Chapter Two:

*United States Relations with Egypt: Continuity and Change.*
Map 1: Egypt

The modern history of Egypt could be traced back to the founding of the Mohammad Hi dynasty in the earlier years of the 19th century. It was with the French invasion of Egypt that it became a part of the ‘western imagination’. Egypt was the first Arab state that was fully exposed to the western civilization. It became an arena for Franco British rivalry in 1881-82 when Britain occupied Egypt. During the First World War Britain declared Egypt a protectorate in order to makes its position more firm and legal. However, after the war there was pressure on Britain to declare Egypt independent. (Sawant 2004: 55).

Egypt’s defeat in the Arab Israeli war of 1948, led to a coup by some young officers led by General Nasser who felt that the government was corrupt and mismanaged and feudal. The aims of the revolutionaries as enumerated by Nasser were: extermination of imperialism, eradication of feudalism, termination of monopoly and domination of capital over government, promotion of social justice, establishment of a strong national army and bringing about a democratic life. These claims garnered the support of the American policymakers for the coup. However, despite these claims Nasser’s government remained largely dictatorial in nature. Anwar Sadat who came to occupy the presidency after Nasser had three very important credits to his name. Firstly, he was able to regain Egyptian prestige by regaining its lost territories-the Sinai Desert and also take the first step toward the peace that was to culminate in to the Accords at Camp David, by visiting Jerusalem. (Sawant 2004: 55). Secondly, he was able to move Egypt from Arab socialism, and Nasser’s ideas of left to a more liberated political arena and lastly he also shifted Egyptian economic policy from nationalism and opted for and open door policy called the ‘Intifa’- a more market based economy supported by the oil boom of the 1970’s. Honsi Mubarak followed all the major indicators of Sadat that is democratization, economic liberalization and peace with Israel, along with moves to regain the trust of the Arab nations that Egypt had lost as a result of the peace with Israel at Camp David.

As a result of the astounding developments of 1989-90, the Cold War came to grinding halt, the Berlin wall fell, the East European countries freed themselves from Soviet domination and the Soviet Union itself disintegrated after witnessing a failed coup aimed
at restoring a communist dictatorship. Suddenly the ‘evil empire’ was no more and the rationale for most of the post Second World War foreign policy of the United States vanished. The abrupt and unpredictable collapse of the Soviet Union and its empire caused the end of the bipolar regime of the Cold War era, affected the United States and its standing in the international system and its position in the various regions particularly the Middle East. As the lone super power the United States now had a singular opportunity to promote its interests and values abroad. It also had unprecedented access with which to expand its power. However, the changing international environment also meant a new range of problem and danger to the national security of the United States. It was a period when the foreign policy establishment was formulating new views and ideas to build a foreign policy for the emerging ‘new world order’. The term new world order was used by President Bush Sr. while addressing a Joint Session of Congress at the end of the Gulf War on 6 March 1991. He stated that,

“The consequences of the conflict in the Gulf reach far beyond the confines of the Middle East. ... Now, we can see a new world coming into view. A world in which there is the very real prospect of a new world order....Even the new world order cannot guarantee an era of perpetual peace. But enduring peace must be our mission. Our success in the Gulf will shape not only the new world order we seek but our mission here at home.” (President George H W Bush 1991: Website).

The situation demanded of the United States a more nuanced foreign policy with regards to its allies especially in the Middle East which had been the theater for much of the drama that was enacted during the Cold War years.

This chapter will look at the association that developed between Egypt and America during the period after the end of the Cold War. It will examine various issues that have been of importance to the two countries and have contributed to building the relationship. The chapter will analyze both the determinants and causes of continuing foreign assistance to and the changes that have come in the relation between Egypt and the United States. It will try to study the dynamics of the relations as a result of the events of 9/11 and the growing threat of terrorism and the role that America envisages Egypt to play on the future.
Beyond Alliance: United States Egypt Relations

There are four elements that make up Egypt-United States relations. There are strategic alliance, commitment to peace, pursuit of economic reforms and incremental steps towards liberalization and democratization. These four elements have laid the foundation of the American Egyptian relationship from the very beginning. Strategically a shared understanding of the complex challenge facing the region...have made Cairo a supporter of the United States led alliance...On the peace process, Egypt’s meticulous implementation of the security components and its commitments to its peace treaties ...have given Israel the confidence to take risks for peace on all other fronts. (Hearing before the Committee on International Relations, House of Representatives, 105th Congress, 1st session, 1997: 38).

Egypt has a glorious civilizational history. It is the most populous country in the Arab world and the second-most populous on the African Continent. It is also one of the most important countries within the Islamic nations of the region. Though geographically part of the African continent, Egypt has played an important role in the politics of the Middle East due to its cultural and historical tie with the region. This assumes significance when one considers the fact that the term Middle East defines the cultural area and thus to demark it within a geographical boundary is not possible. It is generally taken to include the Kingdoms of Bahrain, Saudi Arabia, United Arab Emirates, Jordan, Oman, Qatar, Syria, Yemen, Iran, Iraq, Turkey, Israel, Egypt and the Palestinian Territories of West Bank and Gaza. The location accentuates the importance of Egypt in the foreign policy of America as it straddles both the Middle East and North Africa. In particular, the Middle Eastern region comprises of the lands around the southern and eastern parts of the Mediterranean Sea and the territory that extends from the Mediterranean to the Persian Gulf is very diverse in terms of composition of ethnic and cultural groups. It is a mix of Persian, Arab and Turkish cultures.

Egypt’s importance for the region is as vital as its significance in the foreign policy of America. Egypt with its Sinai Peninsula is one the most important states. It is considered
to be the leader of the Arab world along with Saudi Arabia. It has been able to maintain an open door to negotiate issues with Israel and continue to have a say in the matters of Arab world. Egypt’s relations with the West, including its current friendly relations with the United States, are colored by a long history of foreign intervention in Egyptian politics, which has made Egypt, along with other Arab states, wary of outside influences on their domestic affairs. Within the Middle East, Egypt is important for a number of reasons. Apart from being the largest nation in terms of population in the region it is also the one that has a very long history of leadership. The Egyptian history is a history of pharaohs who have taken the leadership of the region at all times. Egyptian civilization history is well known. It was in Egypt that one finds the largest and the oldest center for Islamic learning in the Muslim world. (Sharp, 2009: 1). In the last century, Egypt has ones again regained the importance that it had lost in the past due to colonialism. It has ones again become the center for cultural and learning in the Middle East. Egypt is significant for the Middle East also because of its military strength that is second only to that of Iran. It has one of the largest and most modern army of the region. A reason of this large scale and modernization is the fact that Egypt receives a large amount of military assistance from the United States. The economic assistance that it has received from America has also contributed, in some measure, to the growth of its robust economy. This assistance comes as a result of the Camp David accords that were signed between Israel and Egypt with the help of the good offices of President Carter.

The relationship gained importance during the years of the Cold War. Describing the significance of the bilateral relationship, any astute observer can point out that in the years since the British left the shores of Egypt, the relation between Egypt and the United States evolved from a ‘cool and distant’ relationship to one which is very special to both. However, both Washington and Cairo are aware that the foundations of this relationship have been tested before and are being tested again with the growing tension vis- a vis Israel and Palestine and Iran. They are under no illusions that the relationship that they have built has led to strong ties between the two governments but that has yet to translate to strong ties between the people of the two states.
The Cold War was one of the most significant elements guiding United States Middle East policies from 1945-1990. In effect, both sides for different reasons promoted better ties with each other. America tried to make its assistance policy especially its military assistance policy the centerpiece of the relation during this period as a result of the intricacies of the Cold War. America was very supportive of the coup of 1953, in which General Nasser was able to overthrow King Faruk. Though the new regime was came to power was not pro America, the consolation for the American establishment was that it was also not a pro Soviet regime that had come to power in Egypt. On his part General Nasser evolved into a charismatic leader, not only of Egypt, but the Arab world, promoting and implementing "Arab socialism." However, Nasser's nationalization programs and the support that he was giving to the Non Alignment movement was seen by the America as against the interest the western block. They laid importance on the socialist policies of President Nasser. When the United States held up military sales in reaction to Egyptian neutrality vis-à-vis Moscow, Nasser concluded an arms deal with Czechoslovakia in September 1955. When the United States and the World Bank withdrew their offer to help finance the Aswan High Dam in mid-1956, Nasser nationalized the privately owned Suez Canal Company. The crisis that followed led to the invasion of Egypt by France, Britain and Israel. At the time of the Suez crisis, the United States had the military power to force its will on Egypt and yet, President Eisenhower chose not to do so. In fact at the time the attempts of the United States were to help defuse the situation in order to lessen the chances of a military clash. (McDermott 1998: 135 & 139).

While this continued during the 1960's and the 1970's, the Carter presidency moved the policy towards peace in the region. The Administration in the White House wanted to try to establish lasting peace between Israel and its neighbours, one of the most important of which was Egypt. For instance, it was during the Presidency of Jimmy Carter that America started playing an active role in initiating the Arab Israeli Peace process. In his State of the Union address he said,

*In the Middle East, our determination to consolidate what has already been achieved in the peace process-- and to buttress that accomplishment with further progress toward a comprehensive peace settlement-- must remain a central goal of our foreign policy.*

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Pursuant to their peace treaty, Egypt and Israel have made steady progress in the normalization of their relations in a variety of fields, bringing the benefits of peace directly to their people. The new relationship between Egypt and Israel stands as an example of peaceful cooperation in an increasingly fragmented and turbulent region.' (President Carter State of the Union Address 1981: website).

The peace treaty between Egypt and Israel remains an enduring testimonial to President Carter's relentless presidential diplomacy. (McDermott 1998: 560).

