. And, on the other hand, given that Fairness goes beyond the borders of one country in a world of globalization, and so does Peace, and given the intrinsic relationship between Fairness and Peace, focusing on Egypt does not mean ignoring the rest of world, particularly those in the neighbourhood.

- In addition, one cannot isolate Peace and Fairness in Egypt from what is happening in its surroundings. This applies particularly in relation to Peace, as, for example, matters of peace and/or conflict between Egypt and Israel are linked to the Arab-Israeli conflict, in general, and the Palestinian rights, in particular.
- Last, but not least, once more, I resort to faith, and in focusing on Egypt I recall **ISAIAH (19:25)**

**“When the Lord of hosts shall bless, saying, Blessed be Egypt, my people”.**

Having attempted to define what is meant by Peace and Fairness in connection with Post-Revolutionary Egypt, in what follows these will be referred to, in sum, as: Mutually Assured Peace and Sustainable Economic Fairness (MAP & SEF). The main question to address becomes: How best to achieve for New Egypt such objectives?

But, before we deal with this question head-on, we need to characterize, first, where Post-Revolutionary Egypt is at present.

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## **II: From Smiles and Joy to Where? from the Transitional Stage Illogical Track to a Track of Patience, Determination, and Wisdom .**

### **Smiles and Joy**

The date of the 25<sup>th</sup> February 2011 is a date that will always be remembered, not only nationally, or regionally, but also internationally. Nationally, 2011 is a year that will join with the unique years of 1919 and 1973, as remarkable years, turning points, and new paradigms in Egypt’s modern history. In fact, it (25<sup>th</sup> January 2011) might be classified as the most unique amongst these other unique years.

The 1919-year remains a symbol of both persistent resistance to the British occupation of Egypt, on one hand, and an ideal flag for the unity of the Egyptian society, on the other hand.

Suffice it to say, the warmth of the “hugging of the cross and crescent”, which was the symbol of the 1919 Revolution, survived the over sixty

years of dictatorial sinister attempts of divide and rule between the Copts (Egyptian) Muslims and the Copts Christians. It reappeared, once again, to symbolize the genuine loving unity of the one Egyptian people in 2011.

Also, the 1973-year will never be forgotten, for in the remarkable day of the 6<sup>th</sup> October of that year the Egyptians proved to the whole world that it is a nation that accepts no defeat, even when a unique gambler forced this defeat upon in 1967. True, they were, sadly, deprived from the rewards of their unbelievable victory in 1973 by an acrobatic five-act-play erroneously called peace. However, they remained proud, dignified and never lost confidence in themselves.

And it is this fully justified self-confidence that enabled them, at long last, to achieve the miracle of all miracles. Despite the escalating suppression of freedom, cruel tormenting, newly invented methods of torture, insulting their individual dignity, humiliating and degrading their nation, and many more dictatorial acts, all committed by a mentally retarded tyrant and his criminal clique, the Egyptian people never lost faith.

The miracle of all miracles was achieved in only 18 days, something that no other nation has achieved, in recorded history. Each day of those 18 remarkable days presented to the world, at large, heaps and heaps of lessons.

- The Egyptian child, the young, the middle aged, the old, the male, the female, the Muslim, the Copt, the worker, the farmer, the healthy, the not so healthy, and many others, all in all showed the world a picture never seen before. One of solid determination and unlimited courage.
- Love was there, peace was there, compassion was there, enthusiasm was there, cleanliness was there, singing was there, dancing was there, poetry was there, you name it and it was there, and, above all, readiness to become a martyr for their beloved Egypt was more than there.

No wonder, Egypt's 25<sup>th</sup> January Revolution became a "model", for both de-facto unprecedented leaderless real politic, and for academic institutions, worldwide. These institutions proceeded to include the Egyptian Revolutionary model as an important part of their political theory' curriculum.

**Hence the day of the 11<sup>th</sup> February 2011 was a day of “Joy and Smiles”:**

- Joy and Smiles by millions of Egyptians, for they managed to achieve in that specific day, not only in deposing the thirty-year mentally retarded tyrant, but, also, for believing that they managed to “down his Regime”,
- Joy and smiles by the starving millions, and those who have been living in graveyards, for they dreamt of a future of, at least, bread to feed themselves and their families,
- Joy and smiles by the homeless, who have been living amongst the mountains of rubbish and drinking sewage water, for they were convinced that, at long last, they will have a roof over their heads, and clean tap-water from which to drink,
- Joy and smiles by the sick, who have never had any medical care, for they thought of a healthy life in the very near future,
- Joy and Smiles by the illiterate 50% of the population, who began to see themselves, dreamingly, sitting around a table in the local “Qahwa”, smoking “Shisha”, and, guess what, reading a newspaper!!
- Joy and Smiles by those who supposedly were able to go to government schools, but remained virtually illiterate because they have been unable to afford the “black market” in expensive private coaching. They now think they are going to be lucky enough to receive proper education,
- Joy and Smiles by those who have been jobless for years and years, who now dream of being dressed in proper work uniforms, going daily to work and enjoying being productive,
- And last, but not least, Joy and Smiles by the hundreds of thousands who have been imprisoned, tortured and deprived from minimum human rights, just because they said a word or two to the wrong (spy) person. They now believe they can, at long last, breathe the fresh air of freedom, instead of the polluted stink of the prison cages.

## **Where to? The Illogical Track**

Joy and Smiles could not continue forever. Celebrations were not the normal type that relate to a simple occasion or an event, or a date, or other specific matter, or for a combination of such reasons. It was an overcharged celebration and high expectations of fundamental radical changes in all spheres of life for the Egyptian people.

Thus, there was no more time to waste. Attention had to turn to action, the sooner the better, and this was the case. Listing, and attempting to analyse, every action that took place from the 11<sup>th</sup> February onwards is not only an impossible task, given time limitations, but, also, not warranted. I am sure many are more than familiar with what has been happening since.

What might be useful is to try and characterize the “track” that the “transition” has been taking since the 11<sup>th</sup> February 2011. Unfortunately, I found myself having no option but to describe it as an “Illogical Track”, which can be summed up in the following acts:

- **Illogical Act No. 1:** involved what can be described as carrying out a **“Plastic Surgery to beautify an already dead body”**. By transferring power to the “Supreme Command of the Armed Forces” (SCAF), bypassing ultimately, but transitionally, the Head of the Supreme Constitutional Court meant de facto suspension of the prevailing Constitution. Proceeding to “Amend Six Articles” in a referendum of a “dead Constitution” was the **“first illogical act”**.
- **Illogical Act No. 2:** It was realized that amending a few articles in a dead constitution was not a substitute for a complete constitution. In this semi-constitutional vacuum, a **“Cut and Paste”** process was resorted to. A new “Constitutional Declaration” was issued, consisting of 62 Articles, by SCAF-no referendum- to which the “Amended Six Articles” were merged. This heterogeneous merger was perceived as a de facto Constitutional Framework, but represented, in my considered opinion, the **“second illogical act”**.
- **Illogical Act No. 3:** Evidence from the referendum showed how eager the Egyptian people were to practice proper voting, for the first time in a long time. And, despite a heated debate as to “whether Constitution first or election of Parliament first”, such

eagerness, backed by the majority of political entities, favoured the latter.

Very impressive elections took place, resulting in the election of two Houses of Parliament, which were, both, dominated by the Islamists. Now, a very confused picture emerged: a “Cut and Paste Constitutional Framework”, an “elected two Houses of Parliament”, a “Government appointed by SCAF”, and “Real Power remaining with SCAF”.

This paralytic state of affairs resulted from what can be described as **“Putting the Cart before the Horse” and, also, “Erecting a building Top-Down”**, representing, in my considered opinion, the **“third illogical act”**.

- **Illogical Act No. 4:** Now came the turn of the two remaining requirements for the completion of the so-called “Transitional Stage”. These are: “Drawing a Permanent Constitution” to replace the “Constitutional Framework”, and “Election of a President” to replace SCAF.

Again, a debate erupted on the issue of which of the two should be completed first. With the debate aside, and semi-silence from SCAF, the former appeared initially to have won. Thus, the formation of a Committee to draw the new permanent Constitution was regarded as the first step.

A controversial interpretation of the Constitutional Framework led to the “selection” of the said Committee by the two Houses of Parliament, dominated, again, by the Islamists. It was not surprising that this Committee was overwhelmingly rejected, and, thus, was suspended, de facto.

Unprecedented, in history, this process can be described as **“Giving the right to the Created- the Legislative entity- to create the Creator-the Constitution”**. This represented the **“fourth illogical act”**.

- **Illogical Act No. 5:** With the fate of the “Constitutional Committee” put-in-a freezer, so-to-speak, attention was turned to the election of a new President, and with it, ensuring the handing over of power from SCAF to a civil authority. Here, the political

scene resembled a combination of “two games” taking place at the same time.

One is a ”Ping Pong” game, with the “ball” being kicked backwards and forwards between SCAF and the Muslim Brotherhood, in particular. Each trying to score, with the Muslim Brotherhood holding the legislative racket with very restricted, almost paralysed, hands.

The other game is taking place in a “squash Court”, with two players- SCAF and the Muslim Brotherhood- and four walls: SCAF, Muslim Brotherhood, Legal Courts and Political entities and movements. Floods of statements, court decisions, numerous strikes and demonstrations, heaps of illogical actions, all resulted in an atmosphere of immense ambiguity.

In the meantime, campaigning for the Presidential election continued, with many interruptions. Thus, **“Enjoy the Sun in a Foggy Cloudy Sky”** can be regarded as a good description of the **“fifth illogical act”**.

But, never mind, this Illogical Track will not last for long. The Egyptians will soon replace it by their ever lasting and enduring “Track of Patience, Determination and Wisdom”. In fact, I could hear the proud voice of Om Kalthom, the Egyptian Star of the East, repeating, “I am the people, I am the people. I do not know of anything impossible and accepts no substitute for enduring glory”.

