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Beyond the Classroom

Throughout my teaching career, I have always been involved in research, writing, and participating in academic and other conferences as well as in consultations. In preparing my research papers, I spent countless hours in the stacks, both at university libraries and at the Library of Congress, especially after I accepted a teaching position at Georgetown. I have always been proud of my contributions to the larger world of scholars and policymakers. Here are some of the stories that are most notable.

An interesting story worth telling was that of *petrodollars*, one of the several terms I coined. In the war of October 6, 1973, also known as the Yom Kippur War, Egypt was able militarily to cross the Suez Canal and destroy the most fortified line in the history of warfare. Since the June 5, 1967 war, known as the Six-Day War, when Israel attacked Egypt under the one-eyed General Moshe Dayan and occupied the entire Sinai using Egypt's economic resources to the benefit of an otherwise stagnating Israeli economy, Egypt had been using all diplomatic means to have Israel withdraw from Egyptian territories. Despite all of its efforts and UN Security Council Resolution 242, Israel turned a deaf ear. The United States sided—as usual—with Israel in spite of the fact that it was against American interests in the long run. Egypt's ruler Gamal Abdel Nasser started a war of attrition but to no avail, while Israel kept using Egypt's oil and touristic areas around Mount Sinai, in addition to the development of the much-sought-after resort of Charm-el-Sheikh at the southern tip of the Sinai Peninsula.

After Nasser's death in late 1970, President Anwar Sadat

assumed Egypt's leadership. He was little known in the West. Roland Evans invited me to lunch at the Metropolitan Club on 17th Street, close to the White House. He was a prominent syndicated columnist whose articles were published in the *Washington Post* among other newspapers. He asked me, "Who is Anwar Sadat?" I told him a political joke that had just surfaced when he became president. Egyptians are known for expressing their frustrations, real political beliefs and true sentiments through jokes that fly quickly by word of mouth to the furthest corners of Egypt in no time, in coffee shops, clubs, social gatherings, work-places, friends and others. It was known that President Nasser asked his secret service to report to him some political jokes that expressed the true feelings of the people he was ruling.

The joke went as follows:

President Sadat was riding the presidential limousine for the first time after having assumed office when the driver turned his head asking as he was approaching an intersection.

"Mr. President," the driver asked, "shall I turn right or left?"

Sadat answered: "Which way did President Nasser—may God bless his soul—use to take?"

"He used to take the left road," the driver responded (symbolizing the Soviet Union).

"All right, put on the left signal and turn right," Sadat quickly replied.

As he was sipping his favorite drink, Rolly (as I called him) asked, "Do you think that the new president of Egypt will shift the country's orientation from the left bloc towards the West, in particular the United States?" My answer was in the affirmative and my prediction turned out to be right.

Soon after, Sadat ordered the return of all Soviet advisors back home without even asking for anything in return from the United States. He relied heavily on reports from Ashraf Ghorbal, a senior Egyptian diplomat who was the Chief of Egypt's Interests Section in Washington from 1968 until he was recalled to Cairo in 1971 to

become Egypt's spokesman. Ashraf and I were bonded for life with lasting friendship until he passed away in 2006, leaving behind an unforgettable legacy in the best of diplomacy and service. In spite of his enormous impact on highly influential people in the United States who had known and respected him since his graduate studies at Harvard University after World War II, Ashraf Ghorbal had to report to President Sadat that diplomacy had no chance to sway the United States from blindly supporting Israel to a fair and peaceful means to return occupied Sinai back to Egypt. In the meanwhile, I had conducted a study on the Israeli economy using Israeli sources at the Near East Section of the Library of Congress. Its head, George N. Atiyeh, and his staff were of tremendous assistance. Later on, we co-edited *Arab Civilization*, a reference book, with each of us authoring one chapter. Having read the study, which concludes that only wars and territorial expansions can keep Israel going, Ashraf Ghorbal showed it to President Sadat and discussed it with him.

That study had a wide circulation. I gave a copy to Prince Bandar bin Sultan who was being treated at Walter Reed Hospital at that time. Every time we met afterwards, he kept reminding me of the lasting impact that study had had on him. Later on, Prince Bandar became an influential Saudi ambassador and the dean of the diplomatic corps in Washington until he returned to Riyadh. I also showed the study to Jeane Kirkpatrick who later became the U.S. ambassador to the United Nations during the Reagan administration. Even if her sentiments were totally with the Israelis, she could not refute the facts I dug out. Nevertheless, she became furious and discussed it with her class. My office at Nevils Building was broken into with nothing missing except one file that contained all the information I collected for the study. Maybe one of her students shared her antagonism against the study and decided to bury it.

With all the reports President Sadat received, including my study, he had courageously decided that the only way to peace is to go to war. After recapturing Sinai, he would negotiate for peace from a point of strength. The lightning victory of the Egyptian forces had caught the world attention and destroyed the myth of the omnipotent Israeli military superiority. The body of my 21-year old nephew, First Lieutenant Fouad Oweiss, was found three miles behind the Israeli lines on the first day of the war on October 6, 1973.

The Egyptian-Israeli tank battle in the Sinai was the largest in the history of warfare. Egypt triumphed. The Israeli commander Assaf was taken prisoner until he was released and returned to Israel. Having been preoccupied with the Watergate scandal that eventually led to his resignation, President Nixon left the matter to the then-Secretary of State, Henry Kissinger. It was the latter who decided to build a bridge of military support to Israel no matter what the cost. The rationale given by him was that he would not allow Soviet weapons used by Egypt to defeat those the Americans supplied abundantly to the Israelis. I was an eyewitness to a newly manufactured American tank that had only 12 miles on the odometer after it was flown into the Sinai. It was captured by the Egyptians and went into display at the Gezira Museum in Cairo where I saw it on my first trip to Egypt on November 20, 1973, after the war. The word victory in Arabic, *Al-Nasr*, was inscribed on the wall behind it.

Through its satellites flying high over the battlefield, the United States government informed Israel that there was a gap between Egypt's second and third armies. The Israelis exploited this information skillfully. They moved quickly to cross east of the Suez Canal into the western province of Sharqia not far from Cairo. Even though it seemed that there were two winners of the war, yet if Egypt wanted to annihilate the Israeli army at high cost of human casualties, it could have been able to do it swiftly. Had it happened, it would have taken years for Israel to rebuild its army. Henry Kissinger flew to Egypt mainly to save the Israeli army but under the disguise of disengagement from war, to which Egypt and Israel had finally agreed.

The United States' siding with Israel had ignited disbelief and anger in the Arab world from the Atlantic Ocean to the Arabian Gulf, both from governments and the people. Demonstrations which erupted against the United States expressed the feelings of the Arabs wherever they were. Another reaction was the announcement of a policy of Arab oil boycott in October 1973 against the United States and other allies of Israel. It has prompted what is known as the first shock when the price of oil was quadrupled effective January 1, 1974. The Arab oil embargo would not have had any impact on the flow of oil for two reasons: oil tankers loaded with oil had

already left the Arab territorial waters and by the time they reached their destinations to supply oil to refineries in the west the Arab oil embargo had been lifted. Even though the embargo was too short to have any effect on the United States, a substantial reduction in the supply of gasoline was felt from coast to coast leading to price spikes and long lines of cars at gasoline stations.

U.S. major oil companies exploited the psychological impact of the so-called Arab oil embargo to their ultimate benefit. They intentionally reduced the supply of gasoline at their refineries in order to put pressure on the U.S. government to lift its regulations on oil prices, because national oil producers in the U.S. were not allowed to increase the price of what was known as the "old oil." The strategy worked. Oil prices were deregulated creating windfall profits for the U.S. oil companies. Long lines at the gas pumps, on the one hand, and the quadrupling of the price of oil on the other, became the major concerns and monopolized media headlines. As an oil economist, I was interviewed on major networks and was invited to lecture on the subject.

In planning for its March 1974 annual conference, the Committee for Monetary Research and Education (CMRE), one of the many think tanks in the United States, thought of inviting Ali El-Greitley, a former professor of mine in 1949 at King Farouk University, a leading and highly respected economist from Egypt, to address the subject of oil. Instead of traveling all the way from Cairo to New York, Ali El-Greitley suggested my name. In the meanwhile Shaker Khayatt, a banker in New York contacted his primary-school classmate, Ambassador Ashraf Ghorbal, seeking his opinion. Ashraf gave his strong endorsement of Dr. El-Greitley's recommendation. Upon receiving an invitation from CMRE, I traveled to the conference location, Arden House, a big mansion owned and managed by Columbia University for educational meetings. It was built on the highest point on Orama Mountain with a breathless view of the Hudson Highlands in all directions. The road going upward around the mountain from its main gate to the mansion was five miles. Incidentally, my roommate was Austin Colgate, a banker from New York and a partner of J. William Middendorf, who later became the U.S. Secretary of the Navy in the Ronald Reagan administration in the 1980s.

The CMRE is an independent think tank devoted to a return to the gold standard. Many of its members were influenced by the famous Austrian economist Ludwig von Mises, who deprecated the idea that only governments can take a commodity such as paper, splash it with ink, and call it money. Hence it is not the price of goods and services that keeps increasing; it is the purchasing power of paper money that keeps falling. Von Mises had a significant influence on the modern libertarian movement. In fact there is a Ludwig von Mises Institute in Auburn Alabama with a multitude of educational programs and activities.

The theme of the CMRE conference I addressed was "The World Monetary Crisis." Many notable economists, thinkers, and writers gathered in the conference auditorium at Arden House. They included Nicholas Deak, a banker and one of the wealthiest people in the United States, John Exter, a senior vice president of Citibank, Elizabeth Currier, an efficient administrator, J. William Middendorf, a prominent banker along with his partner Austin Colgate, and economists Norman Bailey, Henry Hazlitt, Karl Wie-gand, Howard Segermark and Don Kemmerer. Also in attendance was Leonard Silk, a well-known *New York Times* staff writer.

The presentation of my paper entitled "Petrodollars: Problems and Prospects" was in the afternoon of the first day of March 1974. I argued the price of oil was kept low by design of the seven major international oil companies, four American and three European, owning the vast majority of the oil in the world, for two reasons. Since the royalties they paid to the governments where oil was extracted was a fraction of the price, the lower the oil price the less the royalty they paid. The second reason was that those seven sisters sold oil at low prices to their own refineries and downstream operations, thus reaping windfall profits throughout the period of oil concessions. While the price of oil was kept at \$1.80 a barrel for many years, prices of other goods and services had been increasing.

I mentioned that in 1973, world attention was once again directed toward the subject of oil, not only as an economic factor but also in terms of political, historical, social, strategic, engineering and other technical dimensions. It was evident that the main focus was on the Middle East as the geographic area with the largest known reserves in the world.

Since the beginning of the 1970s, events had all pointed the way to a structural change in the price of oil, which had been held to almost the same level since the end of World War II. Furthermore, with the independence of several Gulf countries and as a result of a multitude of historical and political developments, there were indications of an inevitable shift in the ownership of Middle East oil from the major Western international oil companies to the governments of the oil exporting nations. As a result of such developments, oil-exporting nations, the majority of which were Third World countries, anticipated substantial increases in their oil reserves. In the meanwhile, advanced industrialized nations of the West and Japan became more dependent than ever on the supply of oil emanating largely from members of the Organization of Petroleum Exporting Countries.

The revolutionary oil era of the 1970s was unique in the history of Third World countries. It required an innovative approach and a new terminology. I moved on to explain the term I coined. "Petrodollars" may be defined as U.S. dollars earned from the sale of oil, or they may be simply defined as oil revenues denominated in U.S. dollars. Petrodollars accrued to oil-exporting nations depend on the sale price of oil as well as the volume being sold abroad, which is in turn dependent on oil production. The overall world supply of oil, on the one hand, and the world demand, on the other, will determine sooner or later an actual market price for oil regardless of any administered pricing system. A price proclaimed by OPEC can be maintained only so long as there is sufficient demand to absorb the amount being supplied in world markets. If demand exceeds supply, oil will be sold at an even higher price than that determined by OPEC. The opposite holds true when an oil glut occurs. This is reflected in a drop in the price after a certain time lag regardless of the price dictated by OPEC. The experience of the 1970s is no more than an application of microeconomic tools to the pricing of oil in world markets.