During the Reagan era, the relationship was once again seen through the Cold War lens, with Israel as the loyal ally. However, President George H.W. Bush, like President Carter before him, realized that brokering an Arab Israeli peace was in the vital interests of the United States. American initiatives thus continued to build on Israeli Egypt peace treaty. The National Security Strategy of the United States 1990 stated that, “The free world's reliance on energy supplies from this pivotal region and our strong ties with many of the region's countries continue to constitute important interests of the United States. The Middle East is a vivid example, however, of a region in which, even as East-West tensions diminish, American strategic concerns remain. Threats to our interests—including the security of Israel and moderate Arab states as well as the free flow of oil come from a variety of sources.” (The White House 1990: 13). President Bush Sr. reaffirmed the United States desire for peace and stability in the Middle East and reviewed continuing efforts to find a solution to the Arab-Israeli conflict. As was confirmed by the statement of the Press Secretary Fitzwater,

“President Bush has reaffirmed our strong belief that our diplomatic efforts with Egyptian and Israeli officials to develop a dialog between Israelis and Palestinians offer the best hope for moving the peace process forward toward direct negotiations between the parties on a comprehensive peace settlement.” (Statement by Press Secretary Fitzwater 1991: website).

There is no question that the principal American interest in the Middle East during the Cold War was its significant role in the American- Soviet competition for global domination. During the 1950's the Middle East assumed importance as the location of the Baghdad Pact in which the Arab states were expected to provide bases to the American military forces to both deter threats and to threaten the Soviet Union. With the demise of the Soviet Union the central interest to contain Moscow was no longer the guiding
principle of United States foreign policy. However, this did not mean an end to American interests in the Middle East. Several analysts like Prof. Gabriel Sheffers at Hebrew University, argue that in a world where the importance of a many regions will see a significant drop, (namely Europe); the overall level of importance of the Middle Eastern region to the American interests will remain roughly as it was during the Cold War. This will be so for three basic principal reasons. Firstly, instability and war will continue to characterize much of the region. Secondly, any turmoil in the region will threaten the key American interest of oil and concerns about the spread of nuclear weapons and lastly America will continue to maintain its ties with Israel while trying to balance out its other security concerns. (Sheferes 1997: 94). Continuing American economic and security assistance to Israel and Egypt acknowledges these ties and signals United States commitment to the region. It also brings forth the view that the end of the Cold War was changed the nature of the threat facing the United States and did not usher in a new era of peace as envisaged. The security issues did not disappear, as it become evident that there are circumstances in which new security threats might arise. The destruction of the “old order” seems to have freed enemies to revive conflicts in a new mode. It meant a continuous attention towards security. In effect the post Cold War security environment was different but not better.

**Egypt as a Pivotal Factor in United States Middle East Policy**

In the Middle East the sources of conflict are indigenous to the region and will not go away because of the absence of the great power rivalry. The super powers had merely aggravated the clashes in the region through their various assistance programs. Now the United States in the words of Richard Haass finds itself as the “reluctant sheriff” of managing regional instabilities. The insecurity and the instability in the region accumulated the concerns of the United States as it imports half of its petroleum needs from here. For instance, the fact that the Persian Gulf states controls the majority of the world reserves of oil and natural gases, has made it a critical factor in the formulation of United States Middle East policy especially with regard to Egypt. America has realized that if the Persian Gulf oil is disrupted for a long period of time it could lead to disastrous
consequences for the American economy. Oil rich countries in the Persian Gulf region have been essential suppliers of energy resources to the United States and its industrial allies and major purchasers of American commercial and military equipment.

Other global concerns have also impacted United States foreign policy towards the Middle East. Apart from oil the American perception of the major threat to American interests has been the form of nuclear proliferation and terrorism. A nuclear attack represents to America a physical threat to its people and allies. One of the most volatile and war-torn regions of the world, the Middle East is racked with disputes over religion, culture, land, and water. New and extremely important issue has emerged in U.S. Middle East policy concerning the threat of weapons of mass destruction (WMD). Washington’s intelligence community is worried about the use of WMD by unstable states or terrorist groups in the Middle East against United States forces or population centers. (Tenet 2000:i). With the proliferation of WMD in the region, these disputes have already brought about the use of these terrible tools of modern warfare, and concern regarding their future use lingers in the minds of citizens and leaders in the region and beyond. Egypt’s nuclear program seems to have been limited to research for power generation purposes since it began in the late 1950s. Egypt has publicly supported a nuclear-weapons-free zone in the Middle East. (Amini 2003: Website). Its commitment to nuclear nonproliferation is partly motivated by Egypt’s rivalry with Israel and its suspicion of Israel’s nuclear weapons capability. However, Egypt has had a long history of alleged involvement with chemical weapons. Egypt publicly denies possessing chemical weapons. There is no corroborated evidence that Egypt is actively conducting research on biological weapons. (Amini 2003: Website).

As the lone remaining superpower, the United States has become a convenient target for discontent among much of the world’s population, the Middle East and Egypt are no exceptions. There is a tendency to blame American led globalization for the regions economic ills, despite the failure of Middle Eastern regimes themselves to adopt policies that would contribute toward greater economic growth. There is a widespread perception in the region that American values and society are essentially alien, if not hostile, to
Islamic beliefs and values. At the same time, many Middle Easterners are attracted to the democratic principles and economic opportunities they find in the United States. (Prados, 2001: website). Along with that, the United States assistance -economic and military assistance – to the region has played a major role in the development of important regional states such as Egypt and Jordan. These ties have helped create a network of organizational relationships, official and personal contacts, bilateral economic and military commissions, and joint commercial endeavors between the United States and friendly countries in the Middle East.

The decade of the eighties had seen a lot of goodwill and friendship between the United States and Egypt with the unprecedented flow of military, diplomatic and economic assistance to Egypt. During this period the Congress approved assistance worth billions of dollars to Egypt and the Egyptian diplomats were highly regarded by the State Department officials. The key to this apparent success to United States-Egypt relations was the achievement of peace between Egypt and Israel and the willingness of successive American presidents and Congress to support high levels of economic and military assistance to Egypt. During the Cold War years Egypt was able to benefit from the perception that it was a ‘strategic asset’ in the struggle against Soviet influence. (Quandt, 1990: 1). However, the end of the Cold War impacted the ‘strategic asset’ argument along with a shift from political and diplomatic issues to a dominance of economic concerns in the relation between the two nations. In the early to mid-1980s, the United States became frustrated that its financial assistance was being wasted by Egypt’s inefficient, statist economy and wanted the Egyptian government to pursue economic liberalization. At the same time, the United States, observed that its foreign assistance program was less than optimal at effectively leveraging economic reforms. After the 1990-1991 Persian Gulf War, Congress put pressure on the administration to create a new economic relationship that would lessen Egypt’s assistance dependency on the United States, and promote economic liberalization in Egypt. Specifically, Congress advocated ‘trade and not aid’ as the new rationale for the bilateral relationship. The Presidents’ Council, created by the two governments in 1994, along with several recent trade
agreements, has become the cornerstone for this United States policy of pursuing economic liberalization in Egypt. (Momani 2003: 88).

One finds that it was during this period the central themes in American politics saw a change from international to more domestic issues. As the 1992 presidential election loomed large on the United States, the economy was failing to fulfill the promise of 1980s prosperity. There was an unusually weak economic growth under the leadership of President Bush. (Greenhouse 1992: The New York Times Website). The central theme both during the Presidential as well as the Congressional elections at this point showed that global changes did affect domestic politics. The elections demonstrated that, though not entirely disinterested in the international affairs, great segments of the American public regarded domestic politics as having greater priority over international affairs and commitments. The then Presidential candidate, Bill Clinton had based his election campaign against the incumbent President Bush on the slogan, "it's the economy stupid" pointedly bringing the focus to domestic issues that were paramount on the minds of the electorate. Bush’s focus on foreign affairs, the ending of the Cold War, and Bush’s role in the end of the Cold War did much to bring an end to his presidency. While he was successful in Panama and Iraq, he was seen as a relic of a time past, of the Cold War that was now resolved in favor of the West. (Greenhouse 1992: The New York Times Website)

Most regions and states including the Middle East were greatly affected by these sweeping changes. The United States relations with the Middle East as a whole and with particular states of the region as a result of these global developments faced major alteration in both the political and economic structures in which all actors had set their patterns of bi-lateral and multi-lateral behaviors. The global transformations that eliminated the Soviet Union as a major force in Middle Eastern politics, meant, the well defined American and Soviet spheres of influence in the region had been eradicated. Overall these structural changes have marked a significant increase in the prestige and influence of the United States in the region (Sheffers 1997: 1). Indeed the United States improved its position in the region to the extent that it is the only super power. Its power
was such that it was able implement a strategy, previously unthinkable, to form a coalition consisting of a wide range of states including Arab states to launch the 1991 Gulf War, defeat Iraq and impose sanctions on Iraq with the support of these states.

It is important to note that while there are some salient features of the region that are a continuation from the past, there are also some significant characteristics that are not. For example, the hostilities between Egypt an Israel, officially ended with the Camp David accords. Before the accords were signed they had fought three wars, but currently, even after thirty one years, there is peace between the two. The 1974 Open Door Policy and the Accords renewed Egyptian-United States diplomatic relations, and the resumption of what has become a substantial amount of foreign assistance. Historically, Egypt has been a leading military and political power in the region; for instance, leading the Arab front in wars against Israel. Egypt’s incorporation into the American domain was therefore perceived to be essential for Middle East peace. (Momani 2003: 88). In 1994, Jordan became the second Arab state after Egypt to sign a treaty with Israel. It has steadily distanced itself from the Palestinian issue and would like the peace process to accommodate Israel. However, the larger issue of the Arab Israeli peace and the issues relating to the status of Palestine and Palestinian refugees remains. There have been phases in trying to find the solution to the conflict but it has not ended. Every President from Truman to George W. Bush has made a proposal to end the Arab Israel conflict. Truman urged Israel to take back thousand of Palestinian Arab refugees, Eisenhower sent Eric Johnston to the region with schemes to developing its water resources, Kennedy sent Joseph Johnson with a new refugee plan, Nixon and General Ford’s emissary Kissinger spent months in shuttle diplomacy, Jimmy Crater played an important role in the Camp David Accords that put an end to the conflict between Israel and Egypt, George H.W. Bush’s, secretary of state James Baker, succeeded in persuading Israel, Syria, Jordan, Lebanon and the Palestinians to join in negotiation at the Madrid Middle East Peace conference in 1991. (Nawawy, 2002:32). Clinton was successful with the Oslo Accord and George H Bush put the Middle East peace as a priority for his administration.