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### **What on Earth should we do now?**

In a book by Dr David Gilbert entitled “ Living with Confidence in a Chaotic World”, published in 2009, he addressed the above-titled question, relying on the Bible and scriptural prophecies. . He advises that “even when society seems in the grip of quicksand’s undertow”, “Complete with simple profound disciplines that reveal hope in our uncertain times, these words help us to see our own circumstances with new eyes”.

More specifically, he advises us to stay “ Calm, Compassionate, Constructive, Challenged, Connected, Centred, Confident, Consistent, Committed, and Convinced”.<sup>1</sup>

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<sup>1</sup> Gilbert, David: Living With Confidence in A Chaotic World. Published in 2009 in association with Yates &Yates, LLP, [www.yates2.com](http://www.yates2.com)

Bearing this in mind, one should remember that the Egyptian people, who never cease to surprise the world, would overcome the current challenges, and proceed to build a New Egypt. This would no doubt require choosing the correct vision and grand strategy, which are well suited to Egypt's circumstances.

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### **What should be New Egypt's Grand Strategy<sup>2</sup> ?**

In a recent paper<sup>3</sup>, I outlined the main features/objectives of New Egypt's Grand Strategy, envisaging a country that is:

- **Modern**, marked by the celebration of the powers of human reason, a keen interest in science, the promotion of religious harmony, and a desire to construct a government, based on modernity and free of tyranny.
- **Civil**, that is based on a civil state, recognising the composition of Egypt's population, which has a significant Coptic minority, Muslim majority, and the religiosity of the people, at large.
- **Democratic**, where freedom is regarded as indivisible, guaranteed for all individuals, irrespective of their gender, race or religion, but with responsibility. It must ensure freedom of expression, exercise political rights, separation of powers, and the enforcement of law and order.
- **Pivotal<sup>4</sup>**, that is based on an explicit recognition of Egypt's unique geopolitical pivotal status, both regionally and internationally. When exercised rationally and effectively this should contribute to world peace, stability and welfare in a meaningful way, and
- **Prosperous**, given that Egypt is well endowed with variety of resources, New Egypt's Economy could become one of the leading

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<sup>2</sup> El-Mokadem, Ahmed: God's Word & His Chosen Mary, May 2011.

<sup>3</sup> El-Mokadem, Ahmed: "I, too, have a Dream, Prosperous New Egypt on the Horizon". A paper prepared for the Petrochemical Conference, organised by the Petroleum Economist, to be held in Cairo in September 2012. (Page 7)

<sup>4</sup> El-Mokadem, Ahmed: Egypt: A Pivotal State, Britain: A Great Power, The US: The Superpower, November 2006, Also, Desouky, A & Berhoney, N: British-Egyptian Relations from Suez to Present Day. SAQI, April 2007.

economies in the world, with efficiency, fairness and sustainability being assured.

Within this Grand Strategy, two Strategies are deemed to be of the highest priorities: **one relates to National Security (Pivotal), while the other with Economic Fairness (Prosperous)**, which will be discussed in what follows.

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### **III: Post-Transition Priority Strategy of Mutually Assured Peace (MAP).**

Discussing the achievement of Peace implies the existence of a conflict and hostility, irrespective of whether it is an explicit or implicit one. Or whether it is active, involving, say, some form of military engagement, or inactive, say, a truce or a ceasefire, or dormant, say, of historical roots that are no longer of immediate or of intermittent recurrence.

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#### **Peace with Whom? Egypt and!**

To achieve Peace, in place of a conflict and hostility, must involve, at least, two parties/ countries. In the case of Egypt, and without mincing words, the other party is Israel. However, the initial reaction might be to express some surprise and to admit some contradiction.

How can one talk about achieving Peace between two countries which have had, in place, a formal Peace Treaty”for more than thirty years; namely the Camp David Peace Treaty & Accords? And, they have had almost an uninterrupted diplomatic relationship, at the highest Ambassadorial level, again for almost the same period.

But the reality is completely different from the formal status. Both the Treaty, Ambassadorial relationship and other agreements, such as the QIZ, for example, have all failed, until now, to achieve normalization on the ground, let alone talking about genuine friendship at the people’s level. There are real reasons for this state of affairs.

In general, not only the historical root-causes of the original hostilities having remained in place until now, that is the Arab-Israeli conflict,

and the legitimate rights of the Palestinians. But, more importantly, the continuing lack of real trust between the parties.

### **Why is the lack of trust?**

To answer this question, reviewing some facts is in order, as follows:

- **Israel's Offensive Military Doctrine:** six historical and strategic factors are claimed as justification for their Military Strategy. The small size of the country, with no strategic depth, is singled out as the most significant amongst the other factors.

Based on these drawbacks, a military strategy aims to develop “a qualitative edge over regional powers; deterring attack with conventional and unconventional threats; adopting an offensive military doctrine and force structure; and relying on universal conscription”<sup>5</sup>

- **Egypt is classified as a Threat:** According to the same source, a threat, militarily, consists of capability and intent. The former means having the technology and use of missiles and related warhead technology. The latter is expressing, overtly or covertly, intent to attack.

In accordance with the Israeli Doctrine, Egypt is classified as having both the capability and intent to use missiles against Israel. No proof is provided in support of this allegation. As to the Peace Treaty, it is stated “ Israel cannot afford to assume that peace treaties last indefinitely...all the countries that participated in wars against Israel since its inception are susceptible enemies under Real Politic”.

- **Israel has a formidable Nuclear Weapons Capability:** Israel has been maintaining a policy known as “Nuclear Ambiguity”, or “Nuclear Opacity”. However, information available from numerous variety of sources confirms that Israel possesses nuclear weapons and to be the “sixth country in the world to develop them”.<sup>6</sup>

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<sup>5</sup> Lailari, E, Guermantes: Homa: Israel's National Missile Defence Strategy. Air University, Alabama April 2001

<sup>6</sup> Nuclear Weapons and Israel, from Wikipedia, the free encyclopaedia.

Its nuclear arsenal is estimated to be between 75 and 400 nuclear warheads, and more than 100 weapons, mainly two-stage thermonuclear devices. All capable of being delivered by missiles, fighter-bombers, or submarines. In addition, it possesses many other nuclear weapon devices.

To list, but a few, there are: Suitcase bombs, Tactical nuclear weapons (175 mm & 200 mm self-propelled artillery pieces), EMP strike capabilities (several 1 megaton bombs), and Enhanced Radiation Weapons (ERW) of unknown number of neutron bombs.

- **Israel's nuclear weapons Delivery Systems:** It possesses land, air, and sea –based methods for deploying their nuclear weapons.

It consists of a variety of delivery systems, consisting mainly medium to long ranged missiles, the backbone of which are submarine launched cruise ones and medium and intercontinental missiles, with the Israeli Air Force tactical aircrafts fulfilling the role normally played by strategic bombers.

During 2008 the Jericho III ICBM became operational, giving Israel extremely long range nuclear strike capabilities (estimated to be 11,500 km with a payload of 1000-1300 kg-equivalent to six nuclear warheads of 100 km each or one 1 megaton nuclear warhead).

Isaac Ben-Israel, a retired army General and Tel-Aviv University Professor, told Israeli Channel 2 TV: “ Everybody can do the maths and understand that the significance is that we can reach with a rocket engine to every point in the world”.

- **Israel's Nuclear Doctrine and Readiness to Use:** Its nuclear doctrine forms an integral part of its military strategy. It is, thus, shaped by concern over its lack of strategic depth: a subsonic fighter jet could cross the 72 kilometres from the Jordan River to the Mediterranean Sea in just 4 minutes. It additionally relies on a reservist-based military that magnifies civilian and military losses in its small population.

As a result, its strategy is based on the premise that it cannot afford to lose a single war, and thus must prevent them by maintaining deterrence, including pre-emption. If these are insufficient, it will

resort to an escalating quick and decisive war outside its territory, including nuclear.

Readiness to use such weapons was clearly demonstrated, for example, on the 8<sup>th</sup> October 1973. After the start of the Yom Kippur War, Golda Meir and her closest aides decided to put eight nuclear armed F-4s, at Tel Nof Airbase, on 24 hour alert and as many nuclear missile launchers at Sedot Mikha Airbase operational as possible. Initial Targets included the Egyptian and Syrian military headquarters near Cairo and Damascus.

- **Israel's Chemical and Biological Weapons:** Although Israel signed the Chemical Weapons Convention (CWC), but not ratified it, neither has it signed the Biological Weapons Convention (BWC). There is no doubt that Israel possesses a significant, attack type, arsenal of both types of weapons of mass destruction (WMD).

In 1993, US Office of Technology Assessment recorded Israel as a “country generally having undeclared offensive chemical warfare capabilities”. The same office declared “Israel as a country possessing a long-term undeclared biological warfare capabilities”<sup>7</sup>

- **Israel's Advanced Cyber Attack System:** The 2010 Stuxnet malware targeting five organizations of Iran's nuclear program is believed to have been sponsored by Israel<sup>8</sup>. Stuxnet is a computer worm, which initially spreads indiscriminately, but includes a highly specialised malware payload that can be designed to target only specific objects.<sup>9</sup>

Cyber warfare is regarded as representing “life in the twenty-first century”, and encompasses two structural realities. “ First, in the order realm, offence always dominates and always will. It is structural and axiomatic. Second, the capabilities, technology, and talent already exist”<sup>10</sup>.

It is to be noted in connection to Israel's advances in Cyber attacks that it has never ceased to carry out espionage activities against

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<sup>7</sup> “Israel and weapons of mass destruction”, From Wikipedia, the free encyclopaedia.

<sup>8</sup> See 5 above

<sup>9</sup> Stuxnet. from Wikipedia the free encyclopaedia.

<sup>10</sup> Crosston, Matthew: World Gone Cyber Mad. Strategic Study Quarterly, Spring 2011.

Egypt, both conventional and unconventional. In addition, Israeli activities in Africa, in the southern neighbourhood of Egypt, in particular, have been, without a doubt, of a hostile nature.

- **Israel's Sinai Claims:** There is a view adopted by many Israelis, including politicians and military leadership, that “Israel has as much right to Sinai as Egypt”, and if Egypt wishes to renegotiate Camp David, so “if it is renegotiation they want, Israel should oblige, provided Egypt agrees to start at the beginning, with the Sinai Peninsula in Israel's hands”.

