
Gad Ya'acobi

'Great projects for world progress'

Gad Ya'acobi, the leading economist of the Labor Party, is a member of the Knesset running for re-election. He is slated to become the finance or economics minister in a Labor government.

EIR: In the election campaign, people are concerned about the economy, and are looking for solutions from the candidates. What is your view, as an economist, of the plans now under review for extending Israel's railway system? Do you think such a project could help the recovery?

Ya'acobi: The idea of extending the rail lines is certainly feasible, and not difficult from an engineering standpoint either, because 95% of the proposed extension between Eilat and the Dead Sea would be built along a level plateau. The railway could continue from a point north of the Wilderness of Zin; south to Eilat. The railway from Haifa to Ashdod, and from Ashdod to Beersheba, through the Zin Mountains, already has been carried out, and is already in operation. So we have to complete this set-up from the Zin Mountains to Eilat, and from the Zin Mountains to the Dead Sea, and then we would have a complete system, which would not only

serve Israel, but will serve Europe, East Africa, and be an alternative to the Suez Canal in many respects.

EIR: How would this hook up to the railroad grid that already exists?

Ya'acobi: What exists now goes from Haifa to the southern part of Israel, and of course to Jerusalem. From Ashdod it goes to Beersheba, from Beersheba it goes to the Zin Mountains. All this has been completed already. Now we have to complete it from the Zin Mountains to the Arava, and along the Arava to Eilat in the South and from this point to the Dead Sea in the northern part. Due to the favorable geological and physical conditions here, the cost of construction would be a lot less than it used to be when the railroad was constructed in the Negev itself.

EIR: Would this be built by Israel?

Ya'acobi: It can be done by Israel from the construction and engineering point of view, but Israel will try of course to have foreign expertise and foreign capital. I know that Canadian Pacific made a proposal some years ago, but we have other proposals, from Western countries, from other countries.

EIR: Is there anything written up on this project?

Ya'acobi: Yes. The director general of the Israeli Railways, Dr. Tzafreri, can give it to you.

EIR: Is this connected with any other projects, in agriculture or elsewhere?

Ya'acobi: It's linked to the Negev development plan which is mainly industrial, minerals, energy, and military devel-

What's at stake in Israel's coming election

EIR correspondents Muriel Mirak and Paolo Raimondi, during their May 12-24 visit to Israel, interviewed political leaders and candidates for office from the different parties to learn their views of the economic crisis in Israel and the possibilities for peace.

Representatives of the current government, in contrast especially to Meir Pa'il (of the Labor-allied Shelli Party) and Gad Ya'acobi (of the Labor Party), were pessimistic about the role that Great Projects for economic development of the Mideast could play in underwriting a peace settlement. Thus Minister of Energy Yitzhak Moda'i, a leader of the Liberal Party, did not perceive a difference between productive investment in infrastructure develop-

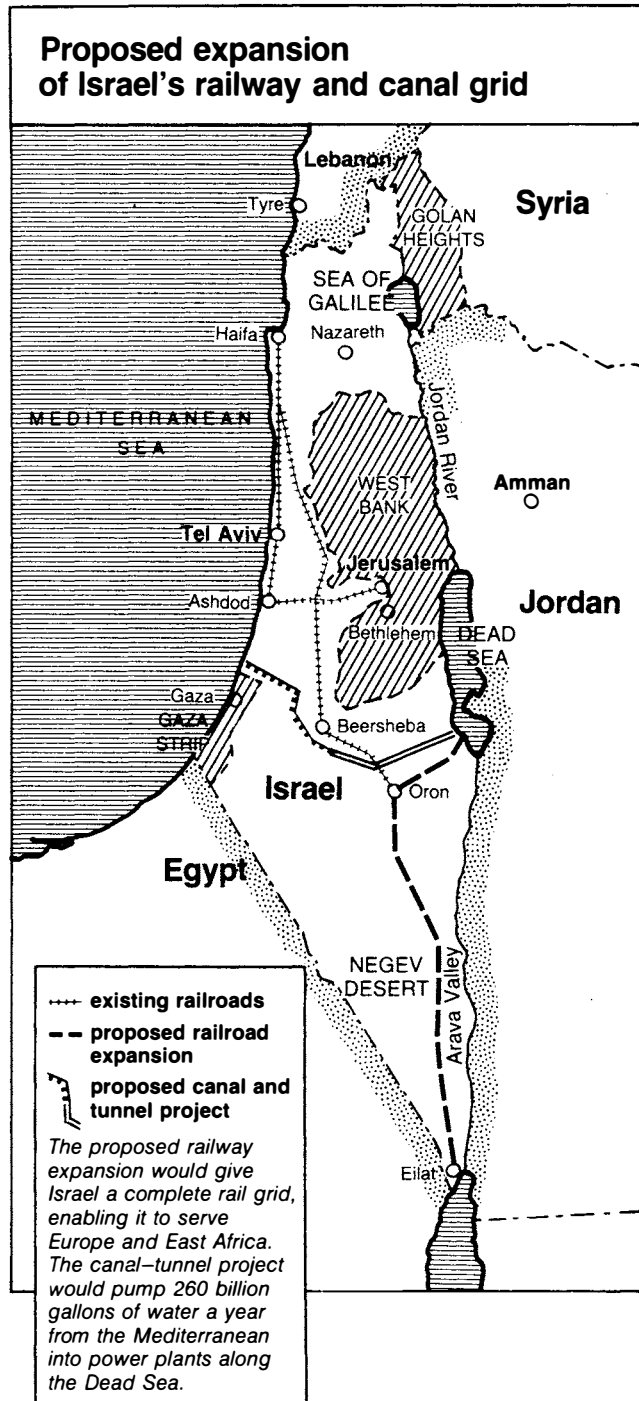
ment projects, on the one side, and the Lavie Jet program, on the other. As *EIR* has reported, the Lavie project is intended to make Israel one of the world's largest arms exporters and to gain for it a medium-range ballistic missile capability.