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United States Interests in Egypt

With the end of the Cold War, assistance levels to the Middle East did not change notably. Assistance to the Middle East continued to be the highest vis a vis other regions. Evidence also points to the fact that most of the bilateral security assistance was devoted to Israel and Egypt. Records by the Congressional Quarterly, which compiles the proceedings of the Congress show that while there have been debates and discussions on the level of assistance that needs to be given to the newly independent states of the Confederation of Independent States or to Bosnia and Kosovo following the breakup of Yugoslavia, assistance to Egypt and Israel have remained steady. After reaffirming the United States victory in the Cold War the Bush administration sent a budget to the Congress that contained a substantial increase in assistance for its adversaries from that conflict. In this budget Egypt and Israel received five point three billion dollars in assistance, this was one third of the total funding for foreign assistance that was asked for by the administration. (Congressional Quarterly Almanac 1993: 94-95). Due to some amount of budget cuts in the two main categories of bi-lateral assistance, namely foreign military finance and economic support fund, the dominant position of the two countries became even more prominent. The Congress approved three point one billion dollars to the two countries in military finance and two billion dollars in economic funding, while other recipients received a total of three hundred and fifty million dollars and six hundred and seventy million dollars respectively. (Congressional Quarterly Almanac 1993: 622). Most of the bilateral assistance programs for Egypt have remained the same. They have over the years provided Egypt with close to two point one billion dollars in foreign economic and military assistance. (Congressional Quarterly Almanac 1997: 215).

This is evident of the fact that, Israel and Egypt remained important allies of the United States in a region that was perceived by America to be fundamentally unstable and dangerous. Egypt's political stability was an important factor in the Middle East peace process. Not only did it have along term relation with the American military, as a result
of the vast amounts of foreign military assistance had been receiving and the joint exercises that they conducted periodically. Egypt was a voice that the Arab world was most likely to listen to. Israel’s importance was undiminished given its proactive American policy. The continuing American support to the peace process meant that there were distinct objectives. Amid all the alliances and “special relationships” that abounded America’s foreign policy towards several regimes, the United States-Egypt connection stands alone in its complexity, tenacity and domestic political impact. Several analysts suggest that Egypt- a country half-way across the world often occupies and indeed preoccupies more of the United States public landscape and political energy than even its oldest allies, Great Britain and France or its nearest neighbors, Canada and Mexico. (Lewis, 1999: 364).

Further it also suggests that the American interests will continue to be engaged by developments in the Middle East because America will continue to be concerned about Israel. Egypt, in this view, occupies a position of being a ‘super power’ in the Middle Eastern region solely because of American foreign assistance policy towards the nation that is unmatched. Its vast military strength along with the fact that Egypt is a highly developed nation is without parallel in the Arab world that has given Egypt a decided advantage over the other nations of the region. A primary United States interest in continued good relations with Egypt is to capitalize on Egypt’s leadership role in the Arab world. Often, other Arab states look to Egypt to initiate action or set an example on regional problems. In the past, other Arab states followed the Egyptian lead in turning to the Soviet Union for weapons, in nationalizing foreign interests, in land reform programs, in introducing democratic institutions, and in many other areas. (Mark 2003: 2) In a February 1998 example, Egypt counseled Iraq to compromise on weapons inspections rather than risk United States military attacks. Another United States interest in good relations with Egypt is to sustain Egypt’s moderate voice in Arab councils, and in some cases to rely upon Egypt to persuade less moderate Arab states of the wisdom of compromise. President Mubarak serves as a conduit carrying the various proposals among the Syrian, Lebanese, United States, Israeli, Jordanian, and Palestinian negotiators. A third United States interest is to maintain the Egyptian-Israeli peace treaty.
A fourth reason for maintaining good United States-Egyptian relations is defense cooperation in opposing threats or aggression against regional friends, as was demonstrated in the 1991 liberation of Kuwait. Cooperation between American and Egyptian armed forces in joint military exercises over the previous decade (the “Bright Star” exercises) prepared the way for the 1990-1991 defense of the Arabian Peninsula. (Mark 2003: 2). Implied in this view is the inestimable support provided by the United States in the post Second World War years. The emphasis is on both countries sharing the same values and that they are both democracies with a commitment to preserving the rights of the individuals.

The Nineteen Nineties

In the aftermath of the victory of American arms in the Persian Gulf War of 1990-91 a period of significant hope and promise for the Middle East dawned. (Norton 2000: 6). An important achievement of Egyptian decision makers claimed for their Gulf crisis cooperation with the United States was American support for restarting the peace process, accepting Egypt as the Palestinian cause's main advocate and the bridging force with Syria. In October 1991, President Bush initiated the Madrid Peace Conference.¹

The Madrid conference was convened and multilateral negotiations ensued in which the Egyptian-Israeli peace treaty became a point of reference for all sides. Its centrality in the Arab world, as well as the fact that Cairo had special relations with all the antagonists—especially with the PLO—made Egypt a focal point. (Meital 1998: website). The conference, jointly sponsored by the United States and the Soviet Union, laying the foundation of the Middle Eastern Peace Process, was the result of American Secretary of State James Baker's shuttle diplomacy in the eight months following the Gulf War. For

¹ The conference was designed to serve as an opening forum for all the participants, Israel, Jordan, Syria, Lebanon and Palestine, having no power to impose solutions or veto agreements. Two parallel negotiating tracks were established by Madrid: the bilateral track and the multilateral track. Four separate sets of bilateral negotiations put Israel together with Syria, Lebanon, Jordan and the Palestinian delegation, intended to resolve past conflicts and sign peace treaties. These were the first ever direct talks between Israel and its immediate Arab neighbors and were followed by a dozen formal rounds of bilateral talks which were subsequently hosted by the United States Department of State in Washington. The multilateral negotiations targeted issues that concerned the entire Middle East, such as water, environment, arms control, refugees and economic development.
the United States, this was the first “opportunity” to reshape the strategic balance in the Middle East without the countervailing influence of the Soviet Union and in the absence of a single Arab power that professed responsibility for mutual deterrence vis-a-vis Israel. (Aruri 1998: 7). The conference was designed to follow up the Egypt-Israel treaty by encouraging other Arab countries to sign their own agreements with Israel. When the talks faced a deadlock, Egypt used its influence in Washington, Jerusalem, Gaza and Damascus in order to restart deliberations. The peace treaty between Jordan and Israel was a result of this conference. Egyptian decision makers as well as other sectors in the public opinion genuinely considered a deadlock in the peace process as harming Egypt's most vital national interests. This includes domestic policies, since the peace process's failure would undercut the region's stability and image, thus jeopardizing Egypt's own economic resurgence. (Meital 1998: website).

The election of President Clinton introduced a significant change of emphasis in the United States approach to the Middle East Peace Process. The administrations security programs were designed to support economic development as well as peace and democracy. President Clinton demonstrated his administrations strong willingness to support democratic regimes because of his stated belief that democracies are more peaceful and make better allies than any other type of governments. Egypt was often a meeting point for American peacemaking efforts between Arab states, Israel and the Palestinians. President Mubarak was also frequently brought into these discussions, acting as an Arab figurehead in diplomatic situations. Furthermore, the Egyptian-Israeli peace served as an example for other moderate Arab states to emulate. The United States hoped that peace with Egypt would create a domino effect in the region, turning rogue states into friendly ones. (Momano 2003: 89). Thus, there is ample evidence to show that the United States continued to supply Egypt with arms and other assistance. During a visit by the Egyptian President Hosni Mubarak in March 1997, President Clinton said, ‘Since the Camp David Accords in 1979 Egypt has been a powerful force for peace in the Middle East. Egypt's role is vital to complete the circle of peace, with the revival of negotiations between Israel, Syria and Lebanon.’ (Clinton 1997: 269). He went on to say that the United States - Egypt partnership for economic growth and development has
made a real difference by creating new growth opportunities for the people of Egypt and the Middle East.’ (Clinton 1997: 269).

Whereas the Bush administration had a globalist outlook, the Clinton Administration’s prime concern in its foreign policy was to subordinate United States foreign involvements to American interests.’ In reality he had made it clear that his election mandate was an ‘America-first’ approach. (White & Logan 1997: 270). The emerging security environment and the dynamic nature of threats to the United States moved from conventional weapons to issues of ‘weapons of mass destruction’ and nuclear non-proliferation. Given these facts the United States was going to continue to maintain strategic tie with Egypt so as to have dependable ally in its concerns over the spread of the weapons of mass destruction, the spread of Islamic radicalization and the impact of terrorism. However, the President realized early on that it would be impossible to maintain a relationship with Egypt by overlooking the relationship that America shares with the other nations in the region and the relationship that Israel (it principle ally) shares with its neighbours. To achieve peace in the region he undertook several initiatives, these were the Oslo Accord (1993), Israel-Jordanian Peace Treaty (1994), Oslo II (1995), Wye River Memorandum (1998), and Camp David II (2000).

During the years that the agreements were being negotiated one finds that the military assistance and aid that was being given to Israel had increased marginally. In 1996 the Congress approved the authorization for an additional fifty million to be given to Israel for its counter terrorism programs. In the 1997 budget it was allocated one hundred and nine million for various projects by the department of defense budget (Mark 2005 a). Looking at these figures one comes to the conclusion that Israel was being rewarded by the American administrations to take part in the negotiations that were to bring peace to the region. A continued level of high assistance to Israel could have been a factor in the corresponding high levels of assistance that was part of the United States Egypt assistance relationship as agreed in the Camp David Accords. A fact that underlines the Egypt-Israeli relation and cannot be denied is the total annulment of state of war between
them, since signing the peace treaty in 1979. Both states have covertly and consciously avoided into entering into a confrontation with each other.

