

conference on the issue of the subsidies, but it made clear in September that despite IMF pressures, it will not eliminate the subsidies, underlining the point by announcing an increase of 20% in subsidy allocations.

The new political crisis

Faced with such an assault, the Egyptian leadership clearly believes that it is unable to fight on all fronts simultaneously and that it is forced to compromise. One such compromise was the surprising leniency displayed on Sept. 30 by an Egyptian court toward some 300 Islamic fundamentalist terrorists who led the extremely violent riots in the upper-Egypt city of Assiut in 1981. Countless civilians and 66 policemen died in the well-organized riots, which were led by Sheikh Omar Abdel Rahman, spiritual leader of the Egyptian branch of Al Jihad, the same group which had claimed responsibility for the murder of President Anwar Sadat that took place a few weeks earlier. Despite a call by the general prosecutor for dozens of death sentences, more than 270 rioters were actually released on the spot, including Sheikh Omar himself! Only a few life imprisonments and some 6-16-year sentences were handed out.

It is symbolically important that these releases took place the same day as the food riots. Moreover, the official police declaration blamed the riots on "left-wing elements," never mentioning the leadership of the fundamentalists. This points toward a dangerous revival of the former Sadat policy of playing off the Islamic movement against the left, a policy made more dangerous still by the fact that most elements of the so-called left are not communists, but nationalists who could strengthen the regime and national stability, whereas the Islamic fanatics of the Al Jihad type only produce tension with the large Coptic Christian minority.

The newly elected Egyptian parliament now includes five official representatives of the fundamentalist Muslim Brotherhood (Ikhwan) within the Wafd opposition party, and there are growing calls for the full imposition of the Islamic law (Sharia) on the Sudanese model. Doing so is more than merely playing with fire; it is setting a time-bomb under the Egyptian regime. As has occurred in Sudan, imposition of Islamic law would produce a violent rebellion from Coptic quarters.

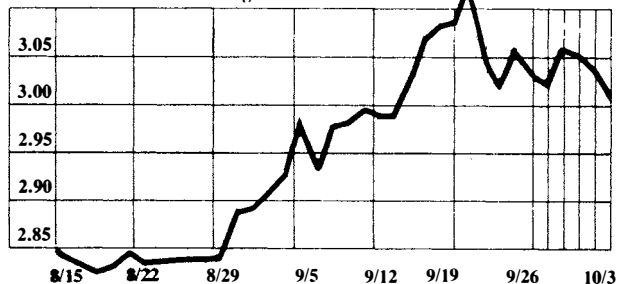
This is exactly what the Veliotes crowd in Cairo wants, as expressed last August in a series of articles by *Le Monde's* Eric Rouleau, who warned of the "Lebanization" of Egypt. Most Egyptians recognized that these "warnings" were a precise scenario for which Rouleau, as he did before in Iran, is working, together with the U.S. Eastern Establishment and his friends in Egypt's Communist Party.

With the approval of the New Yalta negotiators, Moscow's calculations are that increased IMF pressures, a growing Islamization of the country, and a more and more aggressive Libyan regime, are the best cards to play to force Cairo to re-establish the relations with the Soviet Union which Sadat broke off in 1972.

Currency Rates

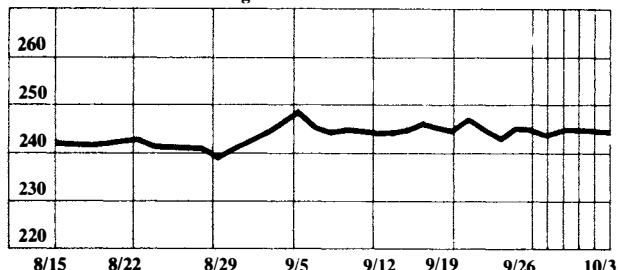
The dollar in deutschemarks

New York late afternoon fixing



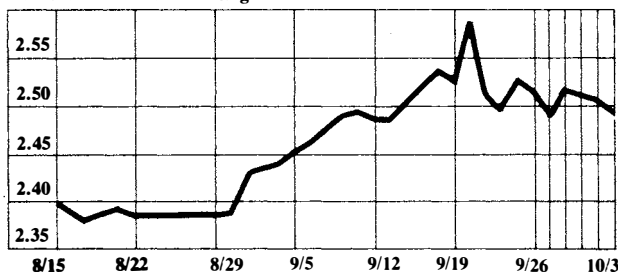
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dolla

New York late afternoon fixing