"Petrodollar surpluses" may also be defined as the net U.S. dollars earned from the sale of oil that are in excess of internal development needs. Petrodollar surpluses, accrued in the process of converting subsoil wealth into an internal income-generating capital stock, refer to oil production that exceeds such needs but

is transformed into monetary units. Since petrodollars and petrodollar surpluses are by definition denominated in U.S. dollars, then purchasing power is dependent on the U.S. rate of inflation and the rate at which the U.S. dollar is exchanged (whenever there is a need for convertibility) by other currencies in international money markets. It follows that whenever economic or other factors affect the U.S. dollar, petrodollars will be affected in the same magnitude. The link, therefore, between the U.S. dollar and petrodollar surpluses, in particular, has significant economic, political, and other implications.

First, the placement of petrodollar surpluses of the Arab-oil exporting nations in the United States may be regarded politically as "hostage capital." In the event of a major political conflict between the United States and an Arab oil-exporting nation, the former with all its military power can confiscate or freeze these assets or otherwise limit their use. It can impose special regulations or at least use regulations for a time in order to attain certain political, economic, or other goals. It may be argued that such actions are un-American, since they are a direct violation of the sacred principles of capitalism and economic freedom. Nevertheless, the U.S. government resorted to such weapons twice in the 1980s against Iranian and Libyan assets. It follows, therefore, that governments placing their petrodollar surpluses in the United States may lose part of their economic and political independence. Consequently, the more petrodollar surpluses are placed in the United States by a certain oil-exporting nation, the less independent such a nation becomes.

Second, an oil-exporting country can have petrodollar surpluses only if its absorptive capacity is less than its earnings from the sale of oil for any particular period of time. It follows, therefore, that petrodollar surpluses depend on oil prices, quantities exported, and the nation's absorptive capacity.

Third, petrodollar surpluses do not represent real wealth but rather are a vehicle by which the latter can be acquired. If kept in liquid form such as paper dollars, their purchasing power will gradually be eroded by inflation and adverse foreign exchange rates. Both are affected in the United States by a host of variables, for example, money supply, interest rates, marginal productivity, stage of a business cycle, and balance-of-payments deficit. Also a factor is U.S. monetary and fiscal policy which in turn affects some

of these variables. Furthermore, changes in the U.S. laws and regulations have an impact on the economic variables, which may affect inflation rates and foreign exchange rates. Thus, the purchasing power of liquid petrodollar surpluses belonging, for example, to Arab oil-exporting nations is determined by a complicated set of variables whose trends and quantities are a function of factors that are not in the control of these countries.

Fourth, efficient allocation of petrodollars for internal investments could increase the productive capacity of an oil-exporting nation and may work to its relative advantage. However, dependency on imported consumer goods, including luxury and rare collector's items, promotes the export of limited resources that could have been otherwise used for internal capital development.

Fifth, the economic development of an oil-exporting nation is based on the conversion of its subsoil resources into other assets such as industrial plants, equipment, education, technology, infrastructure, and other forms of real wealth, that is, real capital stock. Obviously the conversion process can be carried on at different rates. An optimum rate is achieved when oil is pumped at a level that can maximize the present discounted value of the income created in the conversion process. By pumping oil in excess of an optimum production rate, countries such as Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, and others accumulated petrodollar surpluses until 1981. It is worth noting that the difference between the volume of oil actually supplied and the volume that should have been supplied in observance of standard microeconomic theory is in fact a subsidy granted, in real terms, to oil-importing nations such as the United States, Germany, France, and Japan.

I then discussed the allocation of petrodollar surpluses. I explained that the bulk was held either in U.S. treasury bills and other short-term instruments or in American and Western European banks. An examination of balance sheets of banks operating in Saudi Arabia, Kuwait, Qatar, Bahrain, the United Arab Emirates, and Oman revealed that most of their monetary assets were deposited in foreign banks in Europe and the United States. Petrodollar surpluses had also been used to increase the official reserves of the oil-exporting countries at both the International Monetary Fund

and the International Bank for Reconstruction and Development. Petrodollar surpluses had been recycled by commercial banks in the United States and other industrialized nations as well as by international institutions. By drawing against petrodollar surpluses as deposits or certificates of deposits, banks were able to expand their volume of lending. For bankers the most obvious clients were the developing countries, mainly in Latin America, such as Mexico, Brazil, and Argentina.

The process of petrodollar recycling makes it possible for commercial banks of industrialized nations, international lending institutions, and Arab banking consortia to provide financial assistance to less-developed countries (LDCs). Western Europe, Japan, and the United States buy oil from oil-exporting countries (OECs). LDCs pay for oil imports and other foreign goods and services with money borrowed from Western commercial banks. The process of recycling is complete when those commercial banks and institutions obtain cash and investments from OECs.

Petrodollar surpluses have also contributed to the growth of the Euromoney market, which was treated by the Soviet Union in the 1950s, when it opened a dollar account in London. Its purpose was to protect the Soviets from a U.S. freeze on their deposits, which could happen if such deposits were placed in the United States. Prior to the first oil shock of 1973, the main source of Eurodollars was the U.S. balance-of-payments deficits. These grew from \$17 billion in 1964 to \$96 billion in 1970. Additionally, several regulations set by the U.S. Department of the Treasury discouraged American multinational corporations from repatriating profits from overseas operations; thus, these deposits remained in Europe and served as a source of international finance. In 1971, U.S. balance-of-payments deficits suddenly tripled, thus precipitating a huge leap in dollar holdings in foreign banks that led to a massive expansion of money supplies in member countries of the Organization of Economic Cooperation and Development (OECD). In my opinion, this was one of the main causes of the leap in the rate of inflation and the economic disequilibrium that came long before the rise in the price of oil at the end of 1973. Contrary to the fear that the quadrupling of the price of oil by the end of 1973 would ruin the international monetary system, I argued the exact opposite. As it turned out, it created new markets, increased trade, and recycled money.

The following is a part from my study that I presented in March 1974 and was subsequently published in the *New York Times* in an article edited by Leonard Silk:

I am restricting my remarks to petrodollars of Arab oil-exporters since they have the largest known reserves of oil in the world and since they are the largest exporters of this vital commodity.

As a wealth holder, the Arab oil-producing countries ought to have at least the following goals: 1. portfolio management, 2. minimization of risks of holding foreign money in foreign markets, 3. economic development of the Arab world.

In pursuing the first two goals, American and European financial institutions together with Arab banks formed the following multinational combines:

Union de Banques Arabes et Françaises (UBAF) established in Paris in 1970 with more than \$700 million in assets. It is 40% owned by Credit Lyonnais but controlled by fourteen Arab Banks with 60% share. UBAF has subsidiaries in London, Rome, Frankfurt, Luxembourg, and Tokyo. Partners of those subsidiaries include several big European banks and the Bank of Tokyo.

Banque Franco-Arabe d' Investissements Internationaux (FRAB) which was chartered in Paris in 1969 by the Kuwait Investment Company in partnership with the French Société Generale and the Société de Banque Suisse. It has about \$180 million in assets.

The European Arab Bank, which was started in 1972, headquartered in Luxemburg, and was made up of 16 Arab Financial institutions including (FRAB) and seven European banks. It has subsidiaries in Brussels and Frankfurt and plans branches in Paris and Milan.

La Compagnie Arabe et Internationale d' Investissement which was incorporated in Luxembourg in January 1973. It is owned by 24 Arab and Western banks including the Bank of America together with West German, Italian, Japanese and French banks. It opened its first subsidiary in April 1973 in Paris.

In addition to those four major consortia, there are several other institutions and banks which are presently competing independently for business among oil-exporting Arab countries. First National City Bank of New York operated branches in Beirut, Saudi Arabia, Bahrain and Dubai. Chase Manhattan Bank of New York has branches in Beirut and in Bahrain. Chase Manhattan along with Morgan Guaranteed Trust of New York holds most of Saudi Arabian government deposits. In addition, a number of American banks operate out of Beirut, which is regarded as Mideast financial center. There is only one private Arab institution, the Arab Bank, which is functioning on an international basis bidding for Arab money. The Arab Bank is incorporated by Abdel-Meguid Shouman in Jordan and has branches in Zurich, London and Frankfurt. It plans to open a branch in New York City.

In concluding my presentation, I gave advice to Saudi Arabia that, as the country with the largest reserves, it should denominate the price of its oil in units of gold but payable in U.S. dollars, depending on the prevailing rate of exchange. I argued that other oil-exporting nations may follow suit, thus oil prices may be stabilized over time. I received a flattering standing ovation after my presentation. I was equally flattered when Georgetown University School of Foreign Service in Qatar, surprised me with a design of a mock "petrodollar bill" commissioned especially on the occasion of my retirement on May 8, 2009.

Following my presentation at the conference of the Committee for Monetary Research and Education at Arden House on March 1, 1974, and Leonard Silk's article in the *New York Times*, the term petrodollar has been known worldwide ever since. I was interviewed on major television networks in the United States and abroad on different subjects related to petrodollars and the international financial implications. Following the media coverage of my presentation at Arden House, I was invited by the League of Arab States to address its Ninth Congress held in Dubai at the Intercontinental hotel just opened for the occasion. I had an audience with the ruler, Sheikh Rashid Al-Maktoum, who wanted to seek my advice on in-

vestments. My reply was gold and real estate. It was free advice but Dubai gained substantial profits as the price of gold kept increasing. In his majestic reception area, I noticed the largest one-piece Persian rug that I had ever seen specifically woven for the spacious area.

I had also received a call from Ardachir Zahedi, then the ambassador of Iran to the United States, asking if he can drop by my apartment for a few minutes. He brought with him a bag of Persian pistachios with a verbal personal message of appreciation from the Shah of Iran. He invited me to a reception at the uniquely designed Embassy with its mosaic façade on Massachusetts Avenue, where I met his lady companion at the time who happened to be a famous movie star, the stunningly beautiful Elizabeth Taylor.

In January 1975 I was asked to give a seminar on petrodollar allocations to a group of British Petroleum senior executives at Britannica House in London on a Thursday morning. I had a morning class at Georgetown University on Wednesday, the day before, and a senior seminar in the afternoon on Thursday. I made it. After the morning class, I drove to Dulles Airport, left my car in its spacious parking lot and boarded the British Concorde at noon, arriving in London at 9:00 p.m. A chauffeur in a silver Rolls Royce picked me up directly to have a conversation with the Chairman of the Board, Sir Eric Drake, and a late snack with him.

He gave me a book an illustrative book on BP's history, which I already knew well. The company was established in 1909 as the Anglo-Persian Oil Company, few years after William Knox D'Arcy was granted an oil concession by the Shah of Iran in May 1901 to search for oil, which he discovered in 1908. In 1954, it changed its name to British Petroleum, and in 2000 it merged with Amoco and ARCO. It is the largest corporation in the United Kingdom, the third largest global energy company, and the fourth largest company in the world. Its revenues exceed the entire gross domestic product of Egypt.

The company's influence with the British and the American governments allowed it to save itself from the early Iranian nationalization of its oil resources, as planned by the country's strong prime minister, Dr. Mohammad Mosaddegh. In June 1953, the Eisenhower administration approved a British proposal for

a joint Anglo-American operation, code-named Operation Ajax, to overthrow Mosaddegh. Kermit Roosevelt, of the United States Central Intelligence Agency (CIA), traveled secretly to Iran to coordinate plans with the shah and the Iranian military, which was led by General Fazlollah Zahedi.

In talking with Sir Eric Drake, I got to admire him not only for heading and managing a multinational empire but also because of his keen interest in and support of education. The following day, after my presentation, I had conversations with those in attendance among the top executives of British Petroleum from 9:00 to 11:30 a.m. at Britannica House. Then, I was driven to Terminal 3 at Heathrow Airport and had enough time to enjoy drinks and snacks in the Concorde Lounge. The supersonic airplane departed at 1:00 p.m. flying at 60,000 feet high where I could clearly see the curvature of the earth on Mach 2. It arrived at Dulles Airport at noon; with the time zone change, it was one hour earlier than the time the airplane took off from London. I drove my car to Georgetown, arriving ahead of time to meet my senior seminar on the same day. It was the fastest trip I had ever made across the Atlantic, enabling me to meet my classes on time on two executive days and to fulfill my obligation to British Petroleum in London in between.

Following the second oil shock in 1979–80, I advised Sheikh Ahmed Zaki Yamani, the Minister of Petroleum in Saudi Arabia, at a meeting in Geneva, Switzerland, to use his influence at an OPEC meeting to reduce the price of oil from the high price it was recorded at \$34 a barrel to \$12 at a time when there was a glut on international oil markets, i.e., when there was more supply of oil than demand at the high price. At an OPEC meeting, it was decided to reduce the oil price to \$27. With the continued glut, market forces kept decreasing the oil price as determined by supply and demand at the New York Mercantile Exchange until it reached by the late nineteen eighties less than \$10 a barrel.