The basic aim of American policy towards Egypt since the mid-1970's was first, to encourage it to make peace with Israel and second, to preserve and then expand the peace by drawing in other Arab regimes as well as the Palestine Liberation Organization (PLO). More recently the United States has begun to view Egypt as a major ally in its own right, both in terms of helping to preserve the western access to gulf oil and in the maintenance of a general American-Israeli inspired 'Middle Eastern Security System.' Egypt's role in this system of security is to provide bulwark to the major threats that are seen by Israel and America such as a combination of state terrorism, nuclear proliferation and the activities of rogue states. America's principle weapon in the pursuit of these goals has been the provision of American military and economic assistance at levels equal to those that are given to Israel.

The rules of this relationship are well understood in both Cairo and Washington. Egypt has to play its role in the Arab-Israeli peace process without becoming a direct party to the negotiations (until called upon). Any movements outside the narrow parameters that have been set are subject to heavy reprimand. Egypt knows that what is really at stake is the annual two billion dollars military and civilian assistance that it receives from the United States and the threat that it could be reduced or be put at risk in some other way. (Chase 1999: 124-125). This is enough to make the Egyptian government follow the path that has been shown to the by the American administration.

United States Foreign Assistance Policy to Egypt

One of the factors that it has to keep in mind is the concern its actions would evoke in the United States and its consequent reaction that might affect the assistance granted to it. It has been said that “all Israeli bodies are certain that the Egyptians are still committed to peace with Israel — not out of love for Zion, but because they wish to preserve strategic ties with the United States and the annual flow of billion dollars from
Washington..." (Council on Foreign Relations 2002). The administration and the Congress have established a high level of foreign assistance for Egypt as one means to demonstrate U.S. commitment to broadening the base of the present Egyptian-Israeli peace agreement and bringing the principal parties of the Arab-Israel dispute into a peace settlement. This is the program's political and primary goal; however, it encompasses the longer term important and supportive goal of assisting Egypt in ensuring its own stability through economic development. Progress is being made toward the program's political goal, but achievement of the longer term economic goal has been more difficult, primarily because of the program's political nature. (United States General Accounting Office 1985: i). Egypt is the second largest receiver of American assistance. As part of the 1979 Camp David peace accords, the United States agreed to provide substantial amounts of assistance to Israel and Egypt to promote economic, political, and military security. That assistance, which for years totaled $5 billion for the two countries, is paid through the Economic Support Fund (ESF) and the Foreign Military Financing (FMF) program. Of that total, Israel received $3 billion [ $1.2 billion in economic funds and $1.8 billion from the military financing program], and Egypt received $2 billion [ $815 million from the ESF and $1.3 billion from the FMF program]. (Congress Budget Office 2000: website). This high level of funding has been provided to help maintain peace and stability in the Middle East—the political objective of the program. A longer term supportive objective has been to help Egypt strengthen its economy. USAID's progress toward this second objective has been limited by the program's political nature. (United States General Accounting Officer 1985: i). Between 1991 and 1995 Egypt has signed an arms deal worth nine billion with the United States alone. Israeli defense experts believe that this effort on Egypt's part to increase her defense capability should be taken seriously. Especially considering the fact that Egypt's decision to rearm itself comes after nearly twenty five years of adhering to the peace treaty. They argue that the main reason behind Egypt’s drive to arm itself is related to Israel’s nuclear position.

The United States relationship with Egypt, and particularly with Egypt's military, is a critical asset to its interests. The American military presence in the Gulf and the region at large is dependent on a logistical pipeline that runs through Egypt. No matter how
vocally Cairo may oppose American diplomatic tactics or military planning, it has never failed to grant America over flight rights, basing, or transit through the Suez Canal. During Operations Desert Shield and Desert Storm, American aircraft flew across Egypt to the Gulf, and during the October 1997 crisis with Iraq, Egypt granted passage through the canal for the USS George Washington in an unprecedented 12 hours. Sustaining American military operations in the Gulf without Egyptian cooperation would be difficult, if not impossible. The political and strategic reality is that decreases in American assistance are sure to affect Egypt's willingness to cooperate so speedily and effectively. Furthermore, American military assistance enhances Egypt's ability to operate jointly with American forces. (Satloff & Clawson 1998: website). Moreover, it is important to recall that Egypt has, in the past, committed troops on several occasions to support United States policy initiatives. Thus some would argue that an assessment of the costs and benefits of America's one point three billion in military assistance suggests that maintaining the program at current levels "no increase, no decrease" is the approach that best advances United States interests.

Review and Re-appropriation of Assistance.

It has been time and again viewed by the American administration and the Congress that while the United States is providing Egypt with such vast quantities of assistance, the people in Egypt still harbor resentment towards them. The Congress questioned the need to provide Egypt with assistance when the main reason for assistance-checking the influence of Soviet Union was no longer applicable. The peace treaty between Israel and the Palestinian Liberation Organization in 1993 and Jordan and Israel in 1994 were other reasons added to the questioning of the assistance to Egypt was another factor that played on the minds of the Congress. However, despite these questions the congress approved similar amounts of assistance for Egypt and Israel. (Momani 2003: 92). It may not be correct to say that in the present world order only military strength is important, economic power is also very vital. Nonetheless, one has to keep in mind that economic power is more widely dispersed than military power. Thus, a country may be weak militarily but may be a powerhouse of economic strengths; it may boast of valuable
economic resources or may be vital as a market, America's changing economy is strong and getting stronger. It is building on its existing economic powers to propose new initiative to help nations. Economic assistance has been provided by America to states to help in the growth of their economies. (US Department of Commerce, 2009: website).

One of the understated purposes of American foreign economic assistance has been to promote economic liberalization in Egypt. Some of the economic reforms, sought by the United States administration, included fiscal discipline, reducing government expenditures, increasing tax revenues, liberalizing interest rates, liberalizing exchange rates, liberalizing trade, promoting foreign direct investment, deregulating the public sector and safeguarding property rights. By the mid-1980s, however, the United States government recognized that its foreign assistance program to Egypt was ineffective at pushing these essential economic reforms forward. (Momani 2003:90). It is believed that economic prosperity contributes towards United States security. Economic power nevertheless, is becoming increasingly privatized in the hands of the banks, multinational cooperation and financial markets. (Shefferes 1997: 81)

As American economic assistance to Egypt has dwindled from over $800 million dollars in fiscal year 1998 to $250 million dollars in fiscal year 2009, some observers have questioned whether or not American economic assistance provides sufficient leverage to pursue United States national security interests in Egypt. The Egyptian government has grown dismissive of United States economic assistance at its current level (around $250 million annually), arguing that based on the relative growth of the Egyptian economy over the last two decades and the decline in overall United States assistance, per capita assistance is a mere fraction of what it used to be. (Sharp 2009 b: 1).

According to the World Development Report of 2009 prepared by the World Bank, after calculating the increase in the inflation and the per capita income of an average household in Egypt with the purchasing power along with the difference between the

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Egyptian pound and the dollar, ... in per capita terms, United States economic assistance to Egypt is barely a drop in the bucket. The way in which the already limited aid is utilized further marginalizes its impact. The assistance does not meet or even take into consideration Egyptians’ most pressing needs, focusing instead on programs valued for strict ideological reasons. Egypt’s most critical needs include targeting aid to help create permanent jobs to enable citizens to earn a living with dignity, as well as providing direct assistance to the most impoverished citizens in the fight against poverty. In addition to spreading poverty at an alarming rate, the so-called economic reforms recommended by the United States and the IMF have caused an unprecedented surge in unemployment and increased income inequality over the past three decades. (Carnegie Endowment for International Peace 2009 b: Website).

According to a United States Government Accounting Office report, part of the problem was that the United States Agency for International Development program's economic goal supports and encompassed by the program's political goals of the program, the methods for realizing the program's political goal and its longer term economic goal are not always the same and sometimes they conflict. That is, some actions taken to support the political values may not be good for the optimum economic value. (US General Accounting Officer 1985: ii). Thus the agency found itself promoting projects that clearly showed Egyptians that the project had been paid for by the United States. As a result, overly large and expensive projects were implemented merely because they were highly visible to both the Egyptian regime and Egyptian people. As a result of this the Egyptians felt uncertain about the aims and goals of American foreign assistance.

The United States also found that United States assistance was inefficiently absorbed into the Egyptian economy because of inadequate economic reforms. Another United States Government Accounting Office report noted that “United States assistance to Egypt has become a political symbol of evenhanded support among the Middle East adversaries. The economic impact of United States assistance depends on Egypt's development of economic reforms. United States policymakers believed that Egypt might not have the capacity to absorb increased project aid and that the actual impact on the economy would
depend on Egypt's response to basic economic reforms..." (US General Accounting Office 1977: 1). The report gave a number of suggestions to the Congress to improve the assistance which are valid even today. The report called for the level of economic assistance to be based on economic consideration rather than on political expectations. It called for assistance to be provided on the basis of long term goals rather than immediate political gains.

The Egyptian government has argued that if both sides agree to continue the assistance relationship, funds should either be increased or gradually phased out, but, most importantly from Egypt's perspective, be directed toward economic development rather than toward democracy promotion and support for civil society. However, a lawmakers, American officials, democracy activists, and Egyptian opposition groups would like economic assistance to continue with some support directed toward civil society and political reform. Staunch critics of the Mubarak regime have gone further, asserting that both military and economic assistance should be conditioned or even withheld pending improvements in the regime's human rights and political reform record. (Sharp 2009 b: 1-2).

With this in mind the American assistance program has changed direction. Importance had been laid on the development of programs for education of the girl child and higher education of the female students. The emphasis has also been laid on the training of English language. The emphasis has been on the English language as it is hoped that the educated class in the future would be better able to understand the policies of the United States and in turn explain the decisions of the Egyptian policymakers. There is a cultural gap between the two nations that the United States hopes to cover with the help of this educated class. It is also hoped that future leaders of the country shall be among those who would be educated and be able to better understand the American way of thinking and decision making. The fund is for the development of Egypt as has been envisaged by the Department of State and USAID Egypt program and the goals and objectives as set
up by the Middle Eastern Partnership Initiative (MEPI). The goal is to devote significant resources to the development of democracy and governance projects that help open the public to express its opinions and views and debate on governmental policies, support civil society institutions and promote the respect of the rule of law.

Balancing Political Interest and Reforming Economic Assistance

In the early 1990s, USAID focused on fostering economic reforms aimed at achieving a stable macroeconomic environment in Egypt, then shifted its focus to encouraging economic growth and development in the mid-1990s. The present goal of American economic assistance is to create "a globally competitive economy benefiting Egyptians equitably." (US Government Accountability Office: 2005: 8). Reform and progress towards democracy in the Middle East are of strategic, long term importance to the national security interest of the United States. As President Bush Jr. had emphasized while addressing a press conference at the Sea Island Summit (2004),

"We came together to support reform in the broader Middle East. ...Across Middle East consensus is emerging on the need for change (and) we have an obligation to support (the region) in their search for freer, more prosperous future." (Press Conference of President George Bush Jr. after the G8 Summit 10 June 2004).

The Egyptian economy has shown impressive levels of growth in the past decade. It is one of the strongest economies of the region. Washington now has the opportunity to trim down and re-fashion its assistance program with an eye toward promoting Egyptian exports, making Egypt more attractive for foreign investors, and assisting Egypt's transition to a free-market economy -- all goals that would strengthen the U.S.-Egypt partnership and advance United States interests. (Satloff Robert and Patrick Clawson 1998 b: Website). Economic reform issues include restructuring the Egyptian economy, increasing the scope of privatization, supporting the private sector, floating the Egyptian

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3 The Middle East Partnership Initiative (MEPI) is at the forefront of U.S. efforts to advance democratic reform and vibrant, prosperous societies in the Middle East and North Africa. An integral part of U.S. policy, MEPI provides coordinated, tangible support and public commitment to indigenous efforts in the areas of women's empowerment, educational advancement, economic development and political participation. For more details on the initiative can be viewed on their official website URL: http://mepi.state.gov (Accessed on 21 July 2010)
pound, opening Egyptian markets to foreign investment, further integrating Egypt’s economy into the world economy, and building a competitive economy. U.S. economic aid is meant to speed Egypt’s adoption of neo-liberal economic policies, as well as ease structural pressures on the Egyptian economy. (Carnegie Endowment for International Peace 2009 a: Website).

The Economic Support Fund is targeted at to ensure further the cause of economic reform in the country along with ensuring political and educational reform. From 1993 through 1998, Egypt received from the United States $815 million in economic support funds annually $200 million of which was designated for the Commodity Import Program, and an equal amount was direct transfer not associated with any specific program. In the past, Egypt also received food assistance, but the food assistance has been reduced in recent years. In January 1998, Israeli officials negotiated with the United States to reduce economic assistance and increase military assistance over a 10-year period. Egypt-Israeli relations has undergone a severe setback in the wake of reports that Prime Minister Sharon has himself asked the American president for a roll back on Egyptian assistance. Israeli officials negotiated an agreement with the United States to reduce economic and military assistance to Israel, a similar formula for reducing assistance was applied to Egypt as well. A bill was approved by the Congress to accept a ten year gradual reduction/phase out of assistance to Israel and a fifty percent reduction in assistance for Egypt (Congressional Quarterly 2002 a: 186). Israel on its part has proposed phasing out its $1.2 billion a year in economic assistance payments while increasing its military assistance by six hundred million dollars a year. The 1999 Foreign Operations Appropriations Act endorsed that proposal with a ten-year phase-in. As a result, it cut economic assistance to Israel by a hundred and twenty million and increased military assistance by sixty million dollars. A similar formula for reducing economic assistance was applied to Egypt but no increase in military assistance. Economic assistance dropped from $815 million in fiscal year 1998 to $775 million in fiscal year 1999 and to $727 million for fiscal year 2000, to $695 million for fiscal year 2001, and to $655 million for fiscal year 2002. In early January 2002, the United States agreed to an early release of economic assistance funds to help Egypt overcome economic problems exacerbated by
the fall in tourism after September 11, 2001, and to release $655 million in fiscal year 2002 ESF and $304 million in pipeline funds. The House Appropriations Committee considered but rejected an amendment to the fiscal year 2002 supplemental appropriations bill (H.R. 4775) to provide $134 million in economic assistance for Egypt. The proposed funds for Egypt maintained the three-to-two ratio of aid to Israel and Egypt; Israel was slated to receive $200 million in ESF in the supplemental bill. (Mark, 2003: 10).

The fund also helps to improve health care, increase agricultural productivity and technical assistance to improve the business and investment climate. The other aim of the fund is to help support non governmental organizations in their activities. In the case of Egypt, United States assessment was that it needed to reinvigorate its economy if it is to develop in to a globally competitive country that can generate jobs and opportunities for its growing educated population. This for the fiscal year 2006, out of the total assistance that was provided to Egypt under the economic assistance package, some two hundred million dollars was assigned as cash transfer that was for the Development Support Fund, which has been designed to foster economic reform in Egypt. (Federation of American Scientists 2007: 446-447). The fund has been established keeping in mind the financial sector reforms. It is aimed at making banks more competent and establishes the confidence of the investor in the Egyptian financial stability. An equal amount was used for the Commodity Import Program that provides hard currency for the Egyptian private sector to import American goods and products and an equal amount was directed for transfer not associated with any specific program. By promoting democratic change and freedom through out the region, the effort will be critical element in efforts to combat extremism and to address the root cause of terrorism. (Federation of American Scientists 2007: 467).

The conference report also reduced economic assistance to Egypt from eight hundred and fifteen million in 1998 to seven hundred and seventy five million in 1999--and proposed cutting it to four hundred and fifteen million by 2008--while keeping military aid constant. It asserted that increased military assistance to Israel was necessary because.
"the [country's] security situation, particularly with respect to weapons of mass
destruction, has worsened" (Congressional Budget Office 2009: website). However, in
2000, the House Appropriations panel chairman, Sonny Callaham (R. Ala) and the
appropriation committee chairman C.W. Bill Young (R.Fla) also pressed for a provision
that would allow Egypt to enjoy a scaled down version of the benefits that were being
provided to Israel. (Congressional Quarterly 2002 b: 2{27}). Egypt would be allowed to
receive all of the previously appropriated military assistance it had been slated to receive
for the financial year in one whole, instead of receiving it in four equal parts, thus
allowing it to earn interest on the aid provided. This extra money it could further spend to
procure arms from the United States.

United States economic assistance to Egypt has been decreasing since 1998, when the
United States began reducing economic assistance to Egypt and Israel. In January 1998,
Israeli officials negotiated with the United States to reduce economic aid and increase
military aid over a 10-year period. A three to two ratio similar to United States assistance
to Israel and Egypt was applied to the reduction in aid (sixty million dollars reduction for
Israel and forty million dollars reduction for Egypt), but Egypt did not receive an increase
in military assistance. Economic assistance dropped in annual forty million increments
from eight hundred million dollars in FY1998 to four hundred and fifteen million dollars
in ESF in FY2008. Due to the Egyptian economy’s strong macroeconomic growth, a
growing desire for more American- Egyptian trade, and a reluctance by the Egyptian
government to accept “conditions” on the assistance that was being provided by the
United States. Both American and Egyptian policy makers and officials have expressed a
desire to “graduate” Egypt from United States bilateral economic assistance. There has
been some support for the reduction in economic assistance that is being provided by the
United States among the business community in Egypt. They have time and again
demanded that America reduce economic assistance and open up American markets for
Egyptian goods like textiles. This shows innovation on the part of the Egypt- it wants
assistance but only for areas that it feels require assistance. However, neither the United
States nor Egypt has yet come to an agreement on how assistance should be reduced over
the coming decade. Egypt would like to establish an endowment to jointly fund
development projects. Some analysts believe that the proposed endowment, which reportedly would be matched by the Egyptian government on a dollar-for-dollar basis, would serve as a substitute for the annual appropriations process and shield Egypt from potential conditionality agreements mandated by Congress. So far, the Administration has moved ahead with its own plans for reducing economic assistance to Egypt.

For fiscal year 2009, the Administration is requesting $200 million in ESF for Egypt, a notable decrease from previous fiscal years. According to the United States Department of State’s FY2009 Congressional Budget Justification, “FY2009 economic assistance funds for Egypt will decrease from the FY 2008 level, reflecting a more balanced, mature bilateral relationship consisting of foreign assistance and commercial linkages.” Of the two hundred million dollars FY2009 ESF request, one hundred and ten million dollars will be used for education and health projects managed by USAID; forty five million dollars will be used for democracy programs, including direct grants to Egyptian NGOs; and forty four million dollars will be provided to Egypt as a direct cash transfer to help Egypt further liberalize its economy. Egypt owes the United States government a huge sum of money in old loans, the United States could provide some relief by channeling a significant portion of the current economic assistance funds that it provides to restructuring the debt relief and canceling some amounts of the debt too.