Moreover, author Victor Sharpe suggests “ While Israel is making its case for the entire Sinai, it should, at the very least, immediately retake the Philadelphia Corridor, a stretch of border running between Egypt and the Gaza Strip”.

In General, as to attitude, the theme for this article, from which these quotes are taken, is “ For Zion's sake I shall not hold my peace. And for Jerusalem's sake I shall not rest”.<sup>11</sup>

- **HOMA: Israel's National Missile Defence Strategy:** HOMA is a “layered, active defence based on three elements: endo-atmospheric interception-or close to the target defence; exo-atmospheric interception-or mid-trajectory attack; and interception at the launch phase- boost or ascent phase intercept.

Israel has, at least, three current systems deployed to destroy ballistic missiles: Hawk, Patriot Advanced Capability level 3, and the Arrow Weapon System (AWS). These systems can also be used against air targets such as aircrafts or cruise missiles”.<sup>12</sup>

There is also the so-called “Iron Dome” mobile air defence system, designed to intercept and destroy short-range rockets and artillery shells fired from distances of 4 to 70 kilometres away, whose trajectory would take them to a populated area, in all weather conditions”.<sup>13</sup> Launched officially on 27 March 2011, used on 7th April 2011, the system intercepted very successfully almost 90% of rockets launched from Gaza.

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<sup>11</sup> Issac, David: Renegotiate the Camp David Accords. The Maccabean Online, The Freeman Centre, 2011.

<sup>12</sup> See 3 above.

<sup>13</sup> Iron Dome. from Wikipedia, the free encyclopaedia

In addition, the Israeli Defence Force (IDF) has already “ computer tested an integrated model of its missile shield in aptly titled Operation Tiramisue (named for the layered Italian cake). Designed to test the response to a simultaneous barrage of missiles on all sides and from every possible altitude and trajectory”.<sup>14</sup>

- **Shielding Israel Forms Part Of the US Missile Defence Strategy:** Pentagon Missile Defence Agency Director Lt, General Patrick O'Reilly told Defence News “ that the Israeli national command and control centre for intercepting missiles would also help the US and its partners in the region to defend themselves against Iranian threat.” He said “ that all sides benefitted from the manoeuvres, trials and hundreds of simulations of hardware systems that were being funded jointly by Israel and US’<sup>15</sup>

Senior US officials say that building a national command and control centre by the Israelis, with the Pentagon’s help, will “not only benefit Israel but also the US forces situated in the Middle East, and US allies that do not have diplomatic relations with Israel”. This means excluding Egypt and Jordan. The defence system will integrate key missile defence systems for both long- and short-range missiles and rockets, including Arrow 2, Arrow 3, Iron Dome, and David’s Sling systems. The Centre will also be equipped with an improved version of the US-developed Patriot missiles.

As to funding “ building on US\$205 million contribution in funding for the project in fiscal year 2011, bipartisan legislation introduced in Congress on March 21 authorizes the Obama administration to release additional unspecified funds, upon request by the Israeli Government, for the ‘procurement maintenance and sustainment’ of the system”.<sup>16</sup>

In sum, Israel has an Offensive Nuclear Military Doctrine, formidable Weapons of Mass Destruction Capability, Short and Long-Range Diversified Delivery System, an Advanced Cyber Attack System, Readiness to use such Arsenal, an integrated Missile Defence System, as

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<sup>14</sup> Sierco, Ian: Sheild of David: The Promise of Israeli National Missile Defense. Middle East Economy Council Essay.

<sup>15</sup> Fleisig, Ariela: US Aid Enables New Israeli National Missile Defence Centre. Foreign Policy, June 2011

<sup>16</sup> Commentary: Shielding Israel/ The National Interest, April,5, 2012

part of a US Strategy, an advanced Conventional Weapon System, classifies Egypt as a Threat, and has claims over Sinai, on one hand.

On the other hand, Israel has had a formal Peace Treaty, in place, with Egypt for over thirty years.

The question that becomes clear is: how can we reconcile what might be called a state of Singular Assured Destruction (SAD) with an obsolete Peace Treaty, which was not a real peace treaty then, neither can it ever be now? And,

What Strategy should be aimed at that will ensure real Peace, as defined previously, taking into consideration the state of Singular Assured Destruction, explicitly?

The answer is: Camp David-No; Balance of Power-No; Mutually Assured Destruction-No; but Mutually Assured Peace (MAP)- Yes. Why?

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### **Camp David Peace Treaty: Not A framework For a Just and Lasting Peace Now.**

At the time it was signed, the Camp David Peace Treaty could not be regarded as aiming to achieve a real lasting and just peace. In reality, it would be more appropriate to describe it as a “Truce” understanding, cosmetically dressed up in a “Treaty Format”.

Fundamentally, it did not recognise Israel’s Nuclear Weapons, nuclear resources and nuclear plans. This cannot be justified on the grounds that Israel had only a few nuclear warheads at the time. Moreover, this was not the only unequal treatment of the two parties, which made normalization virtually impossible.

Furthermore, the Multinational Force and Observer (MF&O) was not approved by the UN, as the Treaty stipulated. Instead, a separate Protocol was signed in Rome in August 1981 between the US, Israel and Egypt. It (MF&O) consists predominantly of US forces.<sup>17</sup> Added to that, the Egyptian people were never consulted on a Treaty as important as this!!

The Arab Affairs Committee in the newly elected Egyptian Parliament issued a statement undermining the 1979 peace agreement, indicating a

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<sup>17</sup> Multinational Force and Observers. Wikipedia, the free encyclopaedia

clear tone of rejection,<sup>18</sup> There are very clear indications that Egypt's Islamic Parties, who control Parliament, are planning to radically amend, or, even, nullify the Peace Treaty with Israel.<sup>19</sup>

**If this was the case at the time, and given the prevailing trend in Egypt, how can such Treaty be appropriate now?**

But before we turn attention to alternative options, I wish to emphasize that **War is Ruled Out Totally, in so far as Egypt and the Egyptians are concerned.** Reverting again to faith, I recall **Matthew 5:43-44**:

**“ye have heard that it hath been said: Thou shalt love thy neighbour and hate thine enemy.  
But I say unto you Love your enemies, bless them that curse you, do good to them that hate you”.**

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### **Balance of Power: Not Applicable**

To start with, focusing on conventional weapons only, it is possible to entertain the “Balance of Power” as a possible base-option for peace between Egypt and Israel, and as a consequence, to be applied to the other parties of the Arab-Israeli conflict.

Although, there seems to be a prevailing view that Israel's Conventional Weapons capabilities may be superior to that of Egypt. Added to this the well-known commitments of the US towards ensuring a balance of power favouring Israel. However, there are numerous factors to balance out this argument, to list but a few:

- Egypt's Armed Forces are fully aware of the US policy of ensuring Israel's superiority in conventional weapon capabilities. Accordingly, they pursue many independent programs to fill the gaps, if any, while relying on the so-called US Military Aid to Egypt, as related to the Camp David Accords.

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<sup>18</sup> Halvi D. Jonathan: The New Egyptian Parliament Takes Aim at the Camp David Accords. Jerusalem Centre Blog, March 15, 2012

<sup>19</sup> Akhalaghi, Reza: Are Egypt's Islamic Parties Planning to Nullify the Peace Treaty with Israel?, Foreign Policy Association. January 9<sup>th</sup> 2012.

- The relative sizes of the two countries, and the sizes of their armed forces, give significant advantages to Egypt.
- Mobilization of respective forces, and the length of period of mobilizations, if any, places Israel, and, in particular, its Economy, in a very disadvantageous position.
- This becomes worse in the event of armed engagement, God forbid. The longer the engagement, the worse the Israeli relative position would become. This applies to either an open armed engagement, or, even, intermittent war of attrition.
- Going beyond the short term, the demographic factors do not favour Israel, whether from an Egyptian future growth, the Arab World population growth, or in relation to the changing demographic structure within Israel, and
- Egypt's October 1973 remarkable military achievements proved, without a doubt, that numerous lessons were not only learnt, and digested, from the significant defeat of 1967. But, also, it showed the world its capability to introduce novel ideas over a mere period of six years only. The crossing of the Suez Canal miracle is one example.

Based on the above, one can argue that under these circumstances, it is possible to entertain the “Balance of Power” concept as a potential base for a new Peace arrangement. Historical European evidence of the 18<sup>th</sup> and 19<sup>th</sup> centuries, and up to a point the first half of the 20<sup>th</sup> century, was that of a European balance of power order. However, as stated by Robert Cooper<sup>20</sup>, one should note the following:

- “With the balance of power went the doctrine of *raison d’etat*, which Machiavelli first put forward. It is based on the proposition that states should not be subject to the same moral constraints as individuals.
- “The balance of power had an inherent instability. It was a system in which a war was always waiting to happen”.
- Moreover, one should not generalise, for as Cooper adds “ The kind of world we have depends on the kind of states that compose

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<sup>20</sup> Cooper, Robert: *The Breaking of Nations*, Atlantic Books, 2003, Great Britain.

it: for the pre-modern world, success is empire and failure is chaos. For the modern, success entails managing the balance of power, and failure means falling back into war or empire”.<sup>21</sup>

In the case of Egypt and Israel, a Peace that is based on: a “Balance of Power” in a *raison d’etat*’s Machiavellian sense, in which a ‘war is always waiting’, and, if not managed properly, means ‘falling back into war’, this “Peace” cannot be lasting. This is particularly significant if one takes into account that Israel has in place an Anti-Ballistic National Defence System, while no such integrated multi-layered similar system is in place in Egypt, to the best of my knowledge. This has very serious implications in view of the fact that “Balance of Power” had an inherent instability (war was always waiting), and given Israel’s Military Doctrine of prioritizing offensive, and pre-emptive solutions.

So far, the analysis has been based on conventional weapons only. If one takes into account that it is only Israel that has significant weapons of mass destruction (WMD) capabilities, Singular Assured Destruction (SAD) makes “Balance of Power” totally inapplicable. This leads to considering the Cold War one alternative of “Mutually Assured Destruction”, which would be based “Balance of Terror”.

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### **Mutually Assured Destruction: No, Except as a Last Resort**

Mutually Assured Destruction (MAD) is a doctrine of military strategy and national security policy in which “a full –scale use of high-yield mass destruction by two opposing sides would effectively result in the complete, utter and irrevocable annihilation of both the attacker and the defender. The theory assumes that each side has enough nuclear weaponry to destroy the other; and that either side, if attacked for any reason by the other, would retaliate without fail with equal or greater force. The expected result is an immediate irreversible escalation of hostilities resulting in both combatants’ mutual, total and assured destruction.

The doctrine further assumes that neither side will dare to launch a first strike because the other side will launch on warning (also called

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<sup>21</sup> The idea of the balance of power was already dead in 1919, although the Second World War saw one final coalition to save the European state system. See 20 above.

fail-deadly) or with secondary forces (a second strike), resulting in unacceptable losses for both parties. The pay-off of the MAD doctrine is expected to be a tense but stable global peace”<sup>22</sup>

As a form of nuclear deterrence, it depends on several assumptions, such as:

- **Second-Strike Capability:** A first strike must not be capable of preventing a retaliatory second strike or else mutual destruction is not assured.
- **Perfect detection:** No false positives(errors) in the equipment and/or procedures that must identify a launch by the other side. The implication of this is that an accident could lead to a full nuclear exchange.
- **Perfect rationality:** No “rogue state” will develop nuclear weapons. Or, if they do, they will stop behaving as rogue states, and subject themselves to the logic of MAD.
- **Inability to defend:** No fallout shelter networks of sufficient capacity to protect large segments of the population and/or perceived as a disadvantage for both countries

It is clear that satisfying, in full, all these strict prerequisites of the MAD system, as a deterrent, are almost impossible. Critics of the MAD doctrine frequently played on the “similarity between the acronym and the common word for mental illness”.<sup>23</sup> And, although it represented the underlying order for the Cold War period, it was not built to last.<sup>24</sup>

There is no doubt that in the views of experts and reliable sources “ of all the small nuclear powers, Israel’s nuclear capabilities are the most robust, advanced and adverse”. In addition to what was referred to previously “Israel also has its own space-based, the Ofteq, Satellite capabilities, launched aboard the Shavit Space Launch Vehicle (SLV)” Its range covers the whole of the Middle East.<sup>25</sup>

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<sup>22</sup> Mutual Assured Destruction, From Wikipedia, the free encyclopaedia

<sup>23</sup> See 22 above.

<sup>24</sup> See Robert Cooper above.

<sup>25</sup> Sokolski, Henry: Getting MAD: Nuclear MAD, its origins and Practice, Strategic Studies Institute, November 2004.

If this “Getting MAD” concept is to represent the basis for Peace between Egypt and Israel, and given that Egypt currently does not possess nuclear capabilities, the question that arises:

**Should Egypt aim to acquire matching nuclear capabilities, for MAD to be applicable, as the underlying order for Peace?**

In terms of potential, the answer is simple: should Egypt decide to pursue this approach, Egypt has all that it takes to achieve it in a reasonable period of time. And there are many voices in Egypt that are advocating this strategy. In fact, the Arab Affairs Committee in the newly elected Egyptian Parliament, stated in their recent resolution that “ A demand that the Egyptian Government reopens the Israeli nuclear issue and discuss Israeli nuclear capabilities, as they can cause a direct threat to Egyptian national security and Arab national security.

The US and the international community...must act as seriously toward the Israeli nuclear threat as they act toward what they consider as Iranian threat.” They conclude “Egypt must be prepared to immediately examine the Egyptian nuclear policy, which is opposed to nuclear proliferation and which demands to make the Middle East a zone free of weapons of mass destruction. Israel is the only country that refuses to sign a treaty against nuclear proliferation and to open its nuclear facilities, and particularly the reactor in Dimona, to inspectors of the International Atomic Energy Agency”.<sup>26</sup>

However the majority of Egyptians, and Arabs, would not go along with the view of building up matching weapons of mass destruction capabilities- and associated sub-systems- in order to base a lasting peace with Israel on Mutually Assured Destruction (MAD).

As stated before by Cooper “Although it (MAD) was stable on a military level, it lacked legitimacy as a system...many found the balance of terror repugnant- on the whole it was individuals rather than governments who had the moral doubts”. Moreover, the wider implications are likely to be catastrophic.

Again Cooper elaborates on this point in a very convincing way. “ If balance is going to mean balance among a growing number of states armed with nuclear weapons or other WMD, then it is more likely to

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<sup>26</sup> See 18 above.

be a problem than a solution. In the past the balance of power relied on occasional wars to rebalance the system or to deter aggressors. In a nuclear age that is no longer acceptable”.

**In sum, the Answer to MAD is ‘NO’, as:**

It cannot form the basis of a lasting peace with Israel, only as a last resort; i.e. if no alternatives are available. Fortunately for not only the people of Egypt, Israel, and the rest of the Arab World, but for humanity, at large, there is a credible alternative; namely Mutually Assured Peace.

### **Mutually Assured Peace (MAP): The Way Forward.**

To begin with, the constituents of a ‘threat’ in the ‘Israeli Military Doctrine’ are applied, but in reverse. By Mutually Assured Peace (MAP), it is meant that each of the parties concerned, Egypt and Israel, both separately and mutually, have genuine “intent” to seek real and lasting Peace, and, also, have the “capability” to achieve such a Peace. Intentions for peace alone are not sufficient, as they will simply be reflection of wishful thinking. Capability, alone, is not desirable, for unless it is associated with genuine intentions for Peace, there is a danger of turning into a ‘balance of terror’ - which may not, necessarily be of a WMD type. In other words, either of the two, intent or capability, is a necessary condition, but is not sufficient. Only both, intent and capability are necessary and sufficient. The question is, as always, how to turn it into reality, as it is action that matters and not words, as the saying goes?

### **Intentions**

#### **All People in the Area are Genuine Peace-seekers.**

Yes, they are all Peace-seekers: Egyptians, Israelis, Palestinians and Arabs. However, one cannot say the same about governments in the area, none of them can ignore foreign intervention, regional and international. And, above all, the “Chronic Problems”, which have remained unresolved for more than half a century?

- **Camp David Peace Treaty between Egypt and Israel is out of date**, to say the least. At the time it was not, neither is it now based on the correct principle of a Peace between equals. Many of the details were seriously inappropriate, are more now, and can no longer be de facto defended. For example, how can Egypt develop Sinai, without being able to sufficiently defend or police it?

- **The “Arab Spring in Israel and Palestine” is urgently needed** to solve the “Chronic Palestinian /Israeli” disputes. The old approaches are antiquated, and lacking sincerity, including the Quartet and the like, all must be abandoned forthwith. Both the long-suffering Palestinian People and the Israeli people should rise, together, hand-in-hand, shouting “Down with the Corrupt and Fanatical Regimes”.

Getting rid of the old guards Zionists, and corrupt fanatic so-called Palestinian authorities is now a “must” if a just solution to the chronic problems are to be found. The peace-seekers people of Palestine and Israel will, then, be more than capable of sorting any problems between them.
- **Respect and implementation of UN Resolutions**, International Human Rights, and, above all, abandoning aggressive out of date ideologies must not wait any longer.
- **Foreign intervention in the internal affairs of the area must stop.** In particular, the US must abandon the policy of American domination of the world, which has proved to be a failure “if not as a moral imperative, then certainly out of economic necessity”. It should be replaced with “a policy of Mutually Assured Respect (MAR). This requires no money, and no weapons industry, or other special interests demanding huge war profits or other advantages”, as asserted by Ron Paul.<sup>27</sup>
- **The US must abandon the “Stable Disequilibrium Strategy”** in the area. Such an unfair strategy relies on the singularity of Israel’s Weapons of Mass Destruction to ensure non-eruption of wars, as a sinister form of stability, while ignoring the root-causes of the problems, again another sinister definition of Disequilibrium.<sup>28</sup>
- **Also, certain Regional Powers must stop using the Palestinian problem as a tactical card in a zero-sum game**, ignoring the real human costs to people who have been suffering for years no end. The exploitation of religion, as a political tactical tool, must stop, also.

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<sup>27</sup> Paul, Ron : Mutually Assured Respect, Anti-War.com, December 10, 2011

<sup>28</sup> El-Mokadem, Ahmed: Essays on the Security & Stability of the State of Kuwait, Kuwait, 2001.

- **Last, but not least, love, compassion and tolerance amongst all must replace hatred, animosity and revenge.** Those parts of history where all Jews, Christians and Muslims lived happily together must replace the sufferings and human losses since 1948 until now.

### **Capability to Achieve Peace**

With both Israel and Egypt sharing the views of the great humanist Cervantes that “Peace is the greatest good that people can wish for in life”<sup>29</sup>, attention is focused on how to revisit their capabilities to achieve it. This is not an easy task and is unlikely to happen overnight. What matters is for each country to show seriousness in pursuing a program of adjusting their capabilities, as appropriate, in order to turn Mutually Assured Peace into a reality. In this respect the situation differs between Israel and Egypt, as follows:

#### **For Israel, there are, at least, two scenarios:**

- **One is a very optimistic scenario**, but sadly unrealistic. That Israel realizes that Nuclear Weapons implies Assured Universal Destruction. And that it will make the very existence of life on this planet problematic, based on the information provided by the International Physicians for the prevention of Nuclear War (IPPNW). On that basis, Israel might consider gradually reducing its nuclear weapon’s capabilities, signing the non-proliferation treaties, and aiming for a nuclear-free zone in the Middle East. However, until, the “Arab Spring” catches up with Israel, this scenario is highly unlikely to materialize.
- **A more realistic scenario** is for Israel to begin a serious program of rationalizing its Military Doctrine in a significant way, and to adjust its military capabilities accordingly. With Peace being adopted by both parties in a genuine way, an Offensive & Pre-emptive doctrine becomes unnecessary, and should be altered to a “Primarily Defensive” one.
- **With such a change, other hostile activities have to cease**, from continuous espionage activities within Egypt and about Egypt’s affairs, to threatening Egypt’s African sources of the Nile.