As for the prospects for Mideast peace, the real stickler, of course, is the question of sovereignty over the occupied territories. The recalcitrance of the Menachem Begin and Yitzhak Shamir governments on this issue is well known. Within the Labor Party and its allied parties, however, there is some recognition that flexibility on the part of Israel is necessary if peace is ever to be achieved. Nissim Eliad of the Independent Liberal Party went the farthest in this respect, and told our correspondents that "if these territories can be traded for real peace . . . I am ready to negotiate this." The Labor Party recently sent a delegation to a conference in Morocco, whose king is seeking to launch a new Mideast peace initiative.

opments. It's not mainly agriculture because the agricultural resources, due to the shortage of water, are very limited.

EIR: Have you any plans for canalization, to bring water into this area?

Ya'acobi: From where? We have no irrigation water resources but for the underground sources in this part of Israel. They are being developed and are the main source of water for the agricultural settlements that are being developed in



the area, and the main source of drinking water. But I don't think that we can develop water for other uses in the near future economically; we can of course produce water from the desalination process, but the cost of this water is very, very high.

EIR: Then what do you think of the possibilities opened up by nuclear energy?

Ya'acobi: You know that we are planning such a nuclear energy installation along the Mediterranean-Dead Sea Canal, near the Mediterranean, because it is essential to have a source of water near the installation to cool it off. And the only source of such water is sea water in Israel, not underground water.

EIR: Does this mean that you and your party are engaged in supporting this Mediterranean-Dead Sea Canal?

Ya'acobi: We are basically, principally supporting it but we are not convinced yet that this project will be worthwhile from the economic point of view. We are very much convinced that it is worthwhile from the point of view of the environment, of energy, and the Dead Sea itself. Let me explain: The level of water of the Dead Sea is decreasing, because most of the water that used to come to the Dead Sea from the north is now being taken for irrigation needs, through the pipeline from the Lake of Galilee to the south of Israel. So we have to compensate for this with other sources of water, and the only other source is the Mediterranean. From this point of view, it is a very worthwhile project, but from the economic point of view the question is still open and is under study. I am sure that we must start the project, in order to have the water needed for the nuclear installation, regardless of whether the canal is carried out to the Dead Sea or not. By the way, most of the route will be underground, through a pipeline, according to the present plan. One-third is open, two-thirds is underground.

EIR: How do you view the debt situation?

Ya'acobi: It's very dangerous, risky, and difficult. I think that this year we have to have about \$8 billion from foreign resources in order to repay \$5 billion of external debt and about \$2.5 billion for interest. It's a very heavy burden on the Israeli economy. I think it is too great a burden and places our country in too much dependence on the United States.

EIR: What would think of applying the orderly debt moratorium idea, which Mr. LaRouche has proposed for Latin America, to Israel's debt?

Ya'acobi: I would be very cautious about it because it will stop the good will and the trust we still have in the international money markets concerning our ability to mobilize more resources. But the rescheduling of Israel's debt is one of the ideas that is being discussed in the government and in public, and perhaps some day we will discuss it also with outside agencies.