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BOARD OF
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SPECIAL MEMORANDUM

Nasser's Limited Options

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

15 April 1968

SPECIAL MEMORANDUM NO. 8-68

SUBJECT: Nasser's Limited Options[1]

SUMMARY

Egypt is in the doldrums.[2] Nasser has new problems but no new solutions. Both domestic and foreign policy in the immediate future seem trapped by the continuing Arab-Israeli impasse. Despite the fact that no one in or out of the regime is happy with the status quo, the contending internal and external forces appear to be in rough though uneasy balance. In the months ahead, there are likely to be many words but few significant governmental actions because there is, in fact, little that can be done. Nasser probably will be able to defuse or suppress potential threats to his rule and maintain control for some time, but he will face increasing difficulties with diminishing resources and alternatives.

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2/ Defined by Webster as a place "abounding in calms, squalls, and light, baffling winds."

GROUP 1
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Internal Conditions

1. The present pattern in Egypt began falling into place immediately after the war. Nasser is in sole control, operating with a cabinet composed chiefly of technicians. The military and intelligence services have been downgraded in importance, and the regime is slightly more tolerant of domestic criticism than in the past. Taxes and prices have been increased, and salaries and benefits have been cut. Foreign policy, although still bellicose in word, is fairly passive in deed. Defeat created an atmosphere of disgruntlement and frustration in which many of Egypt's long standing problems came to the surface. Problems are many; practicable remedies are few.

2. The current state of suspended action satisfies no one, but it has survived both a military plot and an outburst of public demonstrations that developed into near riots. In both cases, the regime moved quickly but very carefully to forestall more serious trouble. Caution has been Cairo's formula in recent months; an assortment of small gestures to appease public sentiment, combined with a minimum of overt force to suppress open opposition.

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3. Nasser's recent speeches identify the themes that the regime intends to emphasize -- the need for cohesiveness and the dangers of factionalism. He is trying to shift the emphasis of public concern from recrimination about the past to preparation for the future. He has blamed the June disaster and subsequent problems on individuals and groups who pursue their own interests at Egypt's expense and has pledged an end to special privileges for anyone, including his own close associates. He is prepared to allow constructive criticism within the system but not disputation that might become active dissent against the system itself. He has announced an "action plan" for the months ahead, but his own words suggest that concrete actions will be small and slow to appear.

4. Nasser himself is the only strong member of the old guard remaining in the power structure. His two most vigorous and most renowned subordinates, Zakariya Muhi al-Din and Ali Sabri, are out of the cabinet at least temporarily. Muhi al-Din resigned all his functions; Sabri was divested of cabinet rank but was once again named to head Egypt's only legal political party, the Arab Socialist Union (ASU). The new ministerial team, formed in March 1968, consists largely of fairly

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competent but obscure technicians who can be expected to obey orders without attracting attention to themselves. Nasser's legal successor, Deputy Premier Husayn Mahmud Shafi'i, is an uncontroversial member of the inner circle who has avoided identification with any policy or point of view.

5. Nasser's assets at the present time are by no means inconsequential. He has been a very popular leader for many years, and most Egyptians probably cannot conceive of another. To some extent, he still represents a consensus. Under his leadership, average living conditions have improved and social welfare programs have been introduced. The defeat by Israel has not destroyed Nasser's importance in Arab and world affairs, which gives all Egyptians a feeling of consequence, and he probably can count on continuing loyalty from the masses. Moreover, almost all the holders of significant military and civilian posts in Egypt are indebted to him for their status, and most of them remain loyal even as they pine for further advancement. The security services have been purged of known dissidents and are probably loyal, though somewhat disorganized. Dissident elements do not have common goals or policies, and Nasser's talent for political manipulation will facilitate his maneuvering among contradictory pressures and complaints.

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Elements of Discontent

6. The regime's chief aim is to reverse the trend toward growth of factions and classes, for such fragmentation belies its claim to speak and act on behalf of all Egypt and threatens its control. It faces two major, and somewhat contradictory splits. One is antipathy between civilians and the military that was brought into focus by the June defeat. The other is resentment of the majority of Egyptians toward the privileged members of Egyptian society, which has become apparent within the military, among the students, and within the industrial community. Further complications are introduced by the existence of the large but ineffective ASU, restless intellectual elements, and small but tightly organized extremist groups of both right and left. Nasser must attempt to appease each group of malcontents without aggravating the complaints of another.

7. Nasser probably believes that he must give high priority to maintaining control of the military establishment and trying to insure its loyalty. However, the inept performance of the armed forces in the June war makes it unwise and probably undesirable to restore the military to the elite status they once took

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for granted. He has placed new men in virtually all senior positions and has probably strengthened his hold at least for a time. But, many military personnel are bitter about being made the scapegoats for the June disaster, about their sharply lessened prestige, and about their diminished privileges -- financial and otherwise. A number probably oppose the regime's present policy of military restraint. Frictions have appeared between the officer corps and the enlisted men. Members of the armed forces also have apparently displayed some dissatisfaction with the increased Soviet advisory presence imposed on them since June. Nasser has recently made conspicuous efforts to restore some pride to the military establishment. In visits to front line troops, he has avoided any criticism of past military performance. Instead he has stressed the faith of all Egyptians in the new and revitalized establishment. He has emphasized cooperation, hard work and the development of technical skills in preparation for future military victories.

