

donors cannot just send checks to Yasser Arafat, they need credible institutions that they can trust for implementation. So until Yasser Arafat moves in that direction, funds will continue to be on hold. On the other hand, there is another thing to blame on the self-rule: They are not collecting taxes. I think the donors meant to finance projects, infrastructure, not to pