

# Israel's Peres seeks 'Marshall Plan'

by Mark Burdman

In the face of the growing instability and terrorism in the Middle East, and a bid by extremist forces inside Israel around Ariel Sharon to take power, Israeli Prime Minister Shimon Peres put forward what may be the best proposal in decades for Middle East peace—a "Marshall Plan" for the region, emphasizing aid to Arab states.

As promising as the proposal is, it has run into one giant roadblock: the budget-cutting fanaticism of Gramm-Rudman Washington. Should the Peres plan *not* succeed in future months, and should the Middle East descend into chaos and war, the architects and supporters of this lunatic legislation should be held accountable before an international court of justice.

The "Marshall Plan" proposal was first put forward at a press conference in Israel on March 31, on the eve of Peres's departure for the United States. Peres reiterated it on U.S. television on April 3. In substance, the plan calls for the nations of North America, Western Europe, and Japan, perhaps others, to put up \$25-30 billion over a 10-year period to fund development projects in the Middle East, and to compensate the Arab nations for the disasters to their economies and social cohesion caused by plummeting oil prices. Peres envisions funding through a combination of international bank lending and direct government aid.

In an exclusive interview with *EIR* April 3, Israeli Economics Minister Ga'ad Ya'acobi, one of the architects of the proposal, called it an "overall, comprehensive regional economic development program," the aim of which is "to accelerate the economic development of the area, and, in this way, to give assistance to those countries that are ready to promote a peace process in the Mideast."

The Peres proposal may differ in detail, but it recalls those of *EIR* founder LaRouche over the past decade, for an economic development-based Mideast peace process. On April 2, LaRouche commented that a Marshall Plan approach for economic development should be the centerpiece of Washington's approach to the Middle East.

In Jerusalem March 31, Peres declared, "I believe that the economic issue will be the chief issue in the Middle East in the coming years, and, if it is not dealt with, we can expect very many jolts. . . . Many countries have a significant stake in promoting a lasting peace in the area and, if this plan were implemented, it would help to create joint economic and political stability."

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situation has become the overriding problem for all the countries of the Middle East," particularly because of the \$100 billion in revenues being lost this year by oil-producing Arab countries. He called for Western nations to invest in the "political infrastructure" of the region, because it is facing "its greatest crisis ever. . . . Peace can wait, but starvation cannot wait."

Peres indicated a favorable response from certain Arab leaders, particularly in Egypt and among moderates on the West Bank, such as Bethlehem Mayor Elias Freij. Israeli sources also report favorable responses from governments or government-linked individuals in West Germany, Italy, and Japan. Peres will have an opportunity to elaborate in an April 21 address before the European Parliament in Strasbourg.

Peres first put his "Marshall Plan" idea forward in a Jan. 22 speech at the Royal Institute for International Affairs in London, calling for "economic development, the widening of the industrial base and technological infrastructure of the countries in our region. . . . An improved economic foundation may produce a better psychological setting for the difficult political decisions required."

According to a source close to Peres, the proposal is addressed to "Jordan, Iraq, and even Syria, with the tactical idea being to isolate the real extremists, like Libya's Qaddafi." This kind of emphasis by an Israeli leader is almost unprecedented, and reflects the profound level of crisis in the Middle East. As one Israeli source stated: "The Peres plan is *primarily* aimed at the Arab world, because of their problems with the oil prices. If these countries are economically stable, they will be interested in peace."

An April 4 London *Daily Telegraph* feature entitled, "Oil Price Drop Stirs Middle East Unrest," notes that economic collapse is creating a perilous situation inside Syria, propelling President Assad to make new war threats as a "unifying rallying cry," as well as Egypt and the West Bank, whose population depends on remittances from Palestinians working in oil-producing countries.

But Israel's own economy is also in desperate trouble, thanks to the International Monetary Fund, the U.S. State Department, and organized crime figures who have come close to dominating Israel's economic life.

Says an Israeli, what matters now is "the attitude of the United States; they tell us it's not realistic."

In the fantasy world of Gramm-Rudman Washington, the message is "thumbs down" on the Peres plan. On April 4, as

Peres returned to Israel from Washington, the French newspaper *Le Figaro* headlined, "Shimon Peres Disappointed by Washington." Although the United States agreed to keep supplying Israel itself with requested levels of aid, "the Americans don't believe in a 'Marshall Plan' for the Middle East."

