

Look who's out to stop Israel's 'Marshall Plan' for the Middle East

by Paolo Raimondi

In our last issue, we presented a report by EIR correspondents Muriel Mirak and Paolo Raimondi, on the results of their 10-day visit to Israel at the beginning of June. Titled "Debate in Israel Over Mideast 'Marshall Plan,'" the article and accompanying interviews documented the contrasting views of Prime Minister Shimon Peres and his advisers, on the one hand, and the grouping around the Armand Hammer Fund for Economic Cooperation in the Middle East, on the other. Here we continue that analysis, and publish more exclusive interviews with Israeli policymakers.

Just as Israeli Prime Minister Shimon Peres and Economic Planning Minister Gad Ya'acobi have decided to call for international support for a "Marshall Plan" for development of the Mideast, and to characterize this as probably the last chance for peace in the region, diverse groups and schools of anti-growth and pro-austerity economic policies have surfaced forcefully in Israel to counter this effort. Leading the pack was Kenneth Bialkin, the just-retired chairman of the Anti-Defamation League, the Wall Street lawyer well known for his association with cocaine mafia boss Robert Vesco. Bialkin led a delegation to Israel recently of 60 officers and members of the ADL, including the new chairman, Los Angeles lawyer Burton Levinson, and ADL Associate National Director Abraham Foxman.

At a press conference in Jerusalem on June 9, Bialkin declared his intention to stifle the ongoing U.S. investigation of the Jonathan Pollard espionage case, with all its traces leading to Soviet spy rings and Israeli power broker Ariel Sharon. Bialkin stated that the U.S. government's investigations "were not being sufficiently guided by the broader considerations of foreign policy, intelligence policy, and the mutual desire of both countries to continue their friendly relations."

Then Bialkin explained how his organized crime-linked grouping intends to undermine Prime Minister Peres's plan, and turn Israel into a "free-enterprise" paradise of tourism, real-estate "development," casinos, and drugs. The "transcendent question" for Israel, he said, is financial independence. He vowed to devote more of his own time, in the

framework of the Israeli government's "Operation Independence," to encourage the "freeing up of Israel's economy." "For Israel to achieve economic and financial viability, it must do more to introduce the free-market concept," he said, adding that he considers himself a "flaming liberal."

Operation Independence was intended to achieve—through austerity measures and redefinition of investment targets—"freedom" from the rest of the Western world, and in particular from the United States. Economics and Planning Minister Ya'acobi revealed at the end of 1984 that the nucleus of a task force for this project had been created, consisting of Bialkin, United Brands magnate Max Fisher, and Charles Bronfman. Operation Independence was supposed to involve infusions of capital directly into Israeli firms, preferably tourism enterprises. But the core of the plan consisted in transforming the port of Eilat, on the Red Sea, into a "free-enterprise zone." The Eilat area has already become, over the past few years, one of the most important transit points for dope and a "paradise" for drug consumers.

Operation Independence never really got off the ground. But Bialkin and company are reviving it now as a counteroperation against the Marshall Plan, whose contrary economic and political philosophy is based on regional development through high-technology-vectored Great Projects in infrastructure, agriculture, and industry.

Hammer and the State Department

In coordination with the ADL effort, the Armand Hammer group is promoting similar solutions, rejecting the Great Projects concept, in favor of smaller projects and free-enterprise zones, giving free rein to wild speculation and dubious financial manipulations. The Hammer group is now soliciting support for its plans from international banks and financiers.

At the same time, a delegation of economic experts from the U.S. State Department, led by W. Allen Wallis, the undersecretary of state for economic affairs, arrived in Israel for discussions on the economic future of the region. This team is insisting that all the Israelis' problems could be solved with a drastic cut in the budget and massive austerity measures, especially in social expenditures. Wallis is an advocate

of the economic policies of Hitler's economics minister, Hjalmar Schacht; during the 1930s he, along with the Harri-man family, supported Nazi eugenics policies; more recently, he collaborated with Milton Friedman's "Chicago School," which advocates drug legalization under the rubric of "free enterprise."

Then there is the incompetent Israeli minister of industry, Ariel Sharon, who has been trying for months, with little success, to increase Israel's exports. Sharon is convinced that with lower taxes and more subsidies for exports, the country's economic problems could be solved. Similar policies have been adopted by stooges of the International Monetary Fund in many developing countries, with the result that their economies have been destroyed, while providing no solution at all for the foreign debt burden.

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Israel's economic crisis

For Israel as well as the moderate Arab states, the Marshall Plan is the only way to survive and develop, and Prime Minister Peres is acting on this basis. He recently appointed Prof. Michael Bruno as the new governor of the Bank of Israel, one of those who participated in the formulation of the Marshall Plan. Bruno replaces Moshe Mandelbaum, who was denounced by the government's Bejski Commission, along with the presidents of the seven major Israeli national banks, for having plotted speculative actions which three years ago collapsed the Stock Exchange and led to a 1,000% inflation rate.

It is the rapid acceleration of the economic crisis which is making the Marshall Plan indispensable for Israel. Besides the foreign debt burden, a dangerous lack of water is threatening one of the most productive sectors of the economy, agriculture. In mid-June, the government decided to cut agricultural water supplies by 160 million cubic meters this year. Farmers reacted with dismay, saying that such a measure could cut agricultural production by one-third. Farmers from Galilee angrily said that they would have to uproot almost one-third of their banana and avocado trees or else try to irrigate the cultivated land until water supplies ran out, and then risk losing all the trees. These farmers demanded cuts in energy costs, because they reported that 60% of the cost of water comes from the high cost of pumping it.

Energy is a major problem for Israel. Energy Minister Moshe Shahal recently addressed the Engineers' Club in Tel Aviv, calling upon them to develop nuclear energy. The ministry aims to press the Treasury to provide funds for Israeli scientists to take part in research projects, at home and abroad, on a new generation of "mini" atomic power stations. These would provide 500 kilowatts of electricity and would

be exactly what Israel and also the rest of the region need right now.

The fact that Israel's most precious resources, its technology and its scientific know-how, are on the line in this crisis, was confirmed by the dramatic call made by the vice president of Technion, the university and technological research center of Haifa, Michael Shussheim, who said: "Technion is facing collapse for lack of funds." We were told that the research center in the Negev Desert was also collapsing for the same reason.

Success for the Marshall Plan idea requires that people in

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Israel and the Arab world put political and other difficulties aside and begin to work immediately on some joint economic development projects. International support will be required for such an effort, because the destabilizers will certainly do everything they can to throw it off the track. The current economic and social destabilization of Egypt, under the supervision of the International Monetary Fund, is part of this, as is the growing social tension in Israel, whose aim is to divert attention from the Marshall Plan. In the most recent weeks, for example, warfare has been artificially created between ultra-Orthodox religious fanatics and a violent countergang. The goal is to polarize the country on an irrational issue.

Because of these domestic crises, Prime Minister Peres canceled his trip to Peru in June, for the meeting of the Socialist International. While this conference has no merit in itself, it would have provided a significant opportunity for Peres to meet Peruvian President Alan Garcia, whose fight against the IMF and for a policy of economic and technological development represents the best example of a developing country fighting for its independence and sovereignty. In view also of the present IMF-created political unrest in Egypt, it will become more and more urgent that Israel and the Arab states establish contact with the countries of Ibero-America to coordinate a common fight against the IMF, and for a development policy like the one represented by the Marshall Plan.