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<sup>29</sup> Nikitin, Alexander: The Concept of Universal Security. Academy of Science, USSR

- With this more realistic scenario, while still retaining Nuclear Weapons capabilities, **Israel should be prepared to accept in any agreement, a new arrangement.** This should allow inspection and observation of its nuclear arsenal, broadly defined, by relevant international authorities.

**As to Egypt, the situation is different:**

- **The top priority should be to build a “National Missile Defense System” (NMD).** The purpose is to shield the entire country against incoming missiles, such as intercontinental ballistic missiles (ICBM’s), or other ballistic missiles. Interception might be by anti-ballistic missiles or directed energy weapons such as lasers. Interception might occur near the launch point (boost phase), during flight through space (mid-course phase) or during atmospheric descent (terminal phase). The NMD may include sea-based, in an integrated multi-layered system.<sup>30</sup>
- Given the strategic relationship between Egypt and the US, and showing peaceful intentions, **Egypt should seek the assistance of the US in building up its National Missile Defence system.** In this connection, a Defence Cooperation Agreement should replace the so-called US Military Aid to Egypt. It should cover, but not be limited to, Egypt’s Missile Defence System. However, Egypt should not limit military cooperation with the US only.
- **An Anti-Ballistic Missile (ABM) Treaty between Egypt and Israel should be amongst the top priority in any new agreements** to be entered into by the two parties, in lieu of the Camp David arrangement. The said Treaty would be similar, in objectives but not in details, the 1972 ABM Treaty between the US and the USSR in 1972 that lasted for thirty years until the US withdrew from it in June 2002.<sup>31</sup>

The above measures are only examples of what measures can be taken in order to aim for a Mutually Assured Peace (MAP) between the parties. In this connection, two points are worth noting:

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<sup>30</sup> National Missile Defence. From Wikipedia, the free encyclopaedia

<sup>31</sup> Kimbell, Daryl; The Anti-Ballistic Missile (ABM) at a Glance. Arms Control Association, 2012.

- **The first is that Mutually Assured Peace is based on the concept of “Universal Security”.** Its main idea is that of Common Security” on the world scene. Hence, the principles of universal security “obviously impose limits on an individual’s state sovereignty to take unilateral political, military, or ideological steps which might bring the world to the brink of a nuclear conflict”.<sup>32</sup>
- **The second is that the concept of Mutually Assured Peace was first introduced in a Canadian Initiative to the UN in 1989.** The proposal involved sponsoring “ the creation of a new United Nations Office for Mutually Assured Peace (UNOMAP). It envisioned that the initiative will give the UN a capability to act synergistically to bring common security, peace planning and associated activities into a new relationship”.<sup>33</sup>

As I close this section of the paper, I wish to send what might sound like an emotional message. But, to the contrary, it is a genuine one, coming from the heart through the brain and is based on faith; which is my usual approach:

To the peace-seekers, the people of Israel, you are not my enemy, and I have no hostility towards you. To my brothers, the people of the book, your faith is an integral part of my faith, and I follow the Lord in loving “thy neighbour” and follow the Lord Who “made known His ways unto Moses, His acts unto the children of Israel. The Lord is merciful and gracious, slow to anger, and plenteous in mercy”. (Psalms 103: 7-8)

**To those who shared in harmony with us a long time in historical co-existence, you are, still, part of “us”, and we wish you no evil “lead us not into temptation, but deliver us from evil. For thine is the Kingdom, the Power and the Glory for ever and ever, Amen”.**  
**(Matthew 6:13 Time is of the essence, and it is time, now, to put our hands together and work for genuine Peace.**

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<sup>32</sup> See 29 above.

<sup>33</sup> Hill, Polly: Mutually Assured Peace: A Canadian Initiative, Polly Hill Associates, Ottawa, 1989.

## **IV: Post-Transition Priority Strategy of Sustainable Economic Fairness.**

In a recent paper<sup>34</sup>, a model of economic growth and investment was developed and applied to Egypt under prevailing circumstances, and after some proposals are implemented. Predictions were made up to the year 2050, on the basis of which it was conditionally anticipated that a prosperous New Egypt might be on the horizon. Based on this, the question was raised as to “when will the BRICS become the EBRICS”, with ‘E’ for Egypt. A summary of the paper is attached as an Annex.

Given economic growth, as outlined in the said paper, in what follows attention is focused on one very serious issue relating to Fairness, in the economic sense. At least, there are three reasons for this focus. One growth does not guarantee improvement in economic fairness, broadly defined. Second, on the contrary, there is clear undisputed evidence that the higher the economic growth, the greater the inequality.<sup>35</sup> The third, and the most important, is the fact that economic and social unfairness in Egypt has reached a totally unacceptable level, warranting an immediate strategic plan of action.

### **From Smiles & Joy to Tears & Fears Disgraceful Inequality & Shameful Poverty**

On the 11<sup>th</sup> February 2011, Egypt celebrated what I called previously the miracle of all miracles, not only downing, peacefully, one of the most suppressive regimes in recent history, but, most significantly, raising high expectations of a bright prosperous future, particularly for the poor and deprived.

Once the celebrations were over, reality came to the forefront. One aspect of this reality is to examine the issue of economic fairness in present day Egypt. The picture which emerged turned the Smiles and Joy into Tears and Fears. This emotional description was the result of a number of visits I made to my country Egypt, monitoring the state of poverty, in particular. After my last visit recently, I wrote a few lines expressing my sadness:

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<sup>34</sup> See 3 above, El-Mokadem, Ahmed.

<sup>35</sup> Wilkinson, R. & Pickett, K., *The Spirit Level, Why Equality is Better for Everyone* Penguin Books, 2009.

“I just returned from my Life: Egypt, and To say my Life has never been so saddened,  
I just returned from my Love: Egypt, to say my deep Love is now in a deep ocean of concern,  
I just returned from My Affectionate Heart: Egypt, to say My Heart is in Pain, as my heart aching has worsened,  
I just returned from the Balanced Part of my Brain: Egypt, to say my brain needs scanning, urgently, in case of a clot”

**Hence, the Tears and Fears, for it is:**

- A disgraceful inequality and shameful poverty to allow 47% of the people of Egypt of to live under the world poverty level-that is about under \$2 a day or less,
- A disgraceful inequality and shameful poverty for “6 million Egyptians living in graveyards”, and “ 15 millions living in 1000 random an inhabitable locations, named ‘Ashwaeyat’, with no water, electricity, sewage, or other utilities.
- A disgraceful inequality and shameful poverty for 77% of vulnerable households in Egypt whose earnings did not cover their monthly needs,
- A disgraceful inequality and shameful poverty where the poor in Egypt do not receive any health or education attention,
- But, on the other hand, a very small minority have become so rich beyond description. For example, “ my birthday party cost just a \$1 million”, as you frequently hear a nouveau-rich bragging,
- Moreover, what is more saddening is watching contenders for the presidency giving casual cosmetic attention to this problem, instead of ranking it high in their programs, if you can call them that!!
- All the above examples justify, and must lead to “Tears”. But what might raise real “Fears” is that the deprived might ultimately take the matter into their hands, if their high expectations prove to be unlikely to be achieved

This represents a nightmare scenario, which must be avoided at all costs.

### **What should be the answer?**

A radical approach, resulting in a new system, which aims to eradicate poverty, and ensure sustainable fairness.

### **Societalism**

#### **A Socio-Economic Framework for a system with a Social Conscience**

**Societalism** is perceived as a Socio-Economic system, which is highly relevant to developing countries, such as Egypt, where inequality and chronic poverty have reached totally unacceptable levels. Its framework has certain specific characteristics, the most significant of which can be summarised as follows:

- 1- **Society is the main focus:** Inequality, and as a result poverty, is a form of injustice, and according to Dorling<sup>36</sup>, there are five tenets of injustice. These are: “elitism is efficient, exclusion is necessary, prejudice is natural, greed is good and despair is inevitable.” Each belief also “creates a distinct set of victims- the delinquents, the debarred, the discarded, the debtors and the depressed”.

These are all social aspects, in essence, requiring social transformations. This refers to “ any significant alteration in structures, behavioural patterns, and rules aimed at producing a particular social result: poverty eradication”.<sup>37</sup> Accordingly society should be the focus of any criteria for a socio-economic system.

- 2- **A Country is Not A Company**<sup>38</sup>: The profit motive is most certainly the most important criteria for entrepreneurial endeavours, as based on orthodox economics. But this does apply, in most cases, to fulfilling social objectives. In fact, when it comes to social matters, as Dorling asserts, “Economics (is) the discipline with so much to answer for” when it comes to inequality and, hence, poverty. Dorling adds that it resembles a” Bird-brained thinking: putting profit above caring”. As stated by Tom Scholz, in an interview with the Sirra Club, “Turning corporations loose and

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<sup>36</sup> Dorling, Daniel: Injustice, Why Social Inequality persists. The Policy Press,2011.

<sup>37</sup> The Political Economy of Poverty and Social Transformations of the Global South, a Conference to be held in Cairo, December 10-12,2012

<sup>38</sup> Krugan, Paul: A Country is not A Company. Harvard Business Review, 1996.

letting the profit motive run amok is not a prescription for a more liveable world”.

- 3- Social Conscience:** The ultimate reference in the proposed framework should be “Social Conscience”, in the first place. This might sound rather vague, but it means to encompass a number of aspects. First and foremost, it focuses on the interests of society, at large, and the poor and deprived, in particular.

It goes beyond the materialist aspects and ideologies, to emphasize the need to adhere to a strict moral and ethical code of conduct. It avoids the cliché of “social Justice”, so that achievement of acceptable equality does not become a simple compliance of certain laws, which evidence shows that they can be by-passed. What is advocated is based on The Buddha of the fifth century, and Aristotle two centuries later. It is to seek a “Mindful Society”, as elegantly put forward by Sachs.<sup>39</sup>

- 4- The Mindful Society:** The highest-level aim is an Egyptian society that should follow a “Middle Path”. One that would need to “achieve a new Mindfulness regarding needs, as individuals and as a society, to find a more solid path to well-being”. Mindfulness, said Buddha, is one of the eight steps on the way to self-awakening. Also, Sachs suggested it as crucial in eight dimensions. These are:

- Mindfulness in self of personal moderation to escape mass consumerism,
- Mindfulness of work in the balancing of work and leisure,
- Mindfulness of knowledge in the cultivation of education,
- Mindfulness of others in the exercise of compassion and cooperation,
- Mindfulness of nature, in the conservation of the world’s ecosystem,
- Mindfulness of the future in the responsibility to save for the future,
- Mindfulness of politics in the cultivation of public responsibility and collective action through democratically-elected political institutions, and
- Mindfulness of the world in the acceptance of diversity as a path to peace.

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<sup>39</sup> Sachs, L: The Price of Civilization, Bodley Head, 2012

5- **A Regulated Market/ Mixed Economy:** There can be no doubt that the so-called market economy developed under the Mubarak's regime, is neither free nor proper market. It represented an incestuous marriage between corruption and politics, in a market that all its sectors suffered from severe market imperfections, to say the least. Such a system maybe called the Gam/Ezz Cap-Corruptionism.

Assuming major surgical procedures are undertaken to clear up this 'system' and remove all the debris, what is needed is a strictly regulated free "Market Economy", but with balance. Such a system, as proposed by Sachs, would have triple objectives. These are: Efficiency, Fairness and Sustainability- the latter implies guaranteeing future efficiency and fairness. In this system a regulated market economy would be the prime achiever of efficiency.

But, it must be complemented with government institutions that accomplish three things, "to provide public goods such as infrastructure, scientific research, and market regulations; to ensure the basic fairness of income distribution and long-term help for the poor to escape from poverty".

6- **Democratic Employee- Ownership:** Turning attention to privately owned enterprises, one approach which would contribute to equality, and solve some other associated problems, is democratic employee- ownership. Robert Oakeshort, a British authority in the subject says that employee-ownership 'entails a movement from business as a piece of property to business as a working community'.<sup>40</sup> It offers many advantages, such as increasing equality as a bottom-up rather than a top-down. It can (and does) exist side by side with conventional business structures. It avoids concentration in the hands of the state. New and old forms of business can coexist: with the right legal support and tax incentives, the transformation of society can start straight away.<sup>41</sup>

However, to make a reliable difference to company performance, shared ownership by employees has to be combined with more participative management methods. A review of research

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<sup>40</sup> Oakeshort, R: Jobs and Fairness, The Logic and Experience of employee-ownership. Norwich: MichaelRussell, 2000.

<sup>41</sup> See 25 above.

concluded: “ We can say with certainty that when ownership and participative management are combined, substantial gains result...the impact of participation in the absence of (share) ownership is short-lived...Ownership seems to provide the cultural glue to keep participation going”<sup>42</sup>

- 7- **The Egyptian Military Economic Sector**<sup>43</sup>: It is estimated that this sector controls between 20-40% of the Egyptian Economy. This can be regarded, from an economic point of view, as forming an important part of the Egyptian Public sector. It should be subject to: Efficiency, Transparency and Accountability.

But, ultimately the ownership and control of this sizeable segment of the Egyptian Economy must transfer from the Military control, whose prime responsibility is Egypt’s national security. Perhaps, this sector could be transferred to democratic employee-ownership and management participation. Due to space limitations, it is difficult to elaborate. However, suffice it to say, it should make a significant difference to the state of inequality in Egypt.

- 8- **Delinking From Foreign Borrowing**: the famous Egyptian economist and political thinker, Samir Amin, first introduced the concept of delinking in relation to the third world. He calls for each country to delink from the world economy and subordinate global relations to domestic development priorities, creating ‘autocentric’ development. It does not mean advocating isolationism, but insulating domestic policies from external economic power, involving national ‘law of value’ that is both ‘rational’ and has ‘popular’ relevance. This is defined without reference to the global ‘law of value’ of the capitalist system.

It involves creating a national economy with different rules from the global economy. Domestic economic priorities must be set without reference to global capitalist demands.<sup>44</sup> This model of autocentric accumulations, where external relations are subject to the logic and imperatives of internal accumulation, is to be

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<sup>42</sup> National Centre for Employee Ownership, Employee Ownership and Corporate Performance. Oakland, 2004

<sup>43</sup> Marshall, Shana: Egypt’s Other Revolution: Modernizing The Military Industrial Complex. Panbazuka.org

<sup>44</sup> Robinson, Andrew: Delinking, A-Z of Theory of Samir Amin (Part 2) Ceasefire Magazine

distinguished from the model of extraverted development, where the opposite is true.

The framework proposed for the system that is most suitable for Egypt would be to adopt this authentic delinking approach, in particular, in relation to foreign borrowing. As detailed in a book by Sim<sup>45</sup>, the Market Fundamentalist's policies adopted by the IMF and the World Bank caused immense damage to many countries over the last decade or two, on the one hand.

One example is that of Argentina in the 1980's and 1990's, whose economy was brought to absolute ruin, as a result of complying with Western type of free market dogma. On the other hand, the opposite has been the case. One example is that of Malaysia, which refused to comply with the IMF and the World Bank's demands during their economic crisis in the 1990's.

The Malaysian government chose instead to intervene directly into the market, imposed controls on capital movements, and declared a fixed rate on its currency. Having backed away from the IMF model of fiscal purity, so-to-speak, Malaysia subsequently suffered less economic hardships than its Asian neighbours, and, then, recovered far more quickly after the crisis had subsided. Egypt should stop the policy of accepting IMF and World Bank's intimidation techniques, and rely on its ample resources. In sum, it should 'delink from foreign borrowing'.

**9- A Popular National Development Strategy:** With delinking, and, thus, the autocentric model, goes the strategy of popular national development. Following Amin<sup>46</sup>, "as a schematic contrast between the autocentric model and the extraverted model, four sectors are proposed: 1. Production of means of production, 2. Production of mass consumer goods, 3. Luxury production and consumption; 4. Exports. We defined the autocentric model as one governed mainly by articulations of sectors 1 & 2, and the extraverted model as determined mainly by the articulation of sectors 4 & 3. In the autocentric model rewards for labour (wages and peasant income) must necessarily increase at the rate of progress in productivity. By

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<sup>45</sup> Sim, Stuart: Fundamentalist World, The New Dark Age of Dogma. Icons Boos Ltd ,2004

<sup>46</sup> Amin, Samir: Alternative development in Africa and the Third World. Old United Nations University Website.

comparison, in the extraverted model, the rewards for labour may be disconnected from productivity”.

Amin, then, proceeded to outline the precise details to be taken to implement a development scheme, based on the above autcentric production features, These steps can be summarized as follows: giving priority for agriculture, industrialization as a support to progress in agriculture, primarily, popular forms of social organization of production, technology other than simple ‘transfer’, limited external relations except industrialization for import substitution, and a national structure of interdependence between prices and sources of finance. Such a population-based national development approach seems very appropriate to Egypt.

**Last, but not least, one of the highest priorities is the establishment of:**

**“A Supreme Council for the Eradication of Poverty”(SCEP)  
“Our Father, Give us today our Daily Bread”**

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## **V: Finale: Back to Faith**

As I started with faith, quoting and guided by the **Holy Bible**, and I end with faith, but in this case I quote from the **Holy QUR’AN**:<sup>47</sup>

**“And hold fast, all together, by the Robe which Allah (stretches out for you) and be not divided among yourselves, and remember with gratitude Allah’s favour on you; for ye were enemies and He joined your hearts in love, so that by His Grace, ye became brethren; and ye were on the brink of the Pit of Fire, and He saved you from it. Thus doth Allah make His signs and He saved you from it. Thus doth Allah make His signs clear to you, that ye may be guided.**

**Let there arise out of you a band of people enjoining to all that is good, enjoining what is right, and forbidding what is wrong: they are the ones to attain felicity”. ( SURAH Al Imran, 3: 103-104)**

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<sup>47</sup> The Holy QUR’AN, Translated by Abdullah Yusuf Ali

## **Annex**

# **Prosperous Egypt on The Horizon:**

## **A Summary**

I-	Introduction.	Page 2
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By Ahmed M. El-Mokadem

## I-Introduction

My talk starts with A dream for a New Egypt, post the 25<sup>th</sup> January 2011 Revolution, envisaging a Modern, Democratic, Civil, Pivotal and Prosperous Country. A question is then addressed as to whether prosperous Egypt was on the horizon, based on prevailing pre-revolutionary conditions. A theoretical framework of growth and investment is selected and available empirical evidence and projections are examined. Post- revolutionary changes and putting forward proposals for future changes are analysed, using the adopted framework. Based on the results of this analysis, an attempt is made to evaluate the likely impact on the available projections, and a new prediction is made for Egypt's Economy by the year 2050, based on a proposed program of reforms having been completed by 2020. Last, based on this evaluation, it is argued that a prosperous New Egypt is on the horizon, and, the question of when will the BRICS become the EBRICS is, then, addressed.

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## II-The Dream

Yes, I dream of a New Egypt; that is (El-Mokadem, 2011):

- **Modern** , a country that is marked by the celebration of the powers of human reason. Also, it is marked by a keen interest in science, the promotion of religious harmony, and a desire to construct a government, based on modernity and free of tyranny,
- **Democratic**, where freedom is regarded as indivisible, guaranteed for all individuals, irrespective of their gender, race or religion, but with responsibility.
- **Civil** , that is based on a civil state, recognizing the composition of Egypt's population, of a significant Coptic minority, and a Muslim majority.
- **Pivotal**, that is based on an explicit recognition of Egypt's unique geopolitical pivotal status, both regionally and internationally, and
- **Prosperous** , given that Egypt is well endowed with variety of ample resources, New Egypt's economy could become one of the

leading economies in the world, provided that certain conditions are satisfied, as will be explained later on in detail.