In the meanwhile, I was asked to present my views at Oxford University's St. Anthony's College on November 12, 1982. I introduced a new tool of economic analysis showing that the conventional downward sloping of demand—concave to the origin—had to be adjusted. I argued that when the price goes up, the demand

may hardly be reduced, but as it keeps climbing, eventually demand is reduced, hence the upward price cycle would be convex to the origin until a high price would have dual effects, a reduction in demand and an increase in supply as it becomes economical for marginal oil wells to produce at high prices. Such force will have to push the oil price downwardly according to the conventional demand curve. But to clear the market, the price would need to be drastically reduced. My analysis, therefore, predicted in 1982 that the oil price will be significantly reduced, and my predictions in this regard turned out to be true. The tool of analysis I introduced was published in *Blakely's Commodity Review* on May 1, 1983, under the title "The Oweiss Demand Curve." The last speech I gave at the conference of the Committee for Monetary Research and Education (CMRE) held at the Union League Club in New York City was in 2002. I shared the podium with the Nobel Prize-winner in Economics, Robert Mundell addressing the euro versus the U.S. dollar in 2002.

Four notable friends emerged out of my participations at CMRE. They were Bill Middendorf, Nicholas Deak, John Exter, and Norman Bailey, all of whom I met for the first time at Arden House at the beginning of March 1974.

John William Middendorf II

John William Middendorf II, a tall, refined gentleman, rushed towards me after my presentation to shake hands, congratulating me for what he termed "a superb contribution to CMRE." During the two-day meeting, we had several conversations to get to know one another. He even offered me a ride, in a car he rented, to LaGuardia Airport. In addition to being a diplomat and a prominent investment banker together with Austin Colgate, he informed me of his interests in antiques, the arts and music both playing and composing. In fact, when he was appointed the U.S. ambassador to the Netherlands in the Nixon administration, his gift to the Dutch Queen was a symphony he composed and named "The Holland Symphony." He also composed other symphonies and fifty marches.

In addition to being a prolific composer, he was also a prominent member of the Republican Party and served on the Republi-

can National Committee. I introduced him to Ashraf Ghorbal, the dynamic Egyptian ambassador to the United States. The two men hit well with one another after they both discovered they attended Harvard University. Ghorbal urged him to go to Egypt to oversee the role of the U.S. Navy in removing all obstacles and war debris from the Suez Canal after the 1973 October War to make it navigable once again. It had been blocked since Israel waged its war in 1967 denying Egypt one of the main sources of foreign exchange from tolls collected from passing ships in the vital waterway. His gift to President Sadat was a march he named the "Suez Canal." As a result, the Egyptian Merit Decoration First Order was conferred upon him.

We met at least once a year at Arden House for the annual CMRE conference. We saw one another often, particularly when he moved to Washington to head the Financial General Bankshares, a block away from the White House. We always had intellectually stimulating conversations and I found him to be a brilliant innovative thinker. No wonder he was one of the architects of the North America Free Trade Agreement. He had a remarkable record in deepening economic cooperation and trade relations as the U.S. Permanent Representative to the Organization of American States.

He came to me once asking if Ghorbal could put a good word on his behalf with the Secretary of Defense, James Schlesinger, who had known him well since Harvard. Bill wanted to be promoted from Undersecretary of the Navy, the position he assumed since October 1974, to Secretary of the Navy. We were all delighted when he was appointed to the position he desired. On such a memorable occasion, I held a black tie dinner in his honor. Several ambassadors and prominent personalities attended.

I had the distinct pleasure of nominating him for the distinguished National Bank of Egypt Commemorative Lecture Program in Cairo. Since it started in 1950, several prominent world thinkers including Friedrich A. Hayek, William Lewis, Gottfried Haberler, Bent Hansen, and Walter Rostow addressed it, some of whom were Nobel Prize winners such as Gunnar Myrdal. In 1979, J. William Middendorf II gave an innovative lecture entitled "An Economic Alliance in the Red Sea." A sad event occurred when he was in Egypt. His wife called me asking how she could contact him in

Cairo following the death of their daughter. Céline and I among hundreds of friends, acquaintances, and relatives attended a memorial service at a church on Massachusetts Avenue to share their grief and to offer our condolences to our esteemed friends. I was later invited to give a lecture in the same series. The title of my presentation was "The Underground Economy with Special Reference to the Case of Egypt" on December 19, 1994, in which I estimated Egypt's hidden economy to be almost equal to the official figure of the country's gross domestic product. Throughout our years of friendship, he never ceased to amaze me with his deep thoughts and analysis on all national and international developments and concerns.

Nicholas L. Deak

Nicholas L. Deak asked me to join him at his table in the elaborate dining room of Arden House on March 1, 1974. Even though he was almost as old as my father, a friendship emerged until he died tragically on November 18, 1985.

He was an internationally known banker who had built an empire of foreign exchange businesses around the free world. We had many encounters either at his Scarsdale mansion with its three-mile track enabling him to run on his own property every day, or at conferences where we were both speakers. In spite of his almost seventy years of age, he had the energy and health of a young man. He used to run three miles every day even on his frequent travels. Nick and his Viennese wife Lisl used to go on skiing trips in the best-known resorts. In dining with him, I noticed how strictly he adhered to his vegetarian diet.

On a cold day of January 1984, at his office in the skyscraper carrying his own name in downtown New York, he informed me that he and his wife wished to go back to Egypt but only if Céline and I were to be traveling with them. As a man with diversified commitments, he had his schedule planned for two years in advance. I suggested December of the same year, upon which he called on his secretary to cancel or postpone his appointments for the ten days we agreed on, while I was admiring the panoramic view of New York harbor from his spacious office on one of the top floors of his skyscraper.

On our trip to Egypt, we took a tour of Luxor, Aswan, Mount Sinai, and the Red Sea resort areas. Mrs. Jehan Sadat invited us at the home of former President Sadat by the Nile River. In Aswan, we visited an impressive Philae temple on an island in the middle of the Nile River. The guide kept explaining how those gigantic high walls and columns were constructed, but we were overwhelmed by the sight and preferred to look rather than to listen to him. I arranged for a meeting with the newly appointed Minister of Economy, Mustafa Yousry. As usual, Nick voiced his opinion by saying, "Why are you still messing up your economy by continuing to have a fixed exchange rate of your currency?"

A few months after we returned from that trip, Céline and I were watching the 6:30 news and listening to our favorite TV anchorman Walter Cronkite when we were spellbound seeing the body of Nicholas Deak being carried after he had been fatally shot. The mass media covered the tragic ending of a friend. The *New York Times* reported that his assailant, Lois Lang, "had been arrested at least five times in the Seattle area since 1982 and had once tried to wrest a gun from a police officer. The woman charged with murdering the head of the Deak-Perera foreign-exchange company and a receptionist in Manhattan was released from a mental hospital last August in Washington State, law-enforcement officials said yesterday." As it turned out, she went to New York, purchased a gun and headed for the Deak Building. She took the elevator up to his office suite while a guard left his post for a few minutes. The woman who dreamt she was a part owner of the company asked the receptionist for Mr. Deak, but before she could answer she shot her. Upon hearing a gun shot, Nick, as brave as he had been all of his life, got out of his office facing a strange woman. She shot him dead.

The news was reported worldwide. Mrs. Sadat called me from Egypt asking me to convey her deep condolences to his wife Lisl. Upon contacting Lisl, knowing how strong our friendship had turned out to be, she asked me to eulogize her husband on November 21, 1985, at All Souls Church on Lexington Avenue in New York. I did so before the overflowing crowd:

In mourning Nicholas Deak, we all feel the loss of a giant.
The tragedy of his departure not only has shocked his

family, his friends and the world, but has placed him among the great men I know.

My first encounter with the Deaks was at Arden House in New York when he invited me to have dinner at his table. As I entered the dining room, I noticed him sitting straight at the head of the table. I felt as though I was in the presence of the type of nobility you only read about in history books but rarely meet.

His strong personality amazed me,
 His pertinent questions challenged me,
 His wit and sense of humor intrigued me,
 His quick remarks fascinated me and
 His distinguished character overwhelmed me.

He made you earn his friendship after his microscopic, thorough investigation.

Over the years, a strong bond of friendship was built as we met in numerous professional encounters here and abroad. I got to know his remarkable contributions; I considered him a great mentor of mine. The frequency of our meetings not only deepened our friendship, but also made me discover, behind his awesome look, his true affection and a genuine, kind and tender heart.

When my wife and I spent some time vacationing in Egypt with Nick and Lisl, we were all amazed at his constant quest for learning about a culture and a history he was not very familiar with. In those memorable weeks shortly after Christmas in 1983, he was always intriguing, always inspiring, always questioning, and always ahead of us in thinking and in action. He jogged around the pyramids at seven o'clock in the morning. In January, he swam in the Mediterranean Sea, off the coast of El-Arish, while the temperature was forty degrees Fahrenheit. In short, there was not a single dull moment around him.

As we were driving in the Sinai desert at night, surrounded with utter darkness, we stopped for a few moments. He looked up at a sky full of bright stars and was fascinated. Not only because it was an unforgettable scene—as he told me in his deep warm voice—but because he felt he

identified with the crystal clarity of those stars. That was the way Nicholas Deak was.

At Luxor's Karnak, he felt the sensation of greatness and immortality as he stood close to those gigantic columns and spectacular colossi. He was overwhelmed by such creation of man at the dawn of history and he identified with that feeling of greatness and immortality.

Nicholas Deak impressed great personalities and world leaders he met throughout his life. Yet he had a unique ability to reach out to simple people through his warmth and affection. Nevertheless, it was an extremely difficult task to keep up with his ingenuity and high standards. Remarkably, his wife Lisl, through her love, dedication and admiration was allowed to affect him because of his greatest respect and love for her.

Nicholas Deak was a perfectionist in whatever he did. Likewise, he did not accept less than perfection from others. This was a source of frustration for him as he dealt with other people. He built an empire in the business world that kept growing and progressing over the years. He was very faithful and appreciative of those who worked for him throughout those years. Yet, in spite of his monumental achievements and all the honors and recognitions he had received, and in spite of being himself a very proud man, he was internally a humble and a modest human being with an enormous reservoir of love and affection which he never spoke of, but his actions reflected the most tender feelings a human being can have. I noticed how much respect, admiration and affection he had for his wife Lisl, his sister Margaret and her family, his son Leslie, his daughter-in-law Robin and his grandchildren, Lindsay, Travis and Amanda. He ran, swam and did gymnastics with them. In the meanwhile, he planted in their minds how to meet a challenge and how to aspire for the very best.

Nicholas Deak was not only a man with unsurpassed experience in practical matters, but he was also an educator and a scholar. His students admired his depth, breadth, and clarity of mind. Being meticulous about details, he never

lost track of an overall concept, as an engineer would do when he fits a perfect bolt while building an airplane.

Nicholas Deak wrote extensively and lectured widely around the world. Furthermore, his contributions to education and higher institutions of learning and research were diverse and immense. He was very proud of his distinguished service to the United States which was carried out with outstanding bravery and great affection not only as a Major in World War II, but also in many different assignments and tasks commissioned by several presidents of the United States.

Nicholas Deak was a great advocate of the free economy and a firm believer in the miracle of its efficiency. He dedicated his time, money and energy to restore economic freedom in the land of freedom.

Nicholas Deak will always be a torch to enlighten a successful road to those who wish to follow his giant steps and remarkable achievements. His memory will always be alive in the minds and hearts of all who were fortunate to know him and were close to him.

Turning to the coffin just adjacent to the podium from which I spoke, I looked at his body and said: "Nick, it is impossible to understand this absurdity as to how your life was taken away. It is hard for me to see your body without its dynamism. Nick, I shall miss you forever. May God rest your soul in peace and bestow comfort upon your wife, your sister, your son, and your family."

Ever since, I have been a strong advocate of gun control. Every day in the United States there are cases of homicide mainly in major cities. The ease by which anyone can buy a deadly weapon is astounding. I am a great admirer of Michael Moore who made a superb movie following the Columbine High School massacre on April 20, 1999. Even though the country was shocked when the massacre occurred near Denver, Colorado, yet similar cases happen frequently. Michael was so brave to face up to the strong National Rifle Association (NRA) with its influence through effective lobbying activities and the support of movie stars such as Charlton Heston and politicians such as Sarah Palin for the right to own arms.