8. The military are probably far from mollified, but there are formidable barriers to a successful coup. The ease with which the regime overcame treachery even within the security apparatus and balked the plotting of the late Marshal Amir and his associates

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will discourage imitators. June's failures have undermined mutual trust within the military, and wholesale personnel transfers have compounded the difficulties facing any individuals in search of trustworthy conspirators. The new holders of high rank were selected for their dependability. While some zealot might be willing to ignore these inhibitions, a successful coup or even the formation of an impressive conspiratorial group in the military does not seem likely in the near term.

9. The ASU, which was designed to generate mass enthusiasm for Cairo's chosen policies, has been a continuing disappointment. It was largely ignored by the regime between June and December 1967. Its bungling of officially approved worker demonstrations in February touched off a wave of uncontrolled mass protests that provided a forum for criticism from a wide range of dissident elements. The outbursts were stopped by the regime, but they exposed its weaknesses to public view and provided encouragement for potential opponents. They also forced the regime to disapprove the fairly light sentences imposed on military personnel convicted of malfeasance during the war and thus to reverse an apparent attempt to appease military discontent. In the past several weeks, the ASU has attracted both widespread criticism from the public and some suspicion from the regime. Nasser

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has not tried to defend the organization in its present form, but he has insisted on adapting rather than abolishing it. The process of adaption probably will entail an attempt to eliminate the "power groups" and "factions" within the organization that so obviously worry the regime. A planned reorganization will further reduce its effectiveness. Nevertheless, the ASU's size and its position as the only legal political organization in the country will continue to make it a factor requiring careful handling.

10. The spontaneous outburst of public protest in February 1968 provided university students with an opportunity to express accumulated complaints and to demand reforms that add up to an open society governed by law. In particular, the students denounced guided news, censorship, the privileged position of the military and the ASU, attempts by the latter to dominate student affairs, and the gap between promise and reality in both military and economic performance. Such grievances will be hard to assuage. Cairo has, in fact permitted a considerable increase in public criticism in the past year or so and will probably allow a bit more. However, the regime will remain chary of permitting large gatherings. The students have been promised freedom of expression -- but only on campus. Nasser announced that he will submit his

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policies to a national referendum in May, but this will be only a guided plebiscite on a vague program. Such devices may convey some sense of greater public participation in government, but Cairenes are already grumbling about the regime's meager response to demands for meaningful reform. Despite such complaints, Nasser will not permit Egypt to become a forum for freedom of speech, assembly and the press. Nor can he do much about the other underlying causes of student discontent -- loss of draft exemptions and poor prospects for meaningful employment after graduation.

11. The financial situation limits what can be done to improve the plight of industrial workers and other members of the lower economic classes, but some steps are being taken to alleviate worker resentment toward management. The post-war situation forced the regime to increase taxes, reduce government expenditures for non-defense purposes, and restrict imports. Individual purchasing power has been curtailed, and unemployment is probably fairly serious. Since February, the regime has made some gestures in the form of profit sharing bonuses and wage concessions, but no major improvement in living standards can be achieved without scrapping the austerity program entirely. Such a course would bring only very short term relief. Since

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the supply of consumer goods can only be increased by drawing against very limited foreign currency resources, liberalization could be supported for only a few months. Thereafter, the regime would be forced to impose new and more severe restrictions on wages and consumption, and dissatisfaction would rapidly exceed present levels. Since economic complaints apparently have not reached serious proportions, the regime probably will try a slight relaxation of austerity measures, rather than a wholesale resort to overspending. Worker demands for a greater voice in company management do not entail financial cost and probably will be met at least in part.

12. Extremists of both right and left also must enter into the government's political calculations. The Muslim Brotherhood has demonstrated great staying power in the face of official repression. Its strength surprised and shocked the government two years ago, and it probably continues to have considerable appeal throughout the country. Organized Communist activity is minimal. At least one Communist faction nominally dissolved itself several years ago and bade its members join and support the ASU. Extremists of both left and right are closely watched by Egyptian security, and no group seems to pose a serious threat

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to the regime. However, extremist action conceivably could contribute to the sort of emotional chain reaction that Nasser is anxious to avoid.

Domestic Outlook

13. Egypt's grave internal problems and the impasse reached in external affairs confront Nasser with a situation that he cannot approach with his accustomed confidence. His old magic has diminished, and his old promises and exhortations are losing their effect. He could still work a miracle, as he has before in difficult situations, but he faces new demands with lessening resources and options. Nevertheless, he will probably hang on for some time, capitalizing on his public mystique and playing opposition forces against one another without making any dramatic changes of policy. At present, there is no apparent contender with the power to oust him and the desire to assume all his existing problems. It is unlikely that men willing to try a settlement with Israel and a new beginning would attempt a coup in the near future.

14. Over time, Nasser's position will become increasingly difficult and the prospects for direct challenge will increase. An attempt to overthrow him by force seems somewhat more likely

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to come from unknown extremists of the right or left than from members of his own establishment. If such a group were able to put on a show of firmness and gain quick control of the military and of communications facilities, its staying power would be enhanced by the general tendency of Egyptians to accept authority. Such a group could, however, easily disintegrate and leave a chaotic aftermath. Even an unsuccessful coup attempt could precipitate a general breakdown of the regime's control.

15. Nasser may try to forestall a serious challenge by initiating a gradual return toward collective leadership. He could begin by relinquishing the post of Prime Minister; if he felt confident of his successors, he might even carry out an often expressed intention to leave the government and devote himself to running the ASU. Alternatively, he might bow to collective pressure from within his regime and step into an elder stateman's role.

16. Sabri and Muhi al-Din, as his most forceful and most prominent associates, remain the most obvious potential beneficiaries of a peaceful transfer of power. Both have been temporarily excluded from high office in the past, without lasting effect, and each has a history of loyalty to Nasser although each has

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disagreed with him on occasion. Neither appears to have the temperament or personal following to conspire against him, although Sabri conceivably might cooperate with active plotters of a radical cast if he felt seriously threatened by the regime's wary attitude toward the ASU. Muhi al-Din might emerge as head of a regime that was the product of a period of general disorder, since he probably could rally many of the moderate, professional elements in the present regime, as well as many of the outsiders who oppose Nasser's policies as too socialistic or too adventurous. There are a number of other men in the government who also might be chosen by the current members of the regime to be Nasser's successor, but no individuals are markedly noteworthy at present.

Foreign Affairs

17. Financial limitations, along with military reality, limit Nasser's options on the international as well as the domestic scene. Only a successful attack on Israel would solve his most pressing problems. Having suffered through the June disaster, he probably will not let hawkish pronouncements from overconfident military personnel convince him that a military operation would be successful. Since a new failure almost surely would be his last act as head of state, he presumably would rather

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try to survive the current unsatisfactory situation than gamble his own future, and that of Egypt, against almost impossible odds.

18. In past times of stress, Nasser has turned to some grand attack on foreign opponents or interests. At present, no suitable target offers itself at an acceptable cost. He cannot lash out at Libyan acquiescence to US military installations or Saudi support of reactionary elements without risking the loss of part or all of the $250 million a year in subsidies being received from Libya, Saudi Arabia, and Kuwait and destroying the fragile fabric of Arab solidarity on which he relies for diplomatic and political support. He cannot seize or harass US-owned oil operations in Egypt without risking the loss of current investment funds, a hard won and grudging new attraction for other foreign firms, and the western diplomatic and commercial ties he has so carefully rebuilt in the past few months. He cannot throw troops into another Arab country, such as Yemen or South Yemen, without spending money he doesn't have and risking another failure he can't afford. He will try to compensate for inaction with occasional bursts of aggressive rhetoric on international subjects that appear safe from his point of view.

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19. Soviet attitudes and actions have been a significant factor in the development of the stalemated Egyptian situation. Moscow's policy during and immediately after the war was a disappointment to those Egyptians who expected military intervention or Soviet support for a wholly intransigent Arab attitude toward Israel. At the same time, however, the Soviets rushed new arms to replace those lost in the war, providing Nasser with the means to convince his people that Israel's victory need not be permanent and to keep the armed forces busy. Shipments of wheat and other commodities from the USSR have been an important element in maintaining an adequate supply of consumer goods in Egyptian cities and towns. Leniency about Egyptian debt and trade commitments to Moscow has helped Cairo to increase earnings of hard currency and to begin putting its international financial affairs in order. Moscow also appears to have refrained from giving encouragement to radical elements in Cairo who might be tempted to take action against the regime.

20. All things considered, Moscow probably will continue to favor a relatively cautious regime led by Nasser over an unknown alternative that might follow. Thus the Soviets are likely to continue to provide Nasser with a generous, though not unlimited,

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amount of military and economic aid to facilitate his survival. They also can be expected to continue to counsel against precipitate action.

21. In these circumstances, Nasser has no available course but the distasteful road of military restraint, diplomatic attempts to erode Israel's international image and bargaining position, and a gradual resumptionof closer ties to some Western countries. He will particularly cultivate European countries such as the UK, France, and West Germany who show some sympathy for the Arab cause and some tendency to be helpful about his financial problems. The central issue of an Arab-Israeli settlement blocks solution of many of his domestic and foreign problems. But he undoubtedly is convinced that any initiative on his part toward a "soft" settlement with Israel would only damage his position. His hopes, like those of most Arabs, are pinned on the imposition of a settlement by the great powers. He almost certainly believes that Israeli actions such as the 21 March raid on Jordan improve the prospects for favorable intercession by outside parties. He probably also feels that a change of administration in Washington might lead to increased US pressure on Israel to be accommodating. Failing an obvious course of action, he probably is prepared to wait many

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difficult months for some helpful development. Over time, his inability to force a favorable turn of events will further impair his ability to speak for the Arabs and to dominate Arab World affairs.

FOR THE BOARD OF NATIONAL ESTIMATES:

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Chairman

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