The highest-level aim is an Egyptian Society that should follow a “**Middle Path**”. Such a Path would need to “achieve a new Mindfulness regarding our needs as individuals and as a society, to find a more solid path to well-being”. Mindfulness, which has eight dimensions: Mindfulness of self, Mindfulness of work, Mindfulness of knowledge, Mindfulness of nature, Mindfulness of the future, Mindfulness of politics, and, Mindfulness of the world.

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### **III- Will The Dream Come True? Focus on Growth & Investment.**

Given the above background, **some pertinent questions arise, such as:**

- **Will my dream come true**, for a New Egypt with a Mindful, Modern, Democratic, Civil, Pivotal and Prosperous?
- **What are the socioeconomic, political and demographic conditions**, which must be satisfied for my dream to become a reality?
- **What and how growth (and hence investment) could contribute to the fulfilment of my “Dream For a New Egypt”?**

The key to answering the above questions, and others related, is to address the last question first, dealing with growth and investment.

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### **IV- Was Prosperous Egypt on The Horizon? Theoretical Frameworks, Empirical Evidence, and Projections**

Forecasts of investment that are based on extrapolation would be inappropriate under revolutionary conditions, representing a structural change, irrespective of the degree, magnitude and nature of such a change.

An alternative approach in the case of investment is to build forecasting models that focus on structural factors, which would “mean people want to invest”, (Ward, 2010). Such an approach adopts extended versions of Neoclassical Growth Theories and models. In these models, both growth and investment are treated as endogenous variables, amongst other endogenously determined variables.

The most relevant of these models in the case of Egypt are the ones developed by Barro, and extended by Ward, in a recent HSBC Report, The World in 2050. She used Barro’s Model in the prediction in the year 2050 of per capita growth rate for the top 30 economies. Treating Per capita growth rates and investment as endogenous, and following Barro, she used three groups of exogenous variables. These are:

- Economic Governance, to include variables such as rule of law, monetary stability, democracy and government interference,
- Human Capital focusing on the productivity of the worker, with emphasis on education, health, level of fertility, mortality and life expectancy, and
- The starting level of income per capita.

Ward, then, extended Barro’s Model to add demographic outlook.

Combining the outlook for per capita income to demographic predictions, total growth rates are calculated, upon which country projections and ranking in 2050 are obtained.

Focussing attention on the 2050 prediction for Egypt, the following results are obtained:

- Total growth rates will change from 4.7% for 2010-2020, to 5.6%, for 2020-2030, to 5.2% for 2030-2040, and 4.8% for 2040-2050,
- Examining the global leader- board in 2050 and comparing it to how it stood at the end of 2010 shows that Egypt might be ranked by that date as number 19, compared with a rank of 35 in 2010.

However, these predictions have to be cautiously regarded due a number of limitations, such as omitted variables. Allowing for these concerns, the question that needs addressing head-on regarding Egypt is:

**To what extent the changes that took place, and many others which must follow, could affect the projections for Egypt in the HSBC Report?**

## **V- Egypt Post- Revolution's Changes: Just a start and many more to follow.**

Although this paper is primarily concerned with the long-term economic prospects of Egypt following the 25th January 2011 Revolution, one cannot ignore the short-term entirely, but would be dealt with briefly.

In this respect, the short-term refers to the "Transitional Stage", stretching from the 11<sup>th</sup> February 2011 to the drawing up of a new permanent constitution and elections to follow.

As to the long-term, it begins with the end of the Transitional Stage, terminating with the year 2050, with interval forecasts as data permits.

Focussing now on the short-term, I happen to take a positive optimistic assessment of the current situation, and most what has been happening up until now.

- Yes, there has been a worrying atmosphere of insecurity, in some cases even anarchy. Yes, there have been some very sad catastrophic occurrences, which resulted in many innocent people killed,
- Yes, there has been a great deal of ad hoc illogical decision-making, partly placing the cart before the horse, so-to-speak, and on the basis of which policies were pursued - if you can call them policies, and
- Yes, there have been unbelievable chaotic strikes, the economic machinery coming to a halt, the country's foreign reserves continuing to be drained, the Government deficit mounting, tourism virtually stopping, the balance of payment deteriorating, and the Egyptian Pound virtually crashing,

But, on the other hand, Compared with similar major revolutions, such comparison would show the 25<sup>th</sup> January 2011 Revolution as a less damaging one, with relatively very minor costs, and as a miracle, in every sense of the word. Compare it, for example, to Russia after the collapse of the Soviet Union, when complete anarchy prevailed.

In contrast and, despite admitting many very worrying features of the first part of the Transitional Stage, most Government institutions continued to function; though less efficiently. But, more surprisingly, the Egyptian people stunned the world.

- They practiced democracy in an amazing manner, as if they have been accustomed to such democratic practice, and
- Moreover, one should remember the Egyptian people have invented the “Fourth Power”; namely the “Tahrir Square” power.

A delegation from the Swiss bank, UBS, paid a visit recently to Egypt (UBS, 9 December 2011), and held talks with a variety of institutions, both private and public, both Egyptians and international. Their focus was to assess, first hand, both the extent of the macroeconomic challenges and the political outlook.

They came to conclusions similar to the one expressed above. In particular, on the situation on the ground; they stated that they found the conditions “surprisingly orderly, in contrast to our (their) expectations based on the European Media”.

Although the changes which have taken place during the first part of the Transitional Stage are only a few, and in some cases, were associated with hefty prices (including martyrdom), nevertheless, they were significant, such as, for example, the very impressive election.

Given the above, and while being cautiously optimistic, it is now appropriate to turn attention to the long-term, as defined before, and to ask:

**What more changes are needed, and what road map is required for a Prosperous New Egypt to become a reality?**

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## **VI- More Changes Must Follow:**

In addressing this question, analysis follows the Barro-Ward framework, suggesting necessary changes, as summarized in the following Table 1.

**Table 1**  
**List of Many More Changes to follow**

1	Economic Governance
1.1	Government Size
1.2	Government of the “Youth”
1.3	Government Guidance (management) of the Economy
1.4	Societalism: A Regulated Market Economy. Yes, but with a Social Conscience
1.5	Long-Term Economic Strategy
1.6	The Military Economic Segment could continue, but on conditions on efficiency, transparency and accountability.
1.7	Establishing the “Egyptian Sovereign Investment Fund” (ESIF)
1.8	A New Fiscal Policy Strategy
1.9	A New Monetary Policy Strategy
1.10	Regulation and Ombudsmen
1.11	Maximizing the economics of Pivotalism: Suez Canal & Tourism
1.12	Recovering Smuggled Corrupt Wealth: A New Approach.
1.13	Strengthening the Rule of Law
1.14	Societalizing the Publicly-owned Media
1.15	Consolidating Egypt’s Compassionate Society and sustaining Patriotic Zeal
2	Human Capital and Demographic Factors
2.1	The “Black Market” in Education Must Stop
2.2	The Commercialization of Private Education must, also, stop
2.3	A New Modern Education Strategy
2.4	Expatriate Egyptians Have a Special Duty
2.5	Per Capita Income has fallen in 2011
2.6	Demographic Factors

Assuming the above proposed, or similar, actions/ have been pursued, the answer is “Yes”, to the question of whether New Egypt will become prosperous. If so, when will the BRICS become the EBRICS? These questions are addressed in what follows.

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**VII-Prosperous New Egypt On the Horizon: Yes, with Goals Realized adopting a New Policy Approach.**

The rest of this paper will focus on two questions: a prosperous New Egypt, and the potential of joining the BRICS, starting with goals and policies and followed by the projection of Egypt’s economy 2050.

**1-Proposed Plan of Action: Goals & Timelines 2012-2020:** In what follows a short list of goals would be discussed, briefly. As to the timelines, these goals would cover the period up to 2020, as summarized in Table 2 Below:

**Table 2  
Summary of Goals**

<b>Goal</b>	<b>Action</b>	<b>Period</b>
Goal 1	<b>Patriotic, Objective, Peaceful and Consensus-Based Management of the Remainder of the Transitional Stage.</b> <ul style="list-style-type: none"> <li>• <b>To complete the Transitional Stage.</b></li> <li>• <b>To Adopt a Patriotic Consensus-Based Dialogue</b></li> </ul>	Already started. Finished no later than 2013
Goal 2	<b>Governance Re-Structuring.</b> <ul style="list-style-type: none"> <li>• <b>To Establish the Supreme Councils</b></li> <li>• <b>.To Reduce Size of Government.</b></li> <li>• <b>To Establish the Ministry of Business. To Form a New Government of Youth.</b></li> </ul>	To end no later than middle 2014
Goal 3	<b>New Economic &amp; National Security Strategies.</b> <ul style="list-style-type: none"> <li>• <b>To Develop a New Economic &amp; Security Strategy.</b></li> <li>• <b>To Ensure the New Economic Strategy is based on the Triple Objectives.</b></li> </ul>	To end no later than middle 2014
Goal 4	<b>Poverty, Illiteracy, and Health Radical Reform Program.</b> <ul style="list-style-type: none"> <li>• <b>To Reduce Percentage Below Poverty line by 50%.</b></li> <li>• <b>The Same Applies to Illiteracy Rate.</b></li> <li>• <b>To Achieve Gradual Improvement in Life Expectancy.</b></li> </ul>	Reduce at least 50% by 2020