John Exter

With enthusiasm John Exter greeted me warmly after my petrodollar presentation. He told me warmly, "Welcome to the club of what I call the great economists of our time." He used to send me his outstanding analysis and predictions until just before he passed away in 2005. John Exter was an internationally respected banker and a firm believer in the gold standard as means of creating a control system over printing paper money. One of his famous quotes he introduced in the mid-1970s reads: "The U.S. and world economies are on the threshold of a deflationary crash that will make the 1930s look like a boom. Gold will be the single best investment to own. Buy it now while it's still cheap." His prediction became utterly true with the 2008 collapse of the financial institutions in the U.S. and the spread of economic recession globally. Building on the fact that a pyramid is one of the most stable structures ever envisioned by humans, he argued that an inverted pyramid is how a debt-based monetary system is constructed.

Logically, an upside-down pyramid implies one of the most "unstable" structures one can imagine. When John Exter constructed his model, the top of the pyramid had junk bonds, failing banks, failing insurance companies, and, we might add, failed investment banks/brokerage houses. Creditors will get out of weak debts and move down the debt pyramid, to the very bottom! Near the bottom we find currency (dollar bills), even though they pay no interest. Next above currency are Treasury bills, issued by the government and backed by the Federal Reserve. They are almost as safe as currency notes, plus they pay interest. However, you have to liquidate the bills to get money of some sort to buy something.

John Exter's reputation and activities went far beyond the territories of the United States. For example, the Central Bank of Sri Lanka recognized the firm foundation he laid for it. In 2007, it renamed its Annual Public Lecture as John Exter Memorial Oration. When I became an ambassador in New York, John Exter nominated me for membership to the prestigious University Club at 54th Street and 5th Avenue. I have kept my membership and paid the annual dues since 1977. It was at that club that Céline and I hosted more than 200 dignitaries including several ambassadors to bid farewell to diplomatic life on November 29, 1978, to return to academia. Of

course, John Exter was in attendance. He looked at my wife, and commented to me privately, "She is pregnant like a plum." Indeed, my daughter Yasmeen was born six weeks later.

Norman A. Bailey

Norman Bailey was the only one in the above distinguished group who was my age. I first caught a glimpse of him when he shouted at one of the media correspondents for having interrupted me by posing a second question while I was still answering the first, "Let the professor finish his answer to you." That was the straightforward man I got to know at Arden House on March 1, 1974. At that time, he was a professor of economics at the City University of New York. His lucid thoughts and his analysis not only in economics but also in politics impressed me. We developed a long-time friendship. It was a pleasure to host him at home while waiting for his confirmation to a key position in the Ronald Reagan administration. Norman assumed the position of Senior Director of International Economic Affairs on the National Security Council from 1981 to 1983.

At a family dinner with his wife Suzanne, Norman told us an interesting story of his background. An Armenian living in a small village in Turkey during its conquest and expansion came up with a formula of dried meat called Basterma. The invention helped the Turkish troops to have ample food supplies and facilitated their logistics during the Ottoman Empire domination. The inventor was asked to come to the capital traveling on his donkey to receive the title of Emir, a title passed down by generations to the current holder, who happened to be Norman Bailey, from his ancestral maternal side.

Sir Isaac Newton, one of the great mathematicians in the history of mankind, introduced his famous law: "Every action has a reaction, opposite in direction and equal in force." However, in observing actions and reactions throughout history, I may reformulate the law. I would argue that in economics, political events, history, sociology, psychology and all other such fields, the first part could be applicable but not the remainder of the Newton's Law, because in social sciences and humanities "*every action has a reaction*"—*not necessarily opposite in direction and not necessarily equal in force.*" In a

graduate course I taught, everyone chose an application of what they termed the Newton-Oweiss law following my own interpretation of the far reaching consequences of certain economic actions. The range of reactions in social sciences and humanities may vary from almost no reaction—except probably psychological—to immeasurably large ones. By the same token, every action in the fields of social sciences and the humanities may lead to a variety of reactions in a multiplicity of directions, including, of course, an opposite one.

Numerous applications of the Newton-Oweiss law can be found throughout history. The action of the assassination in Sarajevo on June 28, 1914, of the heir to the Austro-Hungarian throne, Archduke Franz Ferdinand, led to a sequence of a vast array of reactions in World War I, which started exactly one month after the assassination when Austria-Hungary declared war against Serbia. With a multiplicity of treaties, ethnicities and other factors, dozens of countries were drawn to the war: Belgium, Brazil, Bulgaria, Canada, China, Costa Rica, Cuba, Ecuador, France, Germany, Greece, Guatemala, Haiti, Honduras, Italy, Japan, Liberia, Montenegro, New Zealand, Nicaragua, Panama, Peru, Portugal, Romania, Russia, Siam, Turkey, the United Kingdom, the United States, and Uruguay. The devastation of World War I not only affected these countries but also extended to include many other countries and led to worldwide casualties of more than 37 million people.

I also maintain that reactions to past actions are never the same. I think it is a mistake to believe that history repeats itself. There could be some common features that may somewhat be repeated but never exactly in the same way. A tree amongst the incalculable number of trees throughout the world is never the same as any other, even though two trees may share some partial and common features. Every phenomenon around us resembles one of the unlimited variations of trees. It applies to events in history and reactions to actions. Hence, we can never draw conclusions from past experience with certainty, nor can we ever find tailor-made recommendations for what seems to be similar events from the past.

* * *

Although I lived in Egypt until I was 28, I did not get a chance to visit other parts of the Middle East until after I came to live in the United States. While I had been teaching courses in microeconomics, macroeconomics, international trade, statistics, and the course of mathematical economics first introduced by me was added to our curriculum, our chairman, Henry W. Briefs, asked me to teach a selective seminar on Economics of the Middle East. His request sparked me to travel to the region to get fresh information and a feel for its economic conditions.

My first trip the Middle East was in 1971. I flew first from Washington to London to visit my brother Mohamed. Upon arrival, his wife greeted me warmly, telling me that my brother was still in Nigeria to finalize the family's final move to the United Kingdom. She told me that the children were about to come home from the Lycée, the French school in London. They used to drive their bikes in the morning to Surbiton Station and back home after school. It was the first time I had seen Yasin since he was 2 years old and Amr who was six months old when I left Egypt in early 1960. As to the youngest, Yehia, he was born in the Congo in 1963 and thus it was the first highly emotional time that I hugged him. His father had a successful export-import business in Alexandria until Nasser's laws of nationalization in 1961 confiscated it. With his family, he moved to West Africa until he decided it was time for the schooling for his three boys to move to London.

It was an enjoyable four-day visit with my brother's family in the suburbs of London, including a funny story. I invited Ragaa to a musical in London. She gave me Mohamed's car key to drive. It was utterly strange for me to drive on the left side of the road. There was no problem so long as I was driving straight. It was only when I had to turn to another street right or left, I found it awkward. It required too much concentration. We managed. However, on the way back, we lost our way when we were close to home. We pulled to the side where there was a police car. Upon my asking for direction after having given the address, he politely said, "Please follow me, I'll accompany you to your home." Indeed, I found the British police to be very polite. An American neighbor once told me that while in London drinking in a pub, two young men started a quarrel. When two policemen arrived on the scene holding their truncheons, the

bartender told them who started it. Two customers sitting at the bar confirmed it. A policeman turned to the offender saying before he handcuffed him, "Sir, I am afraid I have to arrest you."

I traveled from London to Kuwait where I stayed at the Sheraton Hotel. It was the first Sheraton-managed hotel in the world outside of the United States and was owned by the family of the colorful Abdul-Rahman Al-Shaya, known for his great sense of humor and whom I met in Washington when he was a student. I happened to have arrived at a seasonal movement of very thin air blowing from the desert called *Tozz*. It makes visibility very limited, and the thin sand blows through the windowsills. I managed, however, to have my meetings at the Ministry of Economy, the Ministry of Petroleum and the Central Bank through the good offices of my friend Sheikh Salem Al Sabah, who was then the Kuwaiti ambassador to the United States and a prominent member of the ruling family. I gave a lecture at Kuwait University after having gathered economic data about the country and its surrounding neighbors.

I had come to know the diplomatic corps especially of Arab countries because of my keen interest and involvement in economic and international affairs. Sheikh Salem Al Sabah and other Arab ambassadors became close friends of mine. Over a cup of coffee at my apartment in late 1969, I advised Sheikh Salem that in my view the dollar would be devalued. He said, "While I appreciate your advice, I do not know about those economic matters. At the next visit of our Minister of Petroleum, Salem El-Ateeqi, I'll arrange for the three of us to have lunch together at the Embassy."

It was my first acquaintance with the minister. After we finished lunch and sipped our Arabian coffee, the ambassador turned to the minister and said, "I got to know Dr. Oweiss as a highly respected economist. I thought you might be interested to hear his analysis concerning the future of the U.S. dollar."

"The inflation that had swept England necessitated a sharp devaluation of its currency in 1968," I began. "Now, having observed a rise in the rate of inflation in the United States because of overspending on the Vietnam War, unmatched by a reduction in government spending, and a deterioration of its balance of trade, I expect the U.S. dollar to be devalued. The U.S. may resist a devaluation of its currency for awhile because nations usually tie the value of their currencies with national prestige."

"Over my dead body, the dollar will not be devalued," was the minister's answer.

The ambassador interrupted the Minister saying, "Dr. Oweiss is giving his advice free of charge." Observing that I did not wish to continue the meeting with the Minister, the ambassador stood up, shook my hand, and said, "We are indebted to you, Dr. Oweiss, for your valuable advice." Of course, my prognosis turned out to be true. Less than a year from that meeting, the U.S. dollar was devalued twice within a span of fourteen months. No wonder the reception I had had when I visited Kuwait in the aftermath was overwhelming.

From Kuwait, I traveled to Iraq, whose president was Ahmad Hassan al-Bakr until 1979 when Saddam Hussein took his place. Under the philosophy of the Ba'ath renaissance, Iraq allowed any person carrying a passport issued in any of the Arab countries to enter the country without a visa. I was nostalgic to visit *Bilad al-Rafedeen* because of the rich Muslim civilization that had flourished during the European dark ages in this one important center; the other was in Spain, in Cordoba's *Andalus*. Iraq is a rich country with highly educated workers, agriculture resources, and two major rivers, the Tigris and the Euphrates. A prolific British civil servant working in Iraq described the fertility of the land with the following words: "If you tickle its soil, it will smile with a crop." At the Central Bank, I was informed of the country's substantial financial assets that were wiped out later under the regime of Saddam Hussein and his eight-year war against Iran, from 1980 to 1988. I had also an opportunity to give a lecture at its main university and to discuss future economic plans for the country.

From Baghdad, I flew to Jeddah in Saudi Arabia and by car I was driven to Mecca to perform the *Umrah* for the first time. I was overwhelmed spiritually when I prayed at *Al-Kabaa* and completed the full rituals as those of the pilgrimage, except the latter are to be performed at a specific date on the lunar Islamic Calendar. It was only the beginning, to be followed by many other times in later years including the pilgrimage I was blessed to perform in 1990, thus fulfilling the fifth pillar of Islam. I had never counted the numerous times I went for the *Umrah* as each one of them had given me inner tranquility, sanctity and high spiritual devotion to Almighty God in my prayers.

As I stated above, my first glimpse of King Abdel-Aziz was in 1945 during his official visit with King Farouk. I was 13 years old when his open-hooded Rolls Royce traveling at no more than 5 miles an hour passed right in front of us in the royal motorcade. King Farouk, a very beloved monarch at the time, sat with his round face and a big smile next to the one-eyed King Abdel-Aziz who was wearing a typical Saudi head cover. That moving scene was engraved in my memory ever since I was a young boy. I shared that story with Prince Faisal, the eldest son of King Fahd, at a royal dinner he held in Riyadh in honor of four of us: Abdeen Jabbara, a prominent lawyer from Detroit; Hanna Batatu, a well-known scholar who taught at Harvard and at Georgetown University; Sherif Sedky, a top lawyer from the West Coast; and me. Along with words of appreciation, I gave a brief coverage of the subject of an optimum allocation of petrodollars. The visit came about after I was called for a meeting with Prince Faisal, who was the Minister of Youth, during his brief stay in Washington. I was impressed by his knowledge and analysis of international affairs following my answer to his question concerning the allocation of petrodollars. As he wanted to dwell in more details about the subject, he asked me to form a small group under my leadership for a visit to Saudi Arabia. The royal tour included Riyadh, the industrial city of Jbeil, Jeddah, *Umrah* in Mecca and Medina, excluding from the latter part Hanna Batatu because he was not a Muslim. This was one of the many encounters I had with princes of the royal family and some of its prominent ministers, including the colorful Sheikh Ahmed Zaki Yamani, the Minister of Petroleum and Natural Resources, and Hisham Nazer, the Minister of Planning.