As for Egypt, some analysts say United States assistance to that country is not being spent wisely or efficiently and it is the reason that its military assistance has remained constant at about two billion dollars. However, there are others who point out that with the increase in the peace initiative as a result of the number of peace treaties that have been signed, threats to Egypt have been reduced to a large extent. As part of the 1979 Camp David peace accords, the United States agreed to provide substantial amounts of aid to Israel and Egypt to promote economic, political, and military security. With the level of cooperation increasing between Israel and Egypt and with Egypt being able to recover the position that it at lost in the Arab world as a result of signing a peace treaty with Israel in 1979 it has been understood that security threats to Egypt have greatly decreased.
Strategic Objectives and Continuation of Military Assistance

A report by the United States Government Accounting Office, found that Egypt is currently among the largest recipients of United States foreign assistance, along with Israel, Afghanistan, and Iraq. Since 1979, Egypt has received about $34 billion in Foreign Military Finance (FMF) assistance which the United States has generally appropriated in annual amounts of approximately $1.3 billion. In fiscal year 2005, Egypt received nearly $1.3 billion in FMF grants, more than 25 percent of the total amount of FMF assistance provided worldwide. FMF assistance to Egypt accounts for 80 percent of Egypt’s military procurement budget and has served to replace some of Egypt’s Soviet-supplied equipment with modern United States equipment. Egyptian officials stated that 52 percent of their military inventory is United States equipment as of August 2005. Over the life of the FMF program, Egypt has purchased 36 Apache helicopters, 220 F-16 aircraft, 880 M1A1 tanks, and the accompanying training and maintenance to support these systems, among other items, as well as the training and maintenance to support these systems along with the F-4 jet aircraft, M-60A3 and armored personnel carriers, antiaircraft missile batteries, aerial surveillance aircraft, and other equipment to make Egypt’s armed forces one of the strongest and technology driven forces in the region. (US Government Accounting Office 2006:8).

The American military cooperation has helped Egypt modernize its armed forces and strengthen regional security and stability. FMS assistance that is being provided to Egypt is divided broadly in to three sections: (1) acquisitions, (2) upgrades to existing equipment, and (3) follow-on support/maintenance contracts. According to American and Egyptian defense officials, approximately 30% of annual FMF assistance that is provided to Egypt is spent on new weapons systems, as Egypt tries to modernize its armed forces. Under FMS programs, the co-production of the M1A1 Abrams Battle tank is one of the cornerstones of the American assistance program to Egypt. The program has been underway since 1988. Under the terms of the program, a percentage of the tank’s components are manufactured in Egypt at a facility on the outskirts of Cairo and the
remaining parts are produced in the United States and then shipped to Egypt for final assembly. Although there are no verifiable figures on total Egyptian military spending, it is estimated that United States military assistance covers as much as 80% of the Defense Ministry’s weapons procurement costs. From 1999 to 2005, the United States provided a total of about $7.8 billion to Egypt in FMF funds. Egypt spent almost half of its FMF funds from 1999 to 2005 (about $3.8 billion) on major equipment such as aircraft, missiles, ships, and vehicles (see fig. 2). For example, Egypt spent 8 percent of its FMF funds on missiles, including 822 ground-launched Stinger missiles, 459 air-launched Hellfire missiles, and 33 sea-launched Harpoon missiles. Egypt also spent 14 percent on aircraft, including 3 cargo airplanes; 10 percent on communications and support equipment, including 42 radar systems and 8 switchboards; and 9 percent on supplies and supply operations, including 1,452 masks to protect against chemical and biological agents. (US Government Accounting Office 2006:9).

Egypt also receives Excess Defense Articles (EDA) worth hundreds of millions of dollars annually from the Pentagon. Egyptian officers participate in the International Military and Education Training (IMET) program ($1.4 million requested for FY2010) in order to facilitate U.S.-Egyptian military cooperation over the long term. IMET assistance makes Egypt eligible to purchase training at a reduced rate. (Sharp 2009 b: 35). The United States and Egypt also participate in combined military exercises, including deployments of American troops to Egypt. Each year, Egypt hosts Operation Bright Star, a multilateral military exercise with the United States., and the largest military exercise in the world. Units of the American 6th Fleet are regular visitors to Egyptian ports. (Anonymous 2009: website). Egyptian and United States military officers state that cooperation in Bright Star exercises facilitated the United States-Egyptian cooperation and military compatibility in Desert Storm, and Egyptian officers claim that Bright Star and Desert Storm serve as precedents for future United States-Egyptian cooperative ventures. (Mark, 2003: 11-12).

Unlike other countries that receive FMF assistance, Egypt and Israel are currently the only countries that may receive defense goods worth more than the annual FMF
appropriation and pay for them over multiple years. (US Government Accounting Office 2006:11). This means that Egypt can purchase defense equipment from the United States and make the payment for the same over a period of time or the life of the contract. This is unlike the provision for other countries who have to accumulate the funds given to them as part of the foreign military assistance and make the full payment for their purchase.

United States assistance reflects the recognition of Egypt’s continued and crucial role in ensuring Arab-Israeli peace. While Foreign Military Financing (FMF) assistance has remained at approximately $1.3 billion for 30 years, Economic Support Fund (ESF) assistance has declined significantly over the last decade pursuant to a 10-year agreement reached in the late 1990s known as the “Glide Path Agreement.” As a result, economic aid to Egypt has decreased approximately $40 million each year from $815 million in FY1998 to approximately $411 million in FY2008. In FY 2009, total ESF assistance was $250 million and for FY2010, the Administration again requested $250 million. In FY 2008, $54 million was allotted for democracy and governance whereas in FY 2009, only $20 was budgeted for such programming. According to the State Department’s FY2010 Congressional Budget Justification, ESF funds will support democracy promotion programs designed to increase public participation “while promoting human rights, civic education, and administration of and access to justice.” Over the past year, observers have expressed serious concern that due to the overall decrease in ESF funding, human rights and religious freedom programming has decreased proportionally to an inconsequential amount. (USCIRF, Leo and others 2010:236).

Israel-Egypt Peace and Continuation of Assistance

United States–Egyptian cooperation on military and security issues is central to the maintenance of regional stability and the geostrategic status quo, as well as to countering threats to shared United States and Egyptian interests in the Middle East. The centrality of this cooperation to United States and Egyptian strategic interests explains the amount of military assistance to Egypt—a annual average of about $1.3 billion— in place since
Egypt's signing of a peace treaty with Israel in 1979. Cooperation on this level involves enhancing Egypt's defense capabilities, and sharing intelligence on extremist groups as part of the global effort to fight terrorism. (Carnegie Endowment Fund for International Peace 2009 a). Egypt has been concerned with talks in the American Congress with view to reducing the amount of military assistance that is being provided to Egypt. Although officials and several experts assert that the FMF program to Egypt supports U.S. foreign policy and security goals, State and DOD do not assess how the program specifically contributes to these goals. U.S. and Egyptian officials cited examples of Egypt's support for U.S. interests, such as maintaining Egyptian-Israeli peace and providing access to the Suez Canal and Egyptian airspace. However, DOD has not determined how it will measure progress in achieving key goals such as interoperability and modernizing Egypt's military. (US Government Accounting Office 2006: 3).

The rivalry between Egypt and Israel is not confined to achieving a better understanding with United States alone, but has translated into a competition for regional hegemony. Although Egypt's regional prominence has gradually declined over decades, it still plays a vital role assisting the United States government in navigating the complexities of the Israeli-Palestinian conflict, intra-Palestinian politics, and the overall quest for Middle East peace. Egypt has continually sought a more active United States role in peacemaking and, like most Arab countries, has criticized United States support for Israel as "unbalanced." (Sharp 2009 b: 8). Cairo is determined to retain its role as the Arab leader and does not want to be absented from any major peace process that might lead to reintegration of Israel into Middle East. Egypt is also concerned about the fact that Israel's peace with other Arab states might make it loose the dominant role as the crucial intermediary between Arabs and Israelis, and hence its position as an authoritative power in the Middle East affairs. This might also have an extended consequence in terms of American aid. If Israel enters into peace with the other Arab states, Egypt's utility as an ally for American backed interest shall decline and might affect the huge aid that it receives. Hence, Egypt is at constant loggerheads to prove it worth in the region in competition with Israel. In 2006, the United States and Egypt signed a Joint Statement Regarding the United States Egypt Strategic Dialogue. It stated that the, "The Strategic
Dialogue is a reflection of the exceptionally strong ties between the United States and Egypt, and the value both nations place on their close cooperation on a host of bilateral, regional and international interests. The Strategic Dialogue affords the United States and Egypt the opportunity to engage in close coordination in areas of common concern, such as the promotion of a just, lasting and comprehensive resolution of the Arab-Israeli conflict, support for the popularly elected Government of Iraq; and our counterterrorism efforts. The dialogue also allowed for the discussion of a number of other related regional and international issues, including economic and political reform. The talks also focused on violence and other recent developments affecting Israel, Lebanon, and the West Bank and Gaza.” (Ministry of Foreign Affairs, Arab Republic of Egypt 2006: website)

Israel for its part wants to bypass Egypt as an intermediary in the peace process. It is eager to establish direct relations with the other Arab states without any interference from Egypt. It is aware that if it achieves peace with these states it will not only solve its security issues, it will also achieve over lordship over these state.

To argue that Egypt and Israel share a ‘Cold Peace’ would be too hurried. Though the period immediately following the Camp David agreement might have seen little development towards normalization it is incorrect to say that there has been minimal interaction between the two states. Even if they disagree with each other they do maintain relations. Moreover with the increased number of peace initiatives that have been initiated, both are in invariable contact with each other. Undoubtedly, Egypt and Israel both have grievances against each other and differences, which need to be resolved. But this should not undermine the success they have achieved in staying out of a conflict and their ability in trying to resolve issues through diplomatic initiatives.