Goal 5	<p><b>Address Youth and chronic Disguised Long-Term Unemployment.</b></p> <ul style="list-style-type: none"> <li>• <b>To Ensure Public-Private Partnership.</b></li> <li>• <b>To Address Disguised Unemployment</b></li> <li>• <b>To Reduce Structural Unemployment by 50%.</b></li> <li>• <b>To Deal Vigorously with Market Distortions.</b></li> </ul>	Reduce to 5% by 2017
Goal 6	<p><b>A New Education Strategy.</b></p> <ul style="list-style-type: none"> <li>• <b>To Develop a New Radical Education Strategy</b></li> <li>• <b>To Form a C Committee of Experts, Public &amp; Private, National &amp; International.</b></li> <li>• <b>To Ensure Expatriate Egyptian Playing a Pivotal Role.</b></li> </ul>	Latest by end of 2015
Goal 7	<p><b>The Egyptian Sovereign Investment Fund (ESIF) should Lead the way.</b></p> <ul style="list-style-type: none"> <li>• <b>To Sponsor, at least, Four Major Projects.</b></li> <li>• <b>To Fund Them Primarily From Expatriate Egyptians.</b></li> <li>• <b>To Market Private Equity Funds.</b></li> <li>• <b>To Assist in Budget Balancing.</b></li> <li>• <b>To Enter into Partnership with Similar Funds.</b></li> <li>• <b>To Raise US\$1 Billion Initial Capital, to be Raised to US\$5 Billion</b></li> </ul>	No later than 2014
Goal 8	<p><b>The Business Ministry's Regulatory and Advisory Role.</b></p> <ul style="list-style-type: none"> <li>• <b>To Be Put in Place Soonest.</b></li> <li>• <b>To Provide Business Advice to Public &amp; Private Sector.</b></li> <li>• <b>To Regulators and Ombudsmen.</b></li> <li>• <b>To Participate In Economic Strategy.</b></li> </ul>	No later than 2014

Goal 9	<b>Balancing the Budget and Rationalizing the Foreign Debt.</b> <ul style="list-style-type: none"> <li>• <b>To Rationalize Government Expenditure and Taxation.</b></li> <li>• <b>To Link Budget to Fairness &amp; Sustainability.</b></li> <li>• <b>To Deal with Foreign Debt in a Novel Way.</b></li> <li>• <b>To Balance the Budget by the Target Date.</b></li> </ul>	Could be extended to approx. 2019
Goal 10	<b>Strengthening Anti-Corruption and Anti-Discrimination Laws and Radical Reform of the Media.</b> <ul style="list-style-type: none"> <li>• <b>To Strengthen Anti-Corruption Laws.</b></li> <li>• <b>To Ensure Independence Of Public-Owned TV</b></li> <li>• <b>To Societalize Public-Owned Newspapers.</b></li> <li>• <b>To Put in Place A New Code Of Conduct for Private Media.</b></li> </ul>	Start immediately and in acted by the newly elected parliament
Goal 11	<b>Participation of Expatriate Egyptians.</b> <ul style="list-style-type: none"> <li>• <b>To Maximize the Role of Expatriate Egyptians.</b></li> <li>• <b>To Ensure the New Constitution Have New Provisions Regarding their Participation in Elections.</b></li> </ul>	Start now and continue
Goal 12	<b>Environmental Issues Must be dealt with urgently.</b> <ul style="list-style-type: none"> <li>• <b>To Deal With Environmental Concerns With Delay.</b></li> <li>• <b>To Preserve All Natural Resources.</b></li> </ul>	Action urgently needed, time line starts immediately

## **2- A new Policy Approach For the Implementation of the Goals:**

Adopting the conventional policy approach of a Five-Year Plan and the like, approving the plan by parliament - in quasi-democracies - and

passing on the approved plan for a complicated bureaucratic system to implement, has proved time and time again to be a waste. A new approach is required. One, which stands on two pillars: government and markets.

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### VIII- Revising Ward’s Infrastructure’s Assumptions:

Before a new projection is made for New Egypt 2050, a general assumption has to be made, followed by specific assumptions.

- The general assumption relates to the 12 set of goals. For the purpose of projection, it is assumed that all the above stated goals would have been satisfied by the year 2020, too.
- The specific assumptions relate to the Infrastructure data used in the Ward-Barro Model (Ward, Table 21) for Egypt. Based on the general assumption above that all desirable goals and changes would have been satisfied by the year 2020, changes in the infrastructure data for Egypt are assumed to have changed, as per the following table (Table 3.):

**Table 3.  
Revised Infrastructure Economic Data for Egypt**

<b>Variables/Data</b>	<b>Ward Data</b>	<b>Revised</b>	<b>% Change</b>	<b>Result</b>
Income per capita	3022 (34)	2743(36)	- 9.2	Worse
Av. Y/s male Schooling	8.76(31)	10.3(17)	+17.6	Better
Life Expectancy	70(36)	73(29)	+4.3	Better
Fertility Rate%	2.8(3)	2.5(7)	-10.7	Better
Rule of Law Index	0.58(31)	0.75(22)	+30.3	Better
Gov. Consum. Ratio	20(36)	16.9(22)	-15.5	Better
Democracy Index	0.17(34)	0.83(22)	+388	Better
Inflation Rate %	13(3)	8.48(7)	35	Better

Referring to the table overleaf, one notes the following:

- In describing the result change as “better” means that the change is likely to have a favourable impact on the predicted per capita income growth. There is one exception, where the description is referred to as “worse”. In this one case the description refers to the negative sign, but not to the predicted impact on growth prediction, which is, also, favourable,
- The revised data was based on the ones for a group of countries of similarities to Egypt. To avoid the impact of religion, all the countries chosen were Muslim countries, with three exceptions only, and
- It is to be noted that most of the countries whose data was used in the Egypt’s projection are in the lower half of the thirty countries specified in the ranking table, which adds an assuring element of homogeneity.

In choosing this data and assuming its applicability to the case of New Egypt, a serious attempt was made to be as objective as possible. But, there is an element of subjectivity.

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## **IX- Revised Egypt’s Economic Projection and Ranking:**

Turning now to the projection for New Egypt, the above scenario produces for Egypt’s year 2050 a the following picture:

- For per Capita Income, the revised estimate is approximately (in constant 2000 US Dollar) of 11898.76, compared with Ward’s prediction of 8996 for the year 2050, representing an improved estimate of almost 24%.
- Using the same UN estimate for Egypt’s Population in 2050 of 130 million, and putting things together, this produces an estimate of Egypt’s Size (in terms of Total GDP) of the Economy (Bn. Constant 2000 USD) of 1546, instead of 1165 according to Ward’s estimate. This represents an improved estimate of almost 33%. These results show the importance of the demographic factor in the case of Egypt.
- Given this significant increase in Egypt’s Economy size by 2050, Ward predicted Egypt Economy ranking number as 19 amongst the 30 leading world economies. This represented 16 places ahead from the 2010 ranking of number 35.

- However, when our revised estimate is taken as a base, the ranking improves to somewhere above Indonesia, number 16, and Russia, number 15, representing a further advance of more than 3 places, but
- Again this ranking estimate should be taken with a great deal of caution. On the positive side there is Egypt's relative advantage on at least one of the omitted variables; namely resources. On the negative side, some of the changes we made to the Economic Infrastructure could be regarded as unduly optimistic.

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## **X-When would the BRICS Become The EBRICS?**

One might wonder as to why the title of this section, and the sub-title of the paper, raised the question of 'when', rather than 'would', with reference to Egypt joining the group. The answer is very simple: based on fundamentals, and based on O'Neill's thesis, Egypt has all the qualification to become a member:

- If the criteria of membership is based on the 'Potential', and not on the actual now, then there can be no doubt that Egypt is highly qualified to become a member without delay.
- However, if it is based only on Egypt's present actual economic structure and performance, the question of membership becomes debatable.
- Others might argue that membership does not require satisfying all the socioeconomic and geopolitical requirements. After all, it was Jim O'Neill, no less, who expressed surprise at the possibility of South Africa joining, and also when it joined.
- In August 2010, it was, also, O'Neill who argued that "Africa could be considered the next BRIC" (O'Neil, 2010), and if this is the case, Egypt is the largest country in Africa, population-wise. Also, rival banks, for example, Goldman Sachs, suggested another grouping, the CIVET's, which includes "Colombia, Indonesia, Vietnam, Egypt, Turkey, and South Africa."
- Probably based on 'potential', Goldman Sachs used Incremental Nominal GDP and ranked Egypt as: number 21 from 2006 to 2020,

number 19 from 2020 to 2035, and number 12 from 2035 to 2050-ahead of many advanced economies such as the UK, and

- Last, but not least, the projection in this paper provided clear evidence in support of New Egypt, not Mubarak's Egypt, heading towards prosperity.

What more evidence is needed? My guess is that the BRICS Group, as a political organization at least, is likely to invite New Egypt to become a member, defying, hopefully, once again, banking advice, as was the case with South Africa.

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## **XI- Conclusion**

Now I say enough economics, enough econometrics, enough politics, and back, as we started, with genuine human feelings. As I started with New Egypt emotionally, I end with my beloved Egypt in the same way, and recite:

- The blessed land of Egypt will never be forsaken: God loved her, and loves her, Moses is buried in her sacred soil, Jesus and Mary do, still, remember her, and will, one day, come back to save her, and Mohamed prayed for her, and asked us to protect her.
- My deep irreplaceable, adorable, beautiful, fertile, ethical, rich, unique, and long-lasting land and people of Egypt: you will overcome all
- You will never be conquered, you will never be demoralized, you will never lose hope,
- You will stand up high again, as always, with dignity and pride,
- You will smile again, as always, with genuine joy and true happiness,
- O' My people do not give up, you will make it.

El-Mokadem 27<sup>th</sup> November 2011

Ahmed M. El-Mokadem

Born in Egypt in 1941 and moved to the UK in 1963, dual nationality, Egyptian/British for 40 years. Educated in Egypt (BA Econ., Cairo 1961), and UK (PhD Econ, Manchester University, 1968). More than 40 years academic, consultancy & business Career worldwide. Held academic positions at Cairo, Manchester, Stirling, Lancaster & Surrey Universities retiring from full time academia in 1988, when he became & remains a Visiting Reader. Published / supervised many books, articles & research projects in economics, econometrics, management, politics & system engineering. Contributed to the early economic thinking of Margaret Thatcher. One of the founders of the British - Egyptian Society, and had been its Vice-Chairman from inception until December 2008 and became its patron and founder member since then. A founder and Patron of the British Egyption Public Affairs Comittee - BEPAC, and a member of many other professional and charitable societies. Retired in 2004 to focus on writing, lecturing, public service & Social & charitable work. A keen collector of antiquarian books on Egypt.

amelmok@hotmail.com

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