Following the dinner, Prince Faisal informed me that he had scheduled a meeting with his father, King Fahd, at 10:00 p.m. Upon arrival shortly before the scheduled time, we were ushered into the King's office. It was small, no larger than the White House Oval Office, with only a small painting hanging on the wall. Our meeting lasted three hours, during which the King spoke lucidly of his grandiose schemes of development, including increasing the volume of water desalination, the expansion of the two Holy Mosques in Mecca and Medina, and of his regional and international concerns. With the inflow of petrodollars, in particular with the first quadrupling of

the price of oil as of January 1, 1974, Saudi Arabia embarked on mammoth developmental projects including construction of two industrial cities, Jubail on the east coast by the Arabian Gulf, and Yanbu on the west coast by the Red Sea. Steve Bechtel, whose company undertook the planning of the two cities, informed me that the project in Jubail was the largest civil engineering work in the world. Watching the transformation of the country left me breathless.

In June 1976, we were invited to fly to Algeria so I could evaluate its economic performance. We planned a two-month tour. We seized the opportunity to stop in London to introduce my bride to my elder brother Mohamed, his wife Ragaa, and their three sons, Yassin, Amr and Yehia.

Our second stop was Paris where we were received by a high-school classmate of mine, Saad Abu-el-Kheir, who was at the time the deputy chief of the Egyptian Embassy in Paris. Saad and his wife Nadia gave a memorable reception in our honor. We toured the Champs Elysées, the Tuileries Gardens, and Place de la Concorde with its famous Egyptian Obelisk. I took Céline to a small boutique at La Madeleine to choose a couple of fashionable dresses in preparation for her meeting with my family for the first time.

We flew from Paris to Algiers where we were officially greeted. As we were going down the steps, we saw a red carpet being rolled out before we arrived at the last step. High-ranking officials with their wives greeted us warmly saying, "Welcome to the land of Algeria." A large bouquet of flowers was given to Céline. At the end of the red carpet, a black limousine was awaiting for us with all the doors open. We were taken to a special VIP lounge where an official asked us to hand him our passports and the stubs of our suitcases. It was quick. We got our stamped passports back while we were told that our luggage was already in the car.

My task was to evaluate the economic performance of Algeria's industrialization under the rule of President Houari Boumediène. He was the fourth president of Algeria after it gained its independence from France, following a long struggle during which more than one million Algerians out of a total population of six million were killed. With no resources compared to the highly equipped

French army, the Algerians heroically waged street warfare in the Kasbah and in many other locations. At an elaborate dinner at the home of Sadek Guellal, a high-ranking official with the largest economic enterprise in the country, Sonatrach, we learned that several French citizens living in Algeria had joined the Algerians in their struggle against the brutal occupier. His wife was one of them, having been moved by the Algerians' inalienable right to self-determination. President Boumediène ruled the country from 1965 until his death in 1978. Thanks to the natural resources of oil and natural gas in addition to phosphates as another valuable exportable, the government established Sonatrach in 1963 as the national enterprise for research, production, transportation, and commercialization of its hydrocarbon resources. It became a vast empire in its own right as the sole company with multiple and diversified activities in hydrocarbon exploration, extraction, production, refining as well as petrochemical industries and desalination of sea water. Sonatrach contributes to almost one-third of Algeria's gross national product and is one of the eleven largest oil consortiums in the world.

Being left of center, President Boumediène followed the Soviet Union's industrialization policy of self-sufficiency no matter what the cost. In examining the necessary data provided by the different branches of the government, but also based on my visits to the sites of industrial factories, I concluded my report with the high cost of autarky. I found that a governmental tractor factory was working at only five percent of its capacity—and most of the tractors produced were not sold and were left in a huge open space. I asked a sample of farmers for their opinion of the nationally produced tractors, and the answer was that imported foreign ones were superior in performance, in service and in the availability of spare parts. But the Algerian government did not pay enough attention to such economic waste, as its revenues had substantially increased resulting from the quadrupling of the price of oil effective January 1, 1974.

From Algeria we proceeded to Egypt. We stayed over in Cairo briefly. I saw Céline looking down from the balcony of my cousin Mona's apartment in which we were staying. She was fascinated by a trail of wagons each pulled by a donkey. They were stacked with fresh vegetables, fruit and other household needs. Each seller

chanted out loud about the quality and low price of whatever he was selling. People devised a simple system to buy from their balconies. They drop a basket dangling from a rope long enough to reach the street level, but tied up at the balcony's railing. Housewives or their maids buy their daily needs from those sellers after a well-known Egyptian trait of bargaining. Upon agreeing, money is to be securely fastened at the bottom of the basket before it is lowered. The seller picks up the money and deposits whatever change remains along with the merchandise. Céline sat on a chair looking down with her head sticking out through the balcony's low-level railing watching with amazement and wide-open eyes.

It was an unforgettable scene when I rushed into the arms of my mother and the rest of family upon arrival at our villa in Victoria, Alexandria. They were all happy to meet my bride. As soon as we all sat in our salon, Céline turned to my mother and told her in perfect Arabic pronunciation what Zakaria taught her back in the United States before we left, "*Hamati sitt tayyebah*," meaning "my mother-in-law is a kind lady." Every one cracked up laughing while Gamila, the wife of my eldest brother commented that Zakaria had successfully taught Céline "*el-hak lalah*."

My sisters rushed to sew some dresses for Céline when they discovered that her suitcase had been lost en route and offered her what she immediately needed for the night. Céline and I slept in the vacant four-story villa of my brother Mohamed in Roushdy, next door to the villa inhabited by Abdel-Latif El-Baghdady, one of the most prominent free officers who joined Gamal Abdel-Nasser's revolution ending Egypt's monarchy in 1952. Our visit was completed by my reunion with an old friend from Minnesota, Galal Aref, and his wife Dody, who gave us a superb cultural tour of Alexandria. Galal is a pediatrician and Dody has a Ph.D. in literature, and they initiated an ongoing annual literary event commemorating Lawrence Durrell, the author of *The Alexandria Quartet*, and his legacy in Alexandria.

One year after our long delayed honeymoon in 1976, President Anwar Sadat summoned me to a meeting with him in Cairo. "As you know, Oweiss (that was the way he used to address me, without a title), we have initiated an open-door policy two years ago. I

want you to be the Chief of the Egyptian Economic Mission to the United States with the rank of ambassador. You were highly recommended by our Prime Minister Mamdouh Salem with whom you had met a couple of days ago. With your vast connections, I want you to bring U.S. investments to Egypt." My answer was brief and up to point, "It will be an honor, Mr. President, to undertake such a challenging assignment." We shook hands as he stood up. "Our Chief of the Presidential Cabinet, Hassan Kamel, will work out the details with you." Kamel's letter officially informing me of my appointment conveyed my mission succinctly and left no doubt of its importance. "As you know, Egypt's Open Door policy initiated in 1974 placed the utmost importance on widening and deepening economic ties between Egypt and the Western Countries, in particular the United States," he wrote. "The President is confident that this appointment will enable you to contribute significantly to the establishment of new and stronger dimensions in the economic relationship between the two Countries."

Upon my appointment in 1977 as the Chief of the Egyptian Economic Mission to the United States with rank of ambassador, we relocated to New York. In addition to the staff appointed in Egypt and sent to New York, I hired an outstanding assistant, Cindy Pherson, who had recently graduated from college. Our official residency was at the Sovereign, the high-rise apartment building on East 68th Street and First Avenue. It was a spacious apartment extending from 68th to 69th Streets on the 16th floor. Because of its adequate facilities and spaciousness, there were about fifty ambassadors residing in the building representing their countries at the United Nations. It was not far from the official residency of Kurt Waldheim, Secretary-General of the United Nations, at Sutton Place. From the north side, we could see airplanes landing or taking off from LaGuardia Airport and a continuous flow of cars on the Queensboro Bridge. Almost at the foot of the bridge there was a helipad for helicopters; this was not far from other modes of transportation such as motorcycles, bicycles, and even carts pulled by donkeys, in additions to hundreds of pedestrians on sidewalks, some of whom occasionally stopped for hot dogs, warm pretzels, roasted nuts, or drinks.

While in the first month Céline was preoccupied with the dec-

oration of our residency before we started holding receptions, I started implementing a plan of action to attract investors from the United States. How could I find means of attracting U.S. investments to Egypt other than traditional methods of public speaking and meetings?

I soon devised a successful tactic. I called on David Rockefeller, the chairman of Chase Manhattan Bank. Having studied his personality before our meeting, I played a winning card. He likes to be treated as a head of state. I told him at his office that it would be a pleasure for me to arrange for a special audience with President Sadat in Egypt—if he were to open a branch of Chase Manhattan in Cairo. My plan worked. The meeting took place in Cairo and the bank opened its doors for business. As a result, potential U.S. investors opened accounts at the only American bank in Egypt at the time.

For meetings at the Egyptian Embassy, or at the World Bank, or at the International Monetary Fund in Washington, D.C., I used to shuttle between the two cities. The fare was less than forty dollars. One time in 1977, I was seated next to Ronald Reagan. People then called him “Governor,” referring to his last official post as the governor of California. At that time, no one knew that he would be elected president. We had a cordial conversation, especially after I told him about my job. He asked me to convey his respects to President Sadat. He thought very highly of him and described him as “the most courageous leader.” At other times, our driver Hussein from Nubia in the southern part of Egypt would drive us between our residence in New York and our home in Kensington. In spite of his young age, he was a cautious driver who never took risks in spite of the congestion in downtown Manhattan and other places.

Before his resignation, President Nixon was warmly greeted by President Sadat who had ordered the preparation of the most beautifully ornamented train of the late King Farouk to travel from Cairo to Alexandria with cheering crowds along the way. Aboard the train, the two presidents agreed to form the Egypt-U.S. Business Council in which top businessmen on both sides would be working together to forge a milestone in the economic relationship between the two countries. The U.S. businessmen included Thomas A. Murphy, Chairman of the Board of General Motors, David C.

Scott, the Chairman of Allis-Chalmers and David Rockefeller, Sr. From the Egyptian side, engineer Niazi Mustafa, an MIT graduate in the 1920s and a highly respectable businessman in the industrial and agricultural sectors, was a great asset. I worked closely with this prominent group and attracted their attention to the need for foreign investments in Egypt. We had periodic meetings in New York, Cairo, and once at Georgetown University.

What helped me in my mission was the image of President Sadat in the United States. With his historic trip to Israel, offering peace in his historic speech before the Israeli Knesset on November 20, 1977, he became a hero to some and an incredibly courageous leader to others. At an official dinner in 1979 given by President Carter in honor of President Sadat, I sat next to Zbigniew Brzezinski, the National Security Advisor to the President. We heard President Carter saying, "I am glad that President Sadat is not an American, because if he were, he would be unbeatable in the forthcoming presidential election in the United States." As it turned out in the final analysis, the sixteen months I spent in New York from August 1977 to the end of December 1978 resulted in a twentyfold increase in U.S. investment in Egypt from what it used to be before I assumed my position in New York. President Sadat conferred upon me the Merit Decoration, First Order, on December 18, 1978.

Ambassador Ghorbal wrote me upon my departure from the diplomatic service that he regretted my leaving. "I know how much university life means to you," he wrote. "Bringing up the young with a high degree of knowledge and responsibility has always been one of your primary objectives. However, let me tell you, on behalf of my country, how much we regret your leaving the Economic and Investment Mission at the Embassy of Egypt. Through the past year and a half, you have given so much of your time, energy, experience, and wisdom to help Egypt, as it seeks to open new vistas for American investors. You have spared no effort to convince many an industry that now is the time to come and invest in our country. Your wide range of relations across the United States, and your many relations in the Arab World, have all been mobilized to this end. We thank you immensely for a job well done."

* * *

Not all of my travels were to Europe and the Middle East. It was early in 1976 when I was contacted by the ambassador of Panama to meet with Dr. Nicolas Ardito Barletta, Panama's Minister of Planning and Economic Policy. He sought my advice on the comprehensive developmental plan his country was embarking on. I accepted the challenge on condition that I visited the country, as I was not familiar with it and did not speak the language. Dr. Barletta had a doctoral degree from the University of Chicago. We hit it off together as we were fellow economists.

