

Grand design for Mideast prosperity must begin now

by Mark Burdman

The aspiration of leading Israelis and Palestinians for a program of rapid economic development of the Middle East has been clearly affirmed in the days surrounding the historic Israel-Palestine Liberation Organization accord signed on the White House lawn on Sept. 13. The determining question now, however, is whether there is the political will on the part of leading figures in the Middle East, Europe, and the United States for the rapid implementation of the necessary infrastructure projects, or whether the positive momentum will be whittled away, thereby allowing the forces associated with the International Monetary Fund (IMF) and World Bank, the British Foreign Office, and former U.S. Secretary of State Henry Kissinger, to sabotage the chances for a real peace in the Middle East.

Speaking on the White House lawn on Sept. 13, Israeli Foreign Minister Shimon Peres, a long-standing advocate of a "Marshall Plan" for the Mideast region, stated:

"We shall support the agreement with an economic structure. We shall convert the bitter triangle of Jordanians, Palestinians, and the Israelis into a triangle of political triumph and economic prosperity. We shall lower our barriers and widen our roads so goods and guests will be able to move freely all about the places holy and other places.

"This should be another Genesis. We have to build a new commonwealth on our old soil: a Middle East of the people and a Middle East for the children. For their sake we must put an end to the waste of arms races and invest our resources in education.

"Ladies and gentlemen, two parallel tragedies have unfolded. Let us become a civic community. Let us bid once and for all farewell to wars, to threats, to human misery. Let

us bid farewell to enmity, and may there be no more victims on either side. Let us build a Middle East of hope, where today's food is produced and tomorrow's prosperity is guaranteed, a region with a common market, a Near East with a long-range agenda.

"We owe it to our fallen soldiers, to the memories of the victims of the Holocaust. Our hearts today grieve for the lost lives of young and innocent people yesterday in our own country. Let their memory be a foundation we are establishing today, a memory of peace on fresh and old terms."

Peres's words were effectively seconded by PLO Executive Committee member Mahmoud Abbas, widely known by his *nom de guerre* Abu Mazen, who had been the chief negotiator for the accord on the Palestinian side. He stated: "Economic development is the principal challenge facing the Palestinian people after years of struggle during which our national infrastructure and institutions were overburdened and drained. We are looking to the world for its support and encouragement in our struggle for growth and development which begins today."

On the eve of the Washington ceremony, a senior PLO official acknowledged that the fundamental breakthrough that finally allowed the negotiations, which had been taking place secretly in Oslo and Paris, to succeed, was that the participants transcended the separation between economic and political issues that had been mandated at the multilateral Middle East talks established under joint American-Russian sponsorship in Madrid. In an interview with *Le Monde* on Sept. 11, Leila Shahid, the PLO representative in Paris, stated that the Israel-PLO agreement "includes economic and political aspects, alleviating the anomaly of the Madrid pro-

cess, which established a strict separation between the two. The agreement was only made possible because the two sides were able to recognize the fact that their respective interests coincide and that these interests could only be served in a situation of peace, for us and for the Arab states." *Le Monde* commented that "Israel and the PLO understood that regional economic cooperation was a contributing factor for a real political coexistence."

By having so acted, the PLO and Israeli negotiators involved adopted the kernel of the argument of Lyndon LaRouche, that any approach was doomed to fail which tried to resolve the "political problems" first, leaving the "economic problems" for later.

From 'war roads' to 'peace roads'

There are many indications that there is a will on both the Palestinian and Israeli side, to put concrete projects into effect at an early date. In discussions with *EIR*, influential figures involved in relevant economic matters report that many projects are "in the pipeline." Both Palestinians and Israelis are in the process of establishing parallel, as well as overlapping "joint venture" entrepreneurial institutions, to generate the flow of funds and ideas to set the projects into motion.

According to the German economic daily *Handelsblatt*, the basis for PLO economic plans is a study put together by Palestinian "diaspora" economists over a two-year period, under the direction of Palestinian economist Youssef Sayigh, which calls for \$11.6 billion in investments, half of it for construction, over a seven-year period. It foresees the return of over 600,000 Palestinians to the Occupied Territories, and the funding of the projects from \$2 billion in private Palestinian savings and foreign loans. Aside from housing and construction, there are ideas for creation of an economic and social infrastructure, of export-oriented sectors of industry, and in the acquiring of technological know-how. Although the actual development needs of the region far exceed the amounts indicated by Sayigh et al., this report establishes a point of departure for discussion.