Iran as a factor in American Foreign Assistance Policy to Egypt

Iran is a country of considerable size, with a very modern army and growing economy as a rest of its large reserve of natural gas and oil. According to the Energy Information Administration (EIA), Iran has an estimated 137.6 billion barrels of proven oil reserves,
or roughly 10 percent of the world’s total reserves. The third largest proven reserves after Saudi Arabia and Canada. Iran is the fourth largest exporter of crude oil in the world. Perhaps just as valuable is Iran’s strategic location along the Strait of Hormuz, a narrow chokepoint through which more than 40% of the world’s traded oil transits. In addition to its oil reserves, Iran’s estimated proven natural gas reserves stand at 1,045 trillion cubic feet (Tcf), second only to Russia. As a result Iran has considerable influence on the states of the region who have to maintain a balance between their security needs and economic concerns. Many analysts have cast events in the region as a power struggle between Sunni-ruled Arab states, led by Egypt and Saudi Arabia, and Iran and its allies and proxies, namely Syria, Hamas, and Hezbollah. (Addis and others 2010: 5).

Given their civilizational history and their ambitions to be the leader in the Middle East, Egypt and Iran have been both friends and rivals. During the initial years of the Cold War, Egypt under Nasser has closer ties with the Soviet Union while the Shah of Iran was supported by the United States. The peace at Camp David and the Iranian Revolution completely revered these alliances. While Sadat moved Egypt closer to America, the new Iranian power structure, developed closer relations with the Soviet Union. They perceived the United States and its Arab allies and Israel as adversaries in the Middle East.

After nearly four decades of the Iranian Revolution American relations with Iran remain a powerfully influence by that legacy. The revolution was the political prism through which the two countries have viewed each other. American administrations from President Carter onwards have tried to grapple with the dual nature of the state. The duality is reflected in its very name, the Islamic Republic of Iran. As a republic Iran exists as any other nation in the international system. However, its Islamic character asserts legitimacy derived from a higher authority. (Litwak 2000 :158). Khomeini was strongly anti-West and particularly anti-America, and relations between the United States and the Islamic Republic turned hostile even before the November 4, 1979, seizure of the

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4 Figures have been taken from the United States Energy Information Administration website. URL: http://www.eia.doe.gov/
U.S. Embassy by pro-Khomeini radicals. (Katzman 2010: 2). The seizure of the embassy and the taking of American as hostages by radical elements who were an out growth of the revolution accelerated the deterioration of the relations.

Containing Iran’s regional influence is the other aspect of the continuous importance of Egypt to American policy makers. This has become more important for the United States given the fact that Iran is developing nuclear technology, which the United States fears would be used to develop weapons. Egypt along with most of Iran’s neighbors shares the concern of the United States and the international community over the nature of Iran’s nuclear program, but some perceive it as a more imminent threat than others. Others recognize the threat but have competing economic and political interests that may prevent them from publicly expressing their concerns. Almost all of Iran’s neighbors share the primary concern that uncertainty over Iran’s nuclear program could lead to a regional arms race or war that could spill over into their territories, complicate their relationships with the United States, and/or badly damage their economies. (Addis and others 2010: 5-6). It is a charge that has been time and again denied by the Iranian government. Speaking a day after spoke a day after United Nations nuclear inspectors issued a strongly worded report citing evidence of “past or current undisclosed activities” by Iran’s military to develop a nuclear warhead, Iran’s supreme leader, Ayatollah Ali Khamenei, derided Western claims about his country’s nuclear program, saying Iran did not believe in nuclear weapons and was not seeking to develop them. (Worth 2010: Website). The government for Iran however, has not helped matters by being openly hostile to the America.

In such a situation to have Egypt act as a mediator is a proportion that the United States cannot overlook. Currently, Egypt is concerned about Iran’s support for Palestinian militants, particularly Hamas, Iran’s influence in Iraq, Hamas's call for armed resistance against Israel and its alleged Iranian financial and military support runs counter to Egypt's foreign policy, which is largely based on its peace treaty with Israel and friendly relations with the United States. A nuclear-armed Iran and its effect on the regional balance of power is a pressing security concern. Egypt firmly opposes Iran’s nuclear
ambitions, and, as is the case with its stance toward Israel's clandestine nuclear program, Egypt has called for a "nuclear-free zone" in the Middle East. Egypt is a signatory to the Nuclear Non-Proliferation Treaty (NPT) and has pledged not to develop weapons programs of its own. (Addis and others 2010:27).

While Egypt and Iran have not been traditional allies, with the two states vying for the leadership of the region, tensions between the two countries have remained at the diplomatic and cultural levels, with both trying to try to establish relations to maintain their own diplomatic regional positions as well as to maintain harmony in the region. It seems unlikely that the two states would confront each other. It is more than likely that they would try to balance each others rise to prominence in the region. Iran will use non-state actors to provoke and pressure Egypt, while Egypt will continue to rally other Arab states around its mantle of leadership to keep Iran in check.

**Questioning Foreign Assistance to Egypt**

The question of United States assistance to Egypt poses an unusual policy dilemma for America: should it go up or down? On one hand, Egypt's strategic location, its strict implementation of the military aspects of the peace treaty with Israel, and its strong record of operational support for United States initiatives make a strong case for an increase in foreign economic and military assistance. On the other side, Egypt's 'cold peace' and competitive approach toward Israel, its coziness with rogue regimes in Libya and Sudan, its public criticism of American initiatives in the Gulf and the peace process, and its lack of significant external threats all convincingly argue for a cut. The massive amount of assistance that is being provided to Egypt is slowly being questioned by many. (Satloff and Clawson 1998a: 2). The earmarks for Israel and Egypt that have over the years received $3 billion and $2.1 billion dollars respectively over the years were regarded as symbols of United States support for Israel and its chief Arab partner in the Middle East and thus were sacrosanct. However, over the years the debates with in the

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5 Figures have been taken from Congressional Quarterly's Annual Almanac for the years 1996, 1995, 1993. Washington, USGPO.
Congress that were taking palace in the margins have taken center stage in recent years because it was seen that it is the same programs that have been provide with the bulk of the foreign assistance appropriations, most notable among them has been the foreign assistance that is being provided to Egypt and Israel.

It has been argued that even though the Congress has approved of major assistance grants to Egypt, economical, military and developmental for many years to improve the Egyptian economy and the standard of living of the Egyptian people, the reality is far from the truth. According to the State Department's 2008 Country Reports on Human Rights Practices, "The government's respect for human rights remained poor, and serious abuses continued in many areas. The government limited citizens' right to change their government and continued a state of emergency that has been in place almost continuously since 1967. Security forces used unwarranted lethal force and tortured and abused prisoners and detainees, in most cases with impunity." (US Department of State, Under Secretary for Democracy and Global Affairs 2009: Website). The 2008 report, as in past years, documents several instances of torture allegedly carried out by Egyptian security forces. The report has also criticized the prosecution of people because of the religion that they practice. The report states that, "Although there were some positive steps in support of religious freedom, the status of respect for religious freedom by the Government declined overall during the period covered by this report." In 2009, the United States Commission on International Religious Freedom placed Egypt on its watch list due to "serious problems of discrimination, intolerance, and other human rights violations against members of religious minorities, as well as non-conforming Muslims, [which] remain widespread in Egypt." In its 2010 report the organization has called upon the government to change its policies towards Egypt. It states, "United States policy towards Egypt does not adequately prioritize human rights and religious freedom. Despite documenting widespread abuses in the annual human rights and religious freedom reports, the United States has not pressed the Egyptian government sufficiently in numerous areas of concern. The U.S. government should establish a timetable with Cairo for implementation of human rights and religious freedom reforms. If deadlines
are not met, the United States government should reconsider its allocation of its assistance to the Egyptian government." (USCIRF, Leo and others 2010: 227).

Egypt is experimenting with democracy but the process has been very slow and not very successful. The dismal record of Human Rights and there occasional violation along with the fact that Egypt has been in a continue state of emergency rule since 1981 has become an important issue for further assistance being provided to her. The state of emergency that is prevailing in Egypt has provided the government with enormous power that it can exercise - restricts many human rights, including freedom of religion or belief as well as freedom of expression, assembly, and association. Under the Emergency Law, the security forces mistreat and torture prisoners, arbitrarily arrest and detain persons, hold detainees in prolonged pretrial detention, and occasionally engage in mass arrests. They have the freedom to conduct searches and make arbitrary arrests without following the procedures as laid down by law and military courts have been prosecuting civilian cases without the chance for appeal against the verdict. (USCIRF, Gaer and others 2009: 161). Political parties are allowed to be formed after they have attained the permission of the government. It has also meant that there is no strong opposition to the government. There is a lack of democratic procedures. The civil society is also not free. Non governmental organizations are monitored and they are unable to oppose the policies of the government. The Commission also recommends that the United States Congress should in the context of the annual congressional appropriation for United States assistance to Egypt, require the State Department to report every six months on the government of Egypt's progress on these issues. (USCIRF, Gaer and others 2009: 168). The stance of the Egyptian government has been far from friendly. It was pointed out in a 'Hearing before the Committee on International Relations, House of Representatives' of the 105th (First Session), that over the past few years the differences between the United States and Egypt have increased. "Divergence are on a wide array of issues, from Egypt’s role in the peace process both bilateral and multilateral tracks, to the lack of warmth in Egypt’s own relationship with Israel, to Egypt’s relation with the terrorist supporting regions on its borders..." (The United States Congress, HOR [105th Congress, 1st Session, 1997], 1997:
5). The committee also felt that the increase in the number of military exercises that the Egyptian military was undertaking was detrimental to the peace in the region.

Even on the economic issue there have been debates on the amount of assistance that the United States is providing to Egypt. The justification for the economic program was to offset the loss that Egypt was facing as a result of the Arab boycott of Egyptian goods and products as a result of the peace accord that was signed between Egypt and Israel. It was felt that American assistance would not help Egypt overcome this loss of market; it would also encourage Egypt to make its market more capital intensive and attract investments. Despite decades of assistance, the Egyptian economy is not what was envisaged by the American policy makers. The United States has also long been unhappy with the slow pace of liberalization in Egypt’s flagging, state-dominated economy. Unemployment is very high and the economic growth is unable to keep pace with the number of educated youth who require jobs. Privatization of the economy is taking place at a very slow pace and the economy is still dependent on one major industry namely tourism. In face post the event of September 2001, the United States had to provide Egypt with assistance to overcome economic problems it had suffered as a result of a dip in the number of tourist who came to the country. The agro based industries have not been modernized, the result being that Egypt imports food grains from other nations. On the diplomatic front, while the United States has generally appreciated Egypt’s support for the Middle East peace process, United States officials complain that Egypt did not do enough to encourage the Palestinians to bargain seriously with Israel at the failed 2000 Camp David summit.

Finally, United States policymakers and members of Congress have frequently expressed alarm at the anti-American, anti-Israeli, and sometimes anti-Semitic writings common in Egypt’s government-controlled press. In August 2002, the Bush administration linked assistance to Egypt’s human rights record for the first time after Egypt sentenced Saad Eddin Ibrahim—an academic, human rights activist, and American citizen—for making statements that were derogatory to Egypt. The House of Representatives in June 1997 passed a bill setting conditions on the payment of $200 million of the $1.3 billion allotted
to Egypt. This was the first time that the United States had restricted military assistance to Egypt. The legislation required the Secretary of State to certify that Egypt was taking steps towards improving its Human Rights record, reforming its judicial system and taking step to check the smuggling of arms from the Egyptian border to Gaza. Egypt responded with disdain over the legislature with the Egyptian foreign minister and the pro government newspapers where unanimously hostile to the bill. (Callaway and Mathews 2008:48).

In view of the above it is being felt that assistance to Egypt has to be provided with certain checks and balances. While the important issues between the two countries are security related, American policymakers have given due importance to issues of human rights. The government of Egypt has to be made accountable for the way it spends American assistance money and non performance of the government has to be reprimanded. Continuous assistance despite non fulfillment of commitments would be detrimental to the long term interest of the United States in the region.

**War on Terrorism and Foreign Assistance**

A ‘war on terrorism’ was declared by the American President George W. Bush after the World Trade Center towers where attacked by terrorist on September 9th 2001. The attacks lead to the death of over three thousand people and damage worth millions of dollars. This war on terror was actually a war that was being re-declared. The first such declaration was twenty years before, when the Regan administration had declared a war on terrorism as the core of the American foreign policy. That was had been declared on state sponsored terrorism, the most virulent form of “the evil scourge of terrorism.” (Chomsky 2003: 235). The difference that has come about since the last time war was declared on terrorism is that today terrorism is mostly a stateless phenomenon. There are a number of states that may be supporting a terrorist organizations but the organization in themselves are stateless and therefore very difficult to fight.
As many analysts have observed, today militant Islamic fundamentalism is different from its terrorist predecessors. They do not seek personal renown. They are not for hire. They sacrifice their lives for the triumph of Islam. They are believers in the service of Allah. Contrary to the terrorism of 1960's and 1970's they do not strike at random. They are part of an organization that has set objectives. They are committed to their leader and are ready to die for the cause. (Hoyeyda 1998: 143). They are much more dangerous than the 'ordinary terrorists'. Experts attribute the Muslim hatred for the west in general and America in particular to their support for Israel. This is true only to a certain extent. To them the west represents the last attempt to destroy their distinct way of life. Thus for them the only way out is through the destruction of the western civilization of which America is the leader. As Osama Bin Alden has said “The Americans are the main enemy.” (Hoyeyda 1998: 149).

In discussing the war on terror the President Bush expressed the view that the terrorist assault on American soil “was the culmination of decades of escalating violence -- from the killing of American Marines in Beirut, to the bombing at the World Trade Center, to the attacks on American embassies in Africa, to the attacks on the USS Cole. In another way, September the 11th provided a warning of future dangers -- of terror networks aided by outlaw regimes, and ideologies that incite the murder of the innocent, and biological and chemical and nuclear weapons that multiply destructive power” (Office of the Press Secretary 2005).

The events of September 2001, according to Vice President Dick Cheney, changed the way America “...thinks about threats to the United States. It changed about our recognition of our vulnerabilities. It changed in terms of the national security strategy that we need to pursue.” The administration argued that they see the world differently because the world is different. The attacks thrust the United States into a new and different global awareness. The transformation in worldview has in turn altered the global environment and for better or for worse the world is increasingly one of the United States’ making (Crawford 2004: 684-686).
In the United Nations the Security Council adopted resolution 1373 calling for suppression of finances to terrorist organizations and individuals and improving international cooperation. The most important aspect of this resolution was that it called upon all the states to report to the United Nation within ninety day the progress that they had made in implementing the resolution. Post September 9, 2001, the administration has focused all its foreign and military policy on the war on terror. United States military aid to foreign countries up 50 percent since 9/1. Apart from the brief period of cooperation what one sees is the administrations unilateralism in decision making. The Bush administration has undertaken several innovations in its military doctrines. This includes military preeminence—which is to serve a set of enduring national interests that are to be secured by force, if necessary. Capacity building planning- which gives more priority to anticipating the capacities an advisory may employ. And preemptive war—the administration feels that our best defense is offense. Immediate threat is no longer the trigger for preemption the threat is immanent (Crawford 2004: 693-695).

In its national-security doctrine of pre-emptive military strikes against “evil” regimes the United States has sidelined both the United Nations and North Atlantic Treaty Organization members in the search for a “coalition of the willing” to oust Iraq’s Saddam Hussein. Egypt was part of the coalition that defeated Saddam Hussein in the 1991 Gulf War; however it refused to be part of the American coalition in 2003. Egypt has time and again stated that it would become part of any coalition that was headed by the United Nations. President Mubarak said the war had raised many questions, especially among the Arab and Muslim peoples of the Middle East, about the "credibility of the international system of collective security represented in the United Nations". Though Egypt was not part of this military coalition, it is part of the “economic coalition of the willing” and also provided political support to the actions undertaken by America. Cairo has shared intelligence, allowed American warplanes to fly over Egypt, and allowed American warships to make use of the Suez Canal for transportation of supply of personals and weapons to American troops in Iraq and taken actions to weaken terrorist financial networks. The Mubarak regime has also stepped up arrests and prosecutions of Islamist militants, including some accused of funding terrorist groups. Egypt would like
the situation in Iraq to improve. It is suffering economically as a result of the war. Along with the global economic recession the Egyptian economy that is largely dependent on tourism is also facing crisis. The on going conflict in the region has meant that compared to previous years lesser number of tourist are visiting. This is having an adverse impact on the economy. America has increased military assistance to the region to counter the influences from Iran, Syria, and regional militant groups.

On an official visit to the region in June 2007, both the Secretary of State Condoleezza Rice and Secretary of Defense Robert Gates, made it very clear that increased amounts of assistance were required to help strengthen the defensive capabilities of United States partners that would help secure peace and stability in the region. Ms Rice said the administration was starting discussions with Egypt about the thirteen billion dollar military assistance deal. She said it would strengthen Egypt's ability to "address shared strategic goals". After the Gulf War 1991, arms exports to the Middle East had skyrocketed. The recent display of force with American weaponry could lead to another race for the procurement of arms in a region where peace and stability are already very fragile. What has commentators on the region worried is that with conditional military assistance Egypt's police state would be further strengthened. Egypt has in an effort to control the spread of terrorism in the state arrested a number of people, and the squeeze on civil liberties seems only to be growing tighter. Concerns expressed by pro-democracy groups in Egypt and human rights organizations in the United States that such arms and technology transfers are only making further repression possible has been rejected by Washington.

Despite the heavy flow of assistance to Egypt from the United States, one has to be pragmatic about the relation that the two nations share. Since 1979, Egypt has been the second largest recipient, after Israel, of American foreign assistance. In 2009, Egypt was the fifth largest aid recipient behind Israel, Afghanistan, Pakistan, and Iraq respectively. In the last decade, overall American assistance to Egypt has declined from $2.1 billion in FY1998 to $1.6 billion in 2009 owing to a gradual reduction in economic assistance. In July 2007, the Bush Administration signed a 10-year Memorandum of Understanding
(MOU) with Israel to increase American military assistance from $2.4 billion in 2008 to over $3 billion by 2018. Egypt received no corresponding increase in U.S. military aid; instead, the Bush Administration pledged to continue to provide Egypt with $1.3 billion in military aid annually, the same amount it has received annually since 1987. Unlike Israel and Jordan, the Bush Administration did not sign a bilateral MOU with the Egyptian government (Sharp 2009 b 30). It has to be understood that while the United States relation with Egypt is based for most part to support the Egypt- Israel peace accords, it does not share a depth of relation with Egypt that it shares with Israel or Britain. The two countries still disagree on a number of issues that has meant that there is an inherent distance between the two in there relation. As the relationship is based not much on people to people basis as with Israel but more on a government to government level there is a lack of trust that is evident among the general populace on the motives of the others actions. Over the past few years both has been vocal critics of each others actions. American foreign policy post September 2001 attack combines both fear and urgency. However, this current logic is dangerous for two reasons; firstly, though the vulnerability of American and Americans has not reduced the fear has become institutionalized in the foreign policy which is leading it to preemptive strikes and isolation in the international arena. Secondly, the belief that to achieve the end of global peace any steps the United States takes is justified is fuelling resentment and distrust, especially with the Muslim world.

Egypt is crucial to the United States. It's a center piece for the development and implementation of the United States policy in the Middle East. Egypt's support for the United States initiatives-whether multilateral or bi-lateral, economic, political, strategic or military, is critical. For the United States it is part of its strategic alliance, the commitment to peace, a pursuit of economic reform and a recognition of the importance of liberalization and democratization. As Egypt moved towards peace with Israel it was felt that he had incurred a great financial loss as a result of the political isolation and ostracism that it was facing from the Arab nations. United States economic assistance partially was to offset this loss to the Egyptian economy and it was the rational of the
United States assistance was the core belief that United States interest would be served by a strong Egypt, able to meet the needs of its people and assert itself in the Middle East.