In the days I spent in Panama, I gathered information about its resources other than its revenues from the Panama Canal, over which the country did not have full control at that time. Negotiations were ongoing for Panama to assume full control of the 47-mile waterway connecting the Pacific and the Atlantic Oceans. The Panama Canal Authority assumed command over the Canal at noon on December 31, 1999, following the treaty signed between the United States and Panama.

The highlight of my trip was a private meeting with President Omar Torrijos. It was attended by his Minister of Planning. I arranged for a special meeting of Dr. Barletta with Dr. Mohamed Abou Shadi, the Chairman and founder of the Union des Banques Arabes et Françaises, UBAF, as a possible lender of its petrodollars to Panama's development program. At the annual joint meeting of the World Bank and the International Monetary Fund held in 1976 in Manila, Dr. Barletta added me to the Panamanian delegation. It was an opportunity to pursue the implementation of Panama's economic development plan. When President Sadat appointed me ambassador, I discontinued my relationship with Panama as its Senior Economic Advisor.

Upon my return from my post in New York to Georgetown University to resume my teaching and advising duties, I was contacted by Dr. Armand Hammer, an icon in the field of oil exploration, who had discovered oil in Libya. We met at his Washington Liaison office on Pennsylvania Avenue, half a block away from the White House. "In admiration of President Sadat, I wish to explore with him a large investment project for Egypt. It could be mutually beneficial to your country and to my company and its shareholders. I also wish to retain you as a senior economic advisor," he

told me. After a handshake, we had several meetings to prepare the groundwork. I got to know a formidable personality.

During a trip together, he told me about his first encounter with the Soviet Union. Upon his graduation from the school of medicine in New York, he decided to visit the land from which his ancestors came before the Bolshevik revolution with a medical gift including an ambulance, medicine and other medical needs. It was early in the 1920s when he landed in Moscow seeking an audience with Lenin. Since he knew of the inadequate facilities in Moscow, he took with him bedsheets and pillows. While impatiently waiting for the appointment, he managed to survive under poor conditions in the best hotel he could find. In order to protect himself against climbing bugs to his bed, he asked for four urns, filled them with water and had each put under one of the legs. Yet he told me that they were clever. They would climb up the wall on their way to the ceiling, position themselves above the bed, and then drop one after the other. We laughed as I discovered his witty sense of humor.

It was related to him that there was a famine in Siberia. Upon enquiring, he found out that the people out there needed about one million bushels of wheat. Being a wealthy American himself, he dispatched a message to his brother Victor in New York to use one million dollars from his account to buy and ship one million bushels of wheat, as the price of a bushel was one dollar at that time. In exchange he got fur of almost an equal value. It was neither a profitable nor a loss-making business deal, but it wiped out the famine prevailing in Siberia at that time. Having heard the story, Lenin asked to see the young American industrialist at once. He told him, "You are the type of businessman I admire." Ever since Armand Hammer had grown familiar with the leaders of the Soviet Union and had an ongoing business with that country.

In the late 1970's I held several meetings with Dr. Hammer and his top management. I convinced them to undertake an immense investment project including extraction of the huge phosphate deposits in the south-west region of the Nile River, ammonia and other by-products industrialization, new roads and urbanization connecting the deposit areas with the Red Sea, in addition to the construction of new port facilities for exports. After having secured a meeting with President Anwar Sadat, we all flew to Cairo in 1980.

The team of Occidental Oil Company had prepared the feasibility study of the 5-billion dollar project and secured the necessary financing from the World Bank, Saudi Arabia, European banks and other donors. Unfortunately, the project was not implemented after President Sadat's assassination on October 6, 1981, because of the inability of President Mubarak to provide the needed leadership.

The proposed project for Egypt involved an investment of over five billion dollars, more than ten times the project of Egypt's Aswan Dam. I advised Dr. Hammer to appoint a respectable businessman as an agent. His selection was Marei Marei, the brother of Sayyed Marei, Egypt's Speaker of the House in the Egyptian Parliament, whose son Hassan was married to President Sadat's daughter. In preparation for the upcoming visit, I went to Egypt to lay the groundwork, met with Sayyed Marei at both his office and his estate close to the pyramids where he had a rare collection of genuine Arabian horses. He asked me to brief him about Hammer. I said, "He is not only a business tycoon but also a great art collector, as well as a well-known philanthropist. Throughout the years, he cultivated a wide network of friends and acquaintances. Once he bragged that he was the only man in history who had been friends with both President Ronald Reagan and Premier Vladimir Lenin." At a meeting with Marei Marei at his home in Zamalek, we talked at length about the immense investment project to be presented to President Anwar Sadat. Unfortunately, he died soon after and his son Hussein took over the business.

We flew to Egypt in two executive jets carrying the senior staff of Occidental Oil Company including the former senator from Tennessee, Albert Gore, Sr., the father of former Vice President Al Gore. Dr. Hammer summoned the whole group at his presidential suite at the Nile Hilton on the eve of the scheduled meeting with President Sadat. It was a lesson in leadership I wish had been recorded. He kept the camera crew accompanying him out of the suite, and orchestrated the meeting as a maestro. He called on those to be involved in the project in a logical manner asking for technical and business briefings. In announcing the end of the meeting by standing up, he named those who will be attending the audience with President Sadat on the following day.

In the limousine taking us to Heliopolis, Armand Hammer

asked me to sit between his wife Frances and him. On the way, for about half an hour, he asked me to rehearse with him as if I were President Sadat. When it was over, he leaned his head on the side and went for a deep sleep for about 20 minutes. Frances whispered so as not to wake him up. "This is the way he reactivates his full energy through sleeping deep for a few minutes," she explained.

After presenting the project, he concluded, "I am in a hurry before I die to do this project for Egypt, because I am now 82 years old."

President Sadat still holding his pipe replied courteously, "Who knows? I may die before you."

His prophecy turned out to be true. President Sadat was killed on October 6, 1981, while Armand Hammer died on December 10, 1990.

Following the meeting and before his departure from Egypt, he decided to travel a long distant to Giza, crossing the crowded metropolitan city of Cairo. His camera crew was instructed to take pictures of Armand Hammer at the pyramids and at the foot of the Sphinx.

President Sadat delegated authority to his Minister of Industry, Taha Zaki. Following the meeting, Taha Zaki asked to visit Occidental plants in the United States. Together with Hussein Marei, they had an informative trip, but Taha Zaki got cold feet because of the immensity of the project and kept procrastinating until after President Sadat died. Taha Zaki looked like a movie star. He was a courteous man but not a doer.

Armand Hammer contacted me to give me the bad news, "I am not used to the way your Minister of Industry is taking us in circles. I decided to call it off. Please inform President Mubarak of my decision with my regrets." Egypt lost one of the single largest investments in its history because of stifling bureaucracy.

Nevertheless, we continued to see one another occasionally, and he frequently called me. Once he called from London. "Remember the Codex Leicester by Leonardo da Vinci you advised me to purchase when you were browsing in the Sotheby's collection in London? I had just bought it at an auction for five million dollars," he told me.

"Congratulations, Dr. Hammer," I exclaimed. "It will remain

an invaluable treasure as it is the original hand-writings and designs of the ingenious painter.”

He invited me to attend its showing at the Corcoran Museum across the street from the White House Executive Office Building. It is a collection of the scientific writings written in mirror image. The Codex Leicester later became known as Codex Hammer. As it turned out, it became the most expensive book in history. It was sold at an auction in 1994 to Bill Gates for \$30.8 million. At the opening, top personalities were touring with spellbound admiration.

The reason why he chose that particular museum was a story worth mentioning. At his Washington office, Dr. Hammer told me that he had just returned from a visit with Robert Krieger of the Corcoran and related the conversation that he had had.

“I noticed you charge an entrance fee for the visitors of your great art collections,” Hammer recounted himself saying.

“Yes, Dr. Hammer,” Krieger replied. “We need the money to cover part of our operating expenses.”

“How much do you need as an endowment to have the museum open to the public without charge?” Hammer asked.

“One million dollars,” replied Krieger.

“You will have it,” Hammer replied.

He was a great philanthropist in the arts, education and humanitarian institutions in the United States and elsewhere. In 1982, he founded the United World College at Montezuma in New Mexico to teach international understanding among young students coming from dozens of countries from around the globe with full scholarships. All expenses were paid by the Armand Hammer Foundation. United World College on the West Coast was ranked among the world’s top 50 schools for its success in preparing students to enter top American universities.

The last time I shook hands and talked with Armand Hammer was at his 90th birthday in 1988. Céline and I were included in a gala dinner attended by more than two hundred top dignitaries followed by a concert at the Kennedy Center. It was the only time in the world of performing arts that the two of the most famous violinists, Yehudi Menuhin and Isaac Stern, played at the same event. From his lodge, Armand Hammer stood to thank the world-renowned performers and all who had attended. He ended up saying, “We

will meet again when I am one hundred." He didn't quite make it, as he died two years later. But I will never forget that, despite the differences among us in age (indeed, he was born four years before my father), and in profession, Armand Hammer and I became close friends in the last decade of his life.

Two weeks after his election, on December 15, 1991, Boutros-Boutros Ghali, the new Secretary-General of the United Nations, wrote to thank me for my tireless efforts to help to elect him. I had managed to have Joseph Reed, the White House Chief of Protocol, to hold a business luncheon with influential personalities at Blair House. I had known Joseph since he was the office director of David Rockefeller, who was chairman of Chase Manhattan Bank when I was ambassador in New York in 1977. Reed felt that President Bush might not be keen to have an Egyptian in that important international post because of his close relationship with the Israeli lobby, and so he first managed to have Dr. Boutros-Boutros Ghali accompany President Sadat in his historical trip to Israel in 1977 with a peace offer. Nevertheless, as we feared U.S. opposition to the nomination, I suggested to Joseph Reed a strategy to have the United States abstain from voting. With U.S. neutrality, the nomination passed in the world body, largely because of many nations around the globe having deep respect for the integrity, brilliance and modesty of the candidate.

I rushed to inform Ambassador Ghorbal. Without hesitation, he contacted influential personalities in the Reagan administration he knew well from the old days at Harvard University in the 1940s. The strategy worked. In the meanwhile, I brought the candidacy of Boutros-Boutros Ghali to the attention of David Abshire, the Chairman of the influential Center for Strategic and International Studies (CSIS) and a former U.S. ambassador to NATO, with whom I had had many intellectual encounters over the years since 1968. He acted quickly and hosted a dinner in honor of Boutros-Boutros Ghali with important policy makers at his home in old town Alexandria, Virginia. Céline and I were engaged in persuasive arguments with the other guests to ensure a successful candidacy.

In 1992, I formed and led a group of Arab-American leaders for a meeting held at the office of Boutros-Boutros Ghali at the United

Nations as a show of our support and solidarity. It was an opportunity to give him a standing proposal I presented to the United Nations concerning a way to assist infant industries in less developed nations. As Secretary-General of the United Nations, we hosted him at Georgetown University in 1993.

The National Bank of Egypt is the largest and oldest banking institution in the entire Middle East. It was established in Cairo on June 25, 1898. Egypt issued a law in 1930 to create the country's central bank to regulate the nation's monetary policy. The National Bank of Egypt functioned as Egypt's Central Bank with all of its supervisory and regulatory functions over all other commercial banks until it was decided to establish a separate institution, the Central Bank of Egypt in the middle of the twentieth century. The National Bank of Egypt has operated as a commercial bank ever since, but its bulletin published by its research department remains an important source of information and statistics about Egypt's economy and its financial sectors.

In the series of the Distinguished National Bank of Egypt Commemorative Lecture Program, I was asked to present my research on the phenomenon of the underground economy. In my study entitled "The Underground Economy with Special Reference to the Case of Egypt," I estimated that it is even larger than Egypt's officially reported GDP. Mahmoud Abdel-Aziz, the Chairman of the National Bank of Egypt, introduced me on December 19, 1994 at the large auditorium of the National Bank of Egypt in its high-rise newly constructed headquarters facing west on the Nile River. Among the large crowd there were ministers of the Egyptian cabinet including Fouad Hussein, dignitaries such as former ambassador Ashraf Ghorbal, and my former colleague the architect of Egypt's open-door policy Sherif Lotfy, prominent businessmen, policy makers, media and others.

Following my introduction of the phenomenon that had been described by at least sixteen different names such as the parallel economy, the hidden economy, the off-books economy, the subterranean economy, the self-service economy, the border economy, and others, I showed that it is to be found in every country in varying degrees. The reasons for the existence of an underground economy

are many but they include tax evasion and concealment of illegal activities. Unlike other attempts to estimate its size mainly by notable economists from Latin America, I applied macroeconomic theory of saving function to estimate the extent of Egypt's underground economy. The National Bank of Egypt published the study.