From the Israeli side, several ambitious declarations have been made. Gad Yaacobi, now Israel's ambassador to the United Nations, said on Sept. 14 that the near-term agenda between Israel and its Arab neighbors should put emphasis on cooperation in infrastructure projects. Yaacobi advised that a "common market" be set up, modeled on the European Community, that should develop an "integrated grid of highways, airports, and railroads." For approximately a decade, Yaacobi has been a supporter of the concept of a "Middle East Marshall Plan," as enunciated by Peres.

In similar terms, Israeli Minister of Housing and Construction Benjamin Ben-Eliezer, a retired general who had formerly taken a leading role in fighting Israel's wars and, notably, in bitter battles against the PLO, has called for "a new Middle East of economic cooperation," in which his

ministry would be in the forefront of building new roads and ports to service the Middle East. On Sept. 9, Ben-Eliezer, who is being described as a "visionary" in Israel, revealed that he had begun work on a network of "peace roads," that would connect Israeli port facilities at Haifa, Ashdod, and Ben-Gurion International Airport with Lebanon, Syria, and Jordan, and with the Gulf markets. He stated, "The routes for the highways of the future already exist, but until now the security forces used them in times of war. I call them war roads. All that needs to be done is to repair them, widen them, and open them up."

Another enthusiastic advocate of such an approach is Dan Gillerman, president of the Israeli Federation of Chambers of Commerce, who told the Sept. 10 London *Financial Times* that there are various "straws in the wind," including French companies which are actively pursuing a contract to build a new railway between Eilat and Tel Aviv, a link that could eventually become the nucleus of a bigger regional railway between Riyadh and Damascus, and the German Siemens company, which is studying the potential for linking regional electricity grids. An informed Tel Aviv source told *EIR* that French concerns have been in private negotiations with their German counterparts on potential cooperation in rebuilding the railway networks that existed *prior to World War I*, but were since destroyed.

A mobilization to provide French and other European support for such projects has been mounted by leaders of the French Jewish community. For example, Simon Pinto, president of the French Union of Jewish Students (UEJF), has called on France to "absolutely invest enormously" in the Middle East. Jean Kahn, president of the French Council of Jewish Institutions (CRIF), warned that "if the Palestinians don't have very strong economic support on the part of the European Community, the United States, and the moderate Arab countries, the political process will not be able to develop in a worthwhile manner." Jean-Pierre Bansard, president of the Union of Jewish Communities of France and of Europe, affirmed: "Israel will not be able to be an island of happiness in a sea of unhappiness. If the Palestinian state which is going to be born doesn't have solid financial means, it will be a rickety state. The economic support of France is indispensable." Noting that this conflict "was the cancer of the world," Bansard proclaimed that "this peace cannot be only a great relief for the Jews. It is a chance for the state of Israel, for France, for the world."

From strangulation to chaos and war

Obviously, the problem is not the lack of sentiments in the right direction. The problem, repeatedly stressed by LaRouche, is that key projects must begin *now*, by the last week in September at the latest, or else the momentum will begin to erode, and the vultures who want to destroy the positive potentials will move in.

One immediate danger is that various institutions or gov-

ernments which are nominally committed to providing development aid, are setting their sights very low, and/or dragging their feet. Hence, while the European Community's commissioner for development, Manuel Marin, has eloquently declared that "the only way of achieving stability in the Middle East is greater economic cooperation between countries in the region," and has said that the Middle East nations should model themselves on the process of Franco-German reconciliation after World War II, the actual aid levels of the EC, amounting to about \$600 million over five years, are infinitesimal compared to the needs. Similarly, the Japanese government, which had earlier been in the forefront of putting forward a "great projects" approach toward the Middle East and other conflict-ridden zones, is insisting that it will await this month's IMF, World Bank, and Group of Seven meetings in Washington before finalizing its aid commitments. One Japanese diplomat stated cautiously on Sept. 15 that Japan would shy away from great projects and support something "more feasible, because if we start with a huge project and we fail, then politically it's more counterproductive."

