

Sadat Is Believed Planning Shake-Up That Stresses Private Development

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CAIRO, Jan. 6—President Anwar el-Sadat, clearly confident that Egypt will achieve a settlement with Israel, is believed to be preparing a major shake-up in the country's political structure and economic policies to open the way for industrial and social development.

The key elements in a bold program to make up for long years of lagging development is to involve a liberalization of Egypt's rigid socialist doctrine to attract foreign investment, particularly from the wealthy Arab oil-producing countries.

The program, although still to be announced, has already stirred agitation among advocates of state ownership and planning.

Mr. Sadat has been in seclusion at Aswan, on the upper

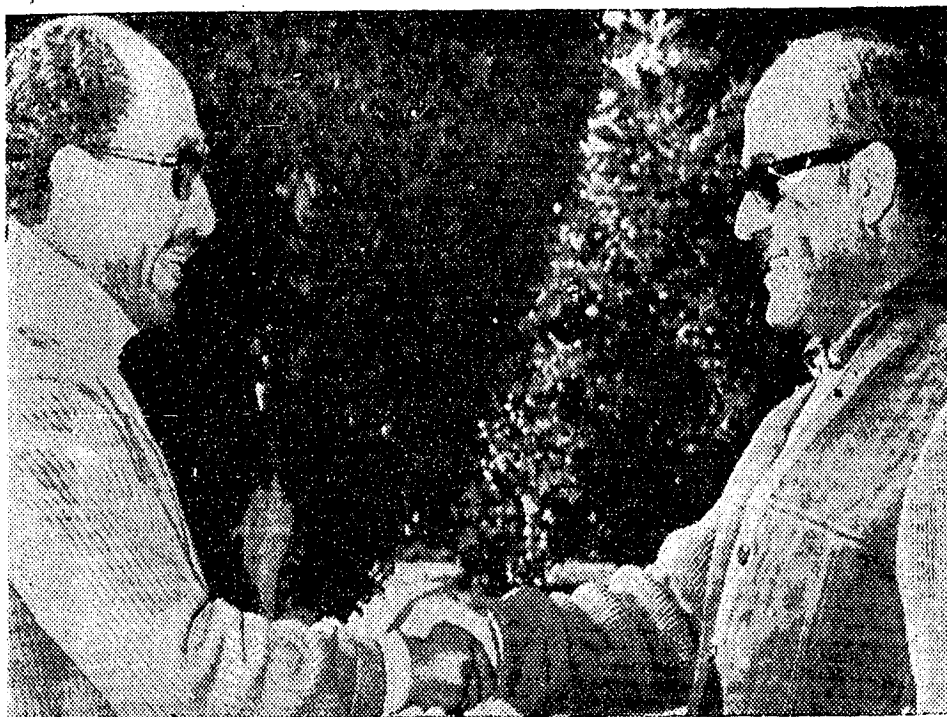
Nile, since late in December, consulting with his principal aides and advisers.

It is believed that as part of the reorganization, he is planning to relinquish the post of Premier, which he took over last March, to an economic specialist. His choice for the Premiership is expected to be announced within a few days.

Yesterday, Mr. Sadat was visited at Aswan by Abdel Aziz Hegazi, Egypt's Minister of Finance, Economy and Foreign Trade, who is also one of the country's four Deputy Premiers.

Hardly by coincidence, all Cairo newspapers printed on today's front pages the identical photograph of Mr. Hegazi shaking hands with President

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United Press International

President Anwar el-Sadat, left, and Deputy Premier Abdel Aziz Hegazi at Aswan resort. Mr. Sadat is expected to yield his position as Premier to an economic specialist. (Mr. Hegazi is also Minister of Economy.) All Cairo newspapers put photo on front pages.

Sadat, both smiling happily.

Mr. Sadat took over the Premiership after he had decided to undertake war against Israel, to concentrate power "for a certain period and a definite purpose." The definite purpose became clear on Oct. 6, when the Egyptian Army broke through Israel's Bar-Lev line along the Suez Canal.

Mr. Hegazi, described here today by an admirer, as "a financial wizard," is reported to favor a mixed economy with a socialist spirit, but with enticing opportunities for private capital and initiative.

The creation of opportunities is important to draw investments from the Arab oil countries, most of which have more income than they can spend and have become dubious of leaving billions of dollars in foreign banks to suffer the erosion of devaluations and inflation.

Saudi Arabia and Kuwait alone are reported to have more than \$7-billion in British banks.

But to attract this capital for factories, land development, housing and other urgently needed projects, Egypt must create confidence for investors against nationalization, bureaucratic meddling and other intimidations.

Plans to Rebuild Cities

Besides funds for stimulating economic development, Egypt will require vast amounts of capital to reconstruct the Suez Canal cities ruined by bombs and shells, and to develop farms and mining in the Sinai Peninsula.

Plans are also under discussion for the construction of three new cities around Cairo to ease the enormous overcrowding in the capital.

President Sadat vowed in a speech on Sept. 27 that Egypt's basic socialist ideology and welfare advances would not be abandoned.

"The people have chosen socialism for their path," he said, adding: "There is nothing in economic liberalization that contradicts socialism."

An indication of the liberalization in mind was given today by Moussa Sabry, editor of the Cairo daily Al Akhbar. Stressing that the time had come for Egyptians to lead better lives after years of sacrifices for military spending, he wrote:

"This requires an enormous development program for the coming five years, in which national income must be doubled through rooting out invisible unemployment, forging ahead

with unfinished projects, investments in new projects giving quick profit and encouraging Arab capital by providing incentives equal to those in foreign markets."

Mr. Sabry said that this swift development must be achieved by "upheaval" throughout the society. He stressed the burden of Egypt's rapidly growing population, now estimated at 36 million and rising at the rate of a million a year.

The extent of the envisioned "upheaval" was suggested by reports that Egypt might reopen the stock exchange and by a proposal in the People's Assembly that private investors be allowed to buy up to 49 per cent of public economic enterprises.

Protests that such private ownership would open the door to "capitalist-exploitation" influences of the United States were expressed today in Al Gomhouria, the organ of the Arab Socialist Union, Egypt's only political party and the guardian of socialist development.

Al Gomhouria pointed darkly to the overthrow of the Marxist Government of Dr. Salvador Allende Gossens in Chile and the restoration of American "capitalist domination" as a warning against economic liberalization in Egypt.

Shazli Named to London

Meanwhile, a former Egyptian Chief of Staff who was believed to be critical of the decision to accept a cease-fire with Israel received a diplomatic appointment.

It was announced that Lieut. Gen. Saad Edden al-Shazli, who played a key role in planning the assault across the Suez Canal Oct. 6, had been named Ambassador to Britain.

General Shazli, an advocate of aggressive battlefield tactics, was removed as Chief of Staff on Dec. 12. The success of Israel's thrust west of the Suez Canal threw a dark cloud over his reputation as a skilled strategist and commander.