It was customary to give the speaker and spouse either a one-week tour of Luxor and Aswan to see ancient Egyptian monuments on a Nile cruise, or to go to a sea resorts on the Red Sea and visit Mount Sinai. Since we did the former tour twice already, we chose the latter and brought along our children at our expense. While in Cairo, we stayed at the Marriott Hotel in Zamalek on the west side of the Nile River. The hotel was constructed on the northern side of the palace originally built by Khedive Ismail, the ruler of Egypt, to host Queen Victoria and Queen Eugenie of France, the wife of Napoleon III, on the occasion of the celebrations for the opening of the Suez Canal. The ruler of Egypt was charmed by the French Queen's noted beauty, charm and great extravagance. In one of the large high-ceiling reception halls with artistically decorated walls, a large painting of Queen Eugenie was hanging. As part of the celebrations, a Khedivial Opera House in Cairo was built where the opera *Aida* was first performed on December 24, 1871. Giuseppe Verdi was commissioned by Egypt to compose it. We flew to Horgada on the Red Sea, a beautiful resort, before we flew to Sharm-el-Sheikh, where we can never forget how delicious the seafood was. We were then driven to Ras Mohamed and other resorts on the Red Sea until we reached Taba, the northernmost location in Egypt looking at the Israeli border and across the Gulf of Aqaba, where we could see the city of Aqaba in Jordan. We were also driven to the middle of the Sinai desert and stayed at the third-century St. Catherine's Monastery. At its side there is an old wooden box that can be cranked up by a rope after identifying the incoming person. It was an old method that gave rise to the idea of an elevator. The ancient monastery was built in a valley looking up to two gigantic mountains, Mount Moses and Mount St. Catherine. Next to the monastery, there is a bush that the monks believe was the burning tree at which God spoke to Moses. We climbed up uneven rocks, where we had to carefully jump from one level to another, with the help of a Bedouin guide that we had hired to show us the best route up. It took us

approximately five hours to reach the top of Mount St. Catherine. We were amazed to see a small church and a tiny mosque at the top. No one knows when monks carried up there stone by stone to build a small church while devout Muslims later on did the same monumental effort to build a small mosque. It was believed that a young girl by the name of Catherine, from a Roman family, was slain in Alexandria, Egypt, by her own relatives after they found out that she became a Christian. One century later, she appeared in a dream to one of the monks, asking him to bring her head to the top of the mountain that was hundreds of miles away from Alexandria, and add her skull to a heap of skulls at the Monastery which can still be visited today. She was later canonized by the Pope and became known as St. Catherine. Throughout history, St. Catherine's Monastery was given unique gifts in gold and silver particularly from Czarist Russia. It houses original scrolls and manuscripts.

I had other occasions to speak in Egypt, the largest of which was on October 12, 2003. In preparation for the event, Mohammed Nosseir, an envoy from the Egyptian-American Friendship Society, headed by Dr. Ibrahim Fawzi, a former minister of industry and the General Authority for Investments and Free Zones, flew in to meet with me in Washington. Over lunch at the Cosmos Club, the politically active and concerned Egyptian extended the formal invitation to speak in Cairo on "Egyptian-American Relations." The event was held at Cairo's Grand Hyatt main ballroom. It was attended by a large number of dignitaries. Mary Ott, a diplomat at the U.S. Embassy in Cairo, rushed to see me after the event. "Do you remember me? I was your student at Georgetown University." The event was widely published in the country's media. The journalist Adel Hammouda published a long article in *Al-Ahram* headlined "Thank you, Dr. Oweiss."

In his usual talk at the late afternoon lunch, which was the main meal in Egypt, my father used the gathering and attention of our family to speak on the issue of the day or on any other relevant matter, be it family, neighborhood, schooling, national or international subjects. When I was about six, he explained the human tragedy of the Jews in Germany and the ugly side of racism. At school, I asked a favorite teacher to allocate some time to discuss the issue. Three

years later, during World War II, I formed a club called "Jewish Plight." Its purpose was to help our Egyptian Jews in case Hitler's army occupied Egypt by appealing to the families of my fellow students to help hide them. It was a naïve idea, but it reflected the humanitarian sentiments of people throughout the Islamic civilization to provide the Jews amongst them with full protection and security at a time when they were persecuted in Christian European societies.

Ever since I was a young boy, I thought it was my duty to be politically active against Nazism and the continuation of British occupation of Egypt. Whenever there was a call for community service, I found myself to be in the forefront of volunteers. As I grew up, the issues of activism I became involved with became multiple and diversified. I was a teenager when an alien ideology was implanted in the Middle East under the banner of Zionism. As it turned out, it divided the peoples of the region into two opposing groups: Jews and Arabs. Ever since 1948, there had been devastating wars while peace has become a far-fetched dream. Following the continuation of the Middle East tension often erupting in wars, I have been a commentator and an activist for the Palestinian inalienable rights of self determination and an end to Israeli occupation, according to the United Nations resolution to enforce peace as the only rational alternative to ensure safety for all and to safeguard U.S. interests as well.

Since before the creation of Israel in 1948 until the present day, all presidents of the United States have had the Arab-Israeli conflict on their agendas. Yet, with the exception of President Eisenhower, all other presidents supported Israel right or wrong, providing it with not only billions of dollars in aid but also with the most sophisticated and destructive weapons, to ensure that it had a definite advantage over its combined Arab neighbors even if it violated the terms under which those weapons were provided, including the use against civilians, and protecting it with the American veto in the United Nations. And there has been a continuous mobilization through Western media for the support of a Jewish state after the Holocaust in which millions were brutally killed or gassed to death.

There has also been a campaign of silencing any voice criticizing the Israeli Zionist state by using the whip of anti-Semitism,

even if it comes from the Jews themselves such as Noam Chomsky, Israel Shahak, Jonathan Ben Artzi and many other fair-minded Israeli citizens, as well as Jews elsewhere seeking peaceful coexistence. Zionism turns out to be a form of racism, as shown factually in statements by Fayeze A. Sayegh on October 17, 1975, and on November 10, 1975. The United Nations General Assembly Resolution 3379, which claimed to “determine that Zionism is a form of racism and racial discrimination,” was adopted on November 10, 1975, by a vote of 72 to 35 (with 32 abstentions). Yet, for political reasons, it was revoked sixteen years later under the auspices of the United States administration by Resolution 46/86 on December 16, 1991, on the pretext that such action could help move the Middle East peace process forward. Nevertheless, the facts on the ground have revealed that indeed Zionism is a form of racism and racial discrimination while peace has not been attainable simply because Israel under Zionism does not want it.

With its expansionary policy, Israel under Zionism has been at war almost continuously ever since it was established in 1948. Its program of confiscating Arab land in occupied territories to build Jewish settlements is against all rules of international conventions and in defiance of United Nations resolutions—even its strongest ally and protector the United States considers settlements to be illegal and an obstacle to peace. Such a program can be described as armed theft creating furor and anger which add further dangerous instability in the Middle East. Its war against Gaza using phosphoric bombs against civilians in defiance of the rules and regulations of the United States that supplies Israel with such weapons of mass destruction, and its seizure of the entire population of Gaza must lead to an application of Newton-Oweiss Law. Israel under Zionism keeps its iron-fist policy against the Palestinians, bulldozing homes of those resisting occupation and denying them their inalienable rights to self-determination. Such intolerable conditions cannot be sustained. The only rational way out to save Israel in spite of itself is peace and an end to occupation so that Jews and Palestinians, both Christian and Muslim Arabs, can live in peace as they did throughout history when Jews were persecuted in western Christian nations. Otherwise, Israel under Zionism is bound to self-destruction sometime in the future.

During my last semester of teaching at Georgetown main campus, I was shocked along with all people around the globe by the attack on the United States and the death of thousands of innocent human beings. My daughter Yasmeen, then working in New York City and living not far from the World Trade Center towers, called to tell us that a plane had hit one of the towers. My wife and I turned on the television and saw the smoke from the tower, and then we saw the second tower being hit. It was heartbreaking to witness some people throwing themselves from high. We also saw the two towers collapse. Two former students of mine were among the victims of the attack in New York and a colleague of mine with her husband and children were killed in one of the hijacked planes. When I met my two classes on the very same day, I was too depressed to teach, but I instilled in their minds and hearts the courage to overcome the ordeal.

When I realized later that it was a premeditated attack on the United States, I could see the writing on the wall of those who wished to use the tragedy to create a further chasm with the Muslim world. Sympathy towards the United States was overwhelmingly noticeable in the furthest corners of the globe. It was an opportunity for the United States to build upon world support in the best interest of mankind. The people of the United States as well as of many countries supported a war to punish those responsible for the tragedy of September 11, 2001. Yet the Bush Administration blew it when it decided to wage war in 2003 against Iraq in violation of international law. President Bush kept saying that Saddam Hussein was lying about his possession of weapons of mass destruction. History now shows that indeed one of them was lying.

On September 11, 2001, the Council on Egyptian-American Relations released the following statement:

Statement from the Council on Egyptian-American Relations

By Ibrahim M. Oweiss

September 11, 2001

The Council on Egyptian-American Relations is terribly shocked and extremely dismayed with utter disbelief for today's attack on and demolition of the World Trade Center

as well as parts of the Pentagon. We deplore in the strongest possible manner such terror that may claim in the final analysis the lives of thousands of innocent people on the ground, in buildings or in the crashed planes, and the many who were injured, maimed or otherwise affected directly or indirectly.

Tragedy should make us come close together and help us to absorb the deep pain and go forward in life with reflection, understanding, and compassion towards one another. It is not the time to rush to accusations of anyone without real proof or concrete evidence. We stand by fairness and justice. Those who were behind the planning and execution of such unprecedented tragedy should be brought to world trial. A proof of the charges against those being implicated should be presented without generalizations to religions, ethnicities, or countries of origin. Stereotyping should be avoided at these crucial moments our nation and the world are going through. It is enough pain and suffering of the many innocent people that lost their beloved ones. There is no need to create further unjustifiable and unfounded accusation against other innocent ones who could suffer for no reason other than cruel generalizations. We appeal to rationalism rather than emotionalism in helping us overcome the scar deeply felt in our hearts and souls.

The Council on Egyptian-American Relations believes in our strong character of endurance and in the great and positive spirit of our nation with fairness and justice for all.

The tragedy of September 11, 2001, was used to widen the chasm between the United States on the one hand and the Muslims and the Arabs on the other hand. The Zionist-manipulated media together with southern evangelists joined forces to create an enemy image of the Muslims and the Arabs. After 9/11, I felt a different treatment for the first time since I set foot on the soil of the United States. While I was about boarding a flight from Washington, D.C. in January 2002, I was asked to go for another security check.

"Why are you singling me out?" I asked.

"You do not ask questions, just follow me," said one of the security agents.

After thoroughly searching a seventy-year-old gentleman, the same guard accompanied me to the plane, but told me in a rather embarrassed voice, "You were singled out because your middle name is Mohamed." I despised the venom of bigotry and the ugly, unjustifiable discrimination I was exposed to. Following a meeting at the Council on Egyptian-American Relations, I issued the following statement in an attempt to build on positives rather than leave us being dragged into the blind road of negatives:

February 6, 2002

Statement of mission

Misunderstanding Islam became apparent after the tragedy of September 11.

The Council on Egyptian-American Relations issued a strong message on September 11 denouncing the criminal attack on the U.S.A. and called for bringing those responsible to world trial.

The image of Egypt and the Arabs has been distorted in the U.S.A. and Europe especially after September 11.

Good relations between the U.S.A., on the one hand, and Egypt and the Arabs on the other hand, is not only essential for the best interests of both sides, their people, and governments, but also for their interdependency and mutual cord of security and stability.

It is important to reach out to the people of the United States through culture and continuous flow of exchanges of scholars, academicians, writers, reporters, policymakers, and trade missions.

The Council on Egyptian-American Relations in collaboration with George Mason University is interested in the production of "The Last Pharaoh" depicting the revelation of the oneness of God and "Shahadut Alla Elah Illa Allah" to be prominently and respectfully shown on the stage, on a movie, and on tapes.

"Nathan the Wise" with its message "Salah-el Din El-Ayoubi on the U.S. stage, with the three religions, Judaism, Christianity, and Islam believing in one God" has already been produced in the same manner and is having a great impact on the minds and hearts of the viewers.

Production of such plays at the highest professional level will pave the way for their appearances on Broadway, and a movie based on the play can be vastly effective.

To secure the above goals and others it is important to finance this non-governmental organization.

It is also important to have funds available for a building, staff and effective operations of the Council on Egyptian-American Relations.

Funds should also be secured to pay for visiting scholars from the Arab world. Their impact on educational and cultural spheres in the U.S. will undoubtedly help reversing the distorted image of Arabs in general and Egypt, Saudi Arabia and the UAE in particular.

I became an activist in this regard through my public speeches, television and radio interviews, public debates, writings and donations. With other concerned Americans, I joined the efforts of former President Jimmy Carter, former President Bill Clinton, Walter Cronkite and others to give hope for a better future by attempting to contain the harm done under George W. Bush and to reverse it. In his circular letter to all those concerned, the icon of U.S. television, broadcaster Walter Cronkite, wrote:

When I anchored the evening news, I kept my opinions to myself. But now, more than ever, I feel I must speak out. That's because I am deeply disturbed by the dangerous and growing influence of people like Pat Robertson and Jerry Falwell on our nation's political leaders. Over the years, Robertson and Falwell have gained considerable influence on local school boards, in the administration and in Congress. They have shrewdly twisted the traditional healing role of religion into an intolerant political platform. The Religious Right's influence over America's politicians has gone too far. Please join me in offering a voice of tolerance, civility and true compassion in the political process by supporting The Interfaith Alliance's mission.

Both Céline and I not only joined Walter Cronkite's efforts but also donated money and spared no effort to continue our support

of his mission both in word and in action even after his death on July 17, 2009, at age 93.

On September 10, 2002, I was invited with some Arab-American leaders to meet with President George W. Bush. At the meeting I stated, with due respect to whatever decision he would soon make, "In waging a war against Iraq, you would win easily, but you will never ever win the peace." It seemed to me that the president did not really understand the extent of what the military can do. Yet he came up with a good statement denouncing bigotry.

But it had little effect. After Daniel Pipes translated a letter to the editor published in Arabic in one of the Egyptian newspapers, under the provocative title "Cannibals," on August 28, 2003, I was contacted by Fox News to comment on it. The Egyptian letter writer had been disgusted at the release of pictures of the bodies of Saddam Hussein's two sons after being gunned down. Unfortunately, she made an ugly generalization in describing Americans as cannibals. Instead of interviewing me, O'Reilly started a repulsive attack on all Egyptians and on President Mubarak for having "allowed its publication." I refused his illogical claims and blamed Daniel Pipes for translating what I called "trash" and the *Wall Street Journal* for allowing its publication. To demonstrate the ugly side of bigotry, I will provide below a postcard I received after the interview with the *O'Reilly Factor* on Fox, and a letter I wrote to President George W. Bush.

We watched you on the O'Reilly program spouting like a barking dog—full of crap—you are a phony lying muslim terrorist & should be kicked out of U S A & sent back to your 5th rate egypt or wherever you came from. And your koran is a sack of garbage filled with lies and fairy tales—a disgrace to Christ Our Lord—you don't deserve to live here in freedom & eat our good Christian food. So drop dead & burn in hell you old sack of shit—see?

Patrick F. X. McNernery
A Catholic War Veteran

I did not respond to the gentleman, but wrote a letter to President Bush.

Dear President Bush,

Your words at our meeting on September 10, 2002, have had a profound echo in all of our hearts when you said:

“Bigotry is not part of our soul.” “In order for us to reject the evil done to America on September 11th, we must reject bigotry in all its forms.” “We treasure our friendship with Muslims and Arabs around the world.”

Regrettably, I received the enclosed postcard allegedly typewritten by one who claims to be in admiration of you. As a Republican, I gave my vote to you to lead all of us, proud Americans, and to lead the world based on the great heritage and principles of our nation. Your statements above are quite admirable, yet to hear views such as those expressed on the enclosed postcard is divisive and quite disturbing.

I am proud to have taught at the top universities such as Georgetown University, Harvard University, The Johns Hopkins University, and the University of Minnesota for forty years with thousands of appreciative students under me. My contributions to higher learning education were recognized at the highest level by your thoughtful letter to me on January 24, 2002. Nevertheless, to get insults advocating bigotry from someone who claims to be your admirer is a contradiction in terms.

I do not wish to take your time from your great responsibilities. Yet, I believe that you ought to know that there are destructive negative views that are alarming.

Respectfully yours,
Ibrahim M. Oweiss

At the end of March 2003, I had a sharp and unbearable pain in my stomach. I thought I was going to die. Having noticed a silent pain on my face on his way out to have dinner with some friends, I saw anxiety in the eyes of my son Kareem, who was almost 23 then.

I told him:

Life is for the living with all its ups and downs, its challenges and rewards as well as its disappointments.

A rose smiles with beauty before it fades away.
Grieve less upon the loss of the beloved
But let their good deeds be eternally alive in your mind.

I called two physicians: James Foster, our superb family doctor, and Ashraf El-Khodary, a great friend of mine since I came to Washington, D.C. in 1967. Upon consultations with one another, Dr. Foster made the arrangements for me to be admitted to Georgetown University Hospital on March 31, 2003. My wife drove me to the hospital's emergency room, as I did not want to disturb our neighbors if an ambulance were called. I was given tranquilizers but it was a long waiting time amongst screams and the hustle and bustle of doctors, nurses, residents and medical students coming and going until early on the following day when a room became available, I was rolled in and put in bed, surrounded by my wife, my son and his new bride Julia (Julie) Noble White. My daughter Yasmeen was working in New York and could not be with us on time following the sudden sharp pain I had had. While I was rolled in the Emergency Room, Julie held my hand and kissed it. I was moved as thought it might be the end of my life. As she leaned down, I kissed her and said, "Take care of Kareem for the rest of your life because I know how much you love one another." I saw tears forming above her lower eyelids.

The final diagnosis was pancreatitis. Some tiny stones were detected that needed to be removed. Thank God, a surgery was not performed. Instead a specialist from George Washington University Hospital, Dr. Eriani, used a laser method to crush them without the mess of an operation, avoiding a long recovery period. It was a quick stay in the hospital with successful results, after which I resumed my normal activities.

Ten days later, Jim Brown, a vice president of Pratt and Whitney, asked me to arrange for high-level meetings in Qatar for George David, the Chairman of the Board of General Dynamics of which Pratt and Whitney was one of its subsidiaries. I flew to Qatar, and as soon as I met George David at Doha's Airport flying on the company's jet, he bombarded me with questions about Qatar and the regional Gulf countries he was then touring. It was the first and last time I saw him. He struck me as an astute, quick-minded busi-

ness leader but unemotional. He certainly lacked the warm, friendly attitude I value with the top leaders I encounter. I arranged for a meeting for him with Ahmed Bin Abdullah Al-Mahmoud who was a former student of mine at Georgetown University. He had then assumed the position of Qatar's Minister of State for Foreign Affairs and was a Member of the Ministers Council after having served his country as ambassador to the United States.

On my way back, at Dulles airport I was approaching an immigration booth to have my passport stamped, when an official attendant shouted at me, "Stop in your place. Do not move, do not come close" — as if I had the plague or carried a weapon of mass destruction. He asked me to follow him but to keep a distance behind him. I obeyed but I was bewildered, not fearful, at a situation that I had never been exposed to in my lifetime of traveling. His supervisor rushed me to a special booth.

"Did you have a recent treatment at a hospital?" Then he added, "You look distinguished. Besides I saw you on television on NBC and CNN when you were invited to help explain some questions pertaining to oil prices and developments in the Middle East."

I was partially relieved. After I informed the supervisor, surrounded by detectives and an armed policeman, the procedure I recently had at Georgetown University Hospital, he said, "Radiation was detected in your body as you were approaching one of our booths. I had the same procedure myself and that is why I thought it may be an explanation of what was detected in your body." I was relieved to hear his words, but disheartened to think of what their initial suspicion must have been.

The aftermath of 9/11 was disastrous for the United States because of George W. Bush's lack of vision. He flexed his muscles and relied on the military not knowing that there is a limit to what the military can do. Following the terror attacks, the overwhelming sentiments of the people around the globe were for the United States. President Bush did not capture that opportunity to build on the goodwill that had prevailed around the globe. Instead of using the world community and its institutions such as the United Nations, in addition to bilateral and multilateral relations with other governments and peoples, he came up with his policy, "He who is not

with me is against me,” opposite to the visionary policy of Winston Churchill during World War II, “He who is not against me is with me.” President George W. Bush kept repeating the word “terrorism” and all of its derivatives rather than using such descriptive term as “international crimes” that can be translated into the basis for joint action under the auspices of the United Nations. With time, the word became hollow and devoid of any meaning. Instead of using a conciliatory phraseology, he opted to call his adversaries the “axis of evil,” evoking Germany and its allies during World War II.

Another axis comprising the neocons, the southern Baptist evangelists, the Zionist lobby, Fox News and others, manipulated the Bush administration. They succeeded in helping George W. Bush win a second term in November 2004, no matter how narrow the election results were. He had in fact lost the popular vote in 2000, after all. The two most influential individuals swaying him to wage the internationally illegal war against Iraq were two Zionists, Richard Pearl and Paul Wolfowitz. The fabrication of intelligence about Saddam Hussein’s weapons of mass destruction, the most single important factor that made our legislators vote for the internationally illegal war on Iraq, will continue to stain Bush’s presidency.

In his last tour of the Arabian Gulf as President of the United States, in December 2008, President Bush was shown disrespect towards him in at least two instances, while he was facing the lowest poll rating inside a country in which he became known as the worst president in the history of the United States, as former President Jimmy Carter and senior White House correspondent Helen Thomas called him. The first incident was when Sheikh Sultan Ben Zayed Al-Nahiyah, a highly respected and prominent member of the ruling family of the United Arab Republic, refused to shake hands with President Bush. In many circles, I heard nothing but high praise for Sheikh Sultan who expressed the Arab feelings towards President Bush in a dignified manner. The second was when an angry journalist hurled two shoes at him and called him “dog” at joint press conference with Nouri al-Maliki, the Iraqi Prime Minister, in Baghdad’s Green Zone on December 13, 2008. “This is a good-bye kiss from the Iraqi people, dog,” shouted the journalist, Muntazer al-Zaidi. In the Arab culture, hitting someone with

a shoe is a grave insult, while dogs are considered unclean. The attack highlighted the contempt felt by the Arab masses. I have no doubt that the shoes thrown in disgust to President Bush could be auctioned for millions of dollars.

Using the pretext that the country was in danger and was at war, following 9/11 and the subsequent invasion of Afghanistan, President Bush ordered the opening of the Guantanamo Bay detention camp in the southern part of Cuba for captured prisoners considered by the U.S. administration as "enemy combatants." They were not brought to trial; rather, they were tortured and inhumanly mistreated in violation of international law and international treaties concerning prisoners of war. Needless to say, such treatments were in violation of the great principles embodied in the Constitution and the solid foundations upon which the country was built. To get around accusations of detention without trial, the U.S. government chose a non-U.S. territory to open the detention camp.

Following 9/11, George W. Bush had swiftly passed his Patriot Act to give the presidency more power and to subject United States citizens to what would have been otherwise regarded as illegal arrests and unlimited detentions without trial. The American Civil Liberties Union and other liberal institutions, think tanks, institutions of higher learning, and individuals, including prominent well-known personalities, carried the banner of opposition to such fascist tactics. An outcome of the enactment of the Patriot Act by a democracy such as the United States is to give an excuse to other countries to expand their authority in police states. A good example was the case of Egypt. Following President Sadat's assassination on October 6, 1981, the Egyptian government applied an Emergency Law, which has been in effect ever since. After years of the government promising to end the country's state of emergency, Parliament, in May 2010, approved a government request to extend it for two years. Thus official authorities kept their right to arrest people without charge, detain prisoners indefinitely, limit freedom of expression and assembly, and maintain a special security court. Demonstrators in the country poured out in the streets, carrying banners of *Kefaya*, meaning "enough" and calling for an end of the emergency law. An apologist for the government argued that since the Patriot Act is still in force in the U.S., Egypt did not have to rescind the law.

Nevertheless, as a believer in the resiliency and resourcefulness of the American people, through their democracy, educational institutions, think tanks, non-governmental organizations, civil society, and the system of checks and balances, I know a correction is bound to happen. After all, McCarthyism did not last after its initiator Senator Joseph McCarthy was opposed by similar groups in the 1950s. By the same token, it was no wonder that President Obama right after his inauguration announced his intention to close the Guantanamo Bay detention camp.