Earlier, the Italian daily *Corriere della Sera* reported, "The first reaction from the U.S. to the Marshall Plan proposal has been tepid. In fact, the Americans are not enthusiastic, at a moment when they are making large efforts to cut their budget, to engage in an economic initiative of such magnitude."

State Department spokesman Bernard Kalb cautioned, in a statement made April 2, "We see potential political and financial obstacles to the prime minister's proposal."

Said the April 4 *Financial Times* of London: "Explaining the potential obstacles, Reagan administration officials pointed to the financial constraints in the U.S. stemming from the new Gramm-Rudman budget balancing law and fiscal difficulties in other Western countries."

A City of London source told *EIR*: "Peres' plan is a nice idea, but it's not very realistic."

### Sharon in the wings

The attitude in Washington and London could so undercut Peres that it would bring Gen. Sharon and his cronies to power. Peres is in a delicate position. Over the April 4-7 period, the Labor Party-dominated Histadrut is holding its national convention. On April 8 begins the national convention of the Israeli Labor Party, and Peres will be increasingly vulnerable to the arguments of "those who accept the thesis of the rightwing," as *Le Figaro* put it, "that one can only have a policy of force with the Arabs."

Knives are being sharpened for Peres. On April 2, Defense Minister Yitzhak Rabin attacked those who want to "speed up" the Israeli-Jordanian-Palestinian negotiations. In October, current coalition arrangements call for Vice-Premier Shamir to assume the premiership, on a program of West Bank annexation and opposition to the Peres plan. Peres' circle, in fact, is using the Marshall Plan, to try to create some *fait accompli* in the direction of peace before October.

The real threat, however, is not Shamir, but Sharon. In the first days of March, the Herut-Likud convention broke into violent brawls, but Sharon stayed out of them. As a result, Israeli sources inform *EIR*, he has "emerged as a statesman, in contrast to the others, and the whole image of him has shifted." Said one source: "I wouldn't be surprised to see him become Israel's prime minister, although it may take until 1988-89, for this to happen."

Sharon's economic policies are simple: to make Israel a haven for organized crime operations, speculative real estate, casinos, and the like, while doing anything in his power to encourage the rapid collapse of the Arab nations. For this, Sharon has various private agreements with Moscow. On

March 26, the Soviet weekly *Literaturnaya Gazeta*, the KGB's "unofficial" organ, issued a sinister attack on Peres and his political ambitions inside Israel.

A timely attack, again suggesting that Gramm-Rudman is, for all intents and purposes, a Soviet plot.

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## Interview: Ga'ad Ya'acobi

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### Behind the Mideast 'Marshall Plan'

*On April 3, from his office in Tel Aviv, Israeli Economics and Planning Minister Ga'ad Ya'acobi gave the following telephone interview to EIR's Paolo Raimondi. Ya'acobi is a member of the Israeli Knesset (Parliament) for the Labor Party.*

**EIR:** Can you explain some details of the Marshall Plan proposal made by Prime Minister Peres?

**Ya'acobi:** The idea came from the prime minister, following discussions with me, and others in the government, and experts from the Israeli institutes and academies. The idea is to get the U.S., Canada, the countries of the European Community, and Japan, together, to initiate and to carry out an overall, comprehensive regional economic development program, based on very detailed and defined priorities concerning investment in several economic sectors: industry, education, training, irrigation, technology, and research and development. The idea is to accelerate the economic development of the area, and, in this way, to give assistance to those countries that are ready to promote a peace process in the Mideast. I mean, the moderate countries. Also, to reassess the status of the possibilities for peace in the Middle East.

The total sum indicated is \$25 billion in 10 years, namely, \$2.5 billion per year, that 18-20 countries should contribute to. I don't think, in this way, it would be a heavy burden for the participants.

We have another idea: to create a multinational team, to study how to work out this plan. Also, in Washington, there should be an office, to function like a consultant in this effort.

**EIR:** Can you tell us what kinds of projects you intend?

**Ya'acobi:** Yes. One project should be the establishment of a nuclear power station in the Sinai, to supply energy to both Egypt and Israel. A second project, should be a railway system from Turkey, along the coast, to Egypt, going through Lebanon, for transportation of freight. A third, is a joint touristic project in the area of Eilat and Aqaba. For what concerns agriculture and irrigation, we also have joint projects, one in Egypt, and another one in the Jordan Valley. The details on this have to be worked out fully.

The plan for the program will be presented to the international public, when the detailed program is worked out.