Even more menacing, is that the *approach* being taken by some of the leading institutions nominally studying development needs is completely wrong-headed, because they avoid the issue of *physical economic* needs, and prioritize "liberal free trade." Much attention is focused on the World Bank meeting beginning Sept. 20, where a major bank study on the economies of the Occupied Territories will be under discussion. According to informed British sources, the World Bank will insist on political "conditionalities" for aid, such as "democratization" and an end to "autocratic structures" in the PLO, PLO commitment to "free trade and private enterprise," etc. The French daily *Le Figaro* reported on Sept. 14 that the World Bank will insist on postponing any definitive decisions on aid until November, when a Palestinian government which can "guarantee the repayment of loans" granted from abroad is in place in Gaza.

A complementary approach is embodied in a new report put out by the Institute for Social and Economic Policy in the Middle East of Harvard University's John F. Kennedy School of Government. Entitled "Securing Peace in the Middle East: Project on Economic Transition," the report overwhelmingly emphasizes such ideas as "a free trade area in goods, services, capital, and technology" between Israel, Jordan, and the Occupied Territories; labor mobility; administrative, management, and fiscal structures; and increased tourism as a means of generating revenues. The barest attention is given to the question of the necessary *physical economic transformations* in areas like water, transport infrastructure, and energy.

British maneuver 'from the inside'

As long as such approaches prevail, the room for maneuver for the British Foreign Office and the Kissinger crowd increases. As far as the British are concerned, the fact is that

Whitehall is apoplectic that they were kept out of the Oslo-Paris round of negotiations. For some days after the Rabin-Arafat breakthrough had been announced, British officialdom was dead silent. Then, on the eve of the White House ceremonies, British Foreign Secretary Douglas Hurd suddenly declared that Britain "played its part" in the behind-the-scenes talks, and could justifiably take some of the credit for the breakthrough. Not able, for the moment, to attack the agreement frontally and publicly, the British now seek to kill it "from the inside." As one informed London source said in a Sept. 15 discussion, the British will insistently argue that "no economic aid should be forthcoming until the political arrangements for Gaza have been worked out and Israeli-Palestinian difficulties overcome." This source also stressed that Britain will demand effective policy control over the financial aid mechanisms, both those set up by the European Community and those established in the Middle East, which will be financing development projects, and will insist on strict adherence to the dictates of the World Bank and IMF.

Meanwhile, Henry Kissinger is hyperactive, with statements to the media of several nations assuring them that the accord is doomed to fail. As quoted by *Le Figaro* on Sept. 14, Kissinger expressed disagreement with those — undoubtedly including his enemy LaRouche — who have likened the Israel-PLO accord to the opening of the Berlin Wall in 1989. Said Kissinger: "The fall of the Berlin Wall meant an irreversible evolution. Without abusing the importance of this Israel-Palestinian agreement, we must realize that it contains many time-bombs, which could explode when the thorny problems are discussed which have been left by the wayside for this first phase."

Should Kissinger and company prevail, the Mideast could rapidly descend into chaos. This point was made, in essence, by Nablus University Prof. Saeb Erakat, vice president of the Palestinian delegation to the negotiations in Washington. In an interview with *Le Figaro* on Sept. 14, he called on the Europeans to take the lead in establishing "practical mechanisms" to ensure that the agreement works. "The outside world must wake up," he insisted. "The United States is in a state of shock. Europe is doing nothing, although the practical work should begin immediately. If Washington, Paris, and London stay content to observe and sit idly by, then the risks of a collapse of the peace process are real." When asked what would become the most dangerous threat if vacillation were to set in, he responded, "The Jewish settlers and their friends in the Israeli right. If they smell that the agreement is vacillating, they will come to attack our towns, burn down our houses, kill our people. To create chaos. They are capable of it. The settlers obey no other logic than the certainty that God gave them, forever, the land of Judea-Samaria. They are armed to the teeth, and could commit some real crimes. Recall the atrocities of the French settlers in Algeria [during the 1954-62 war], and you will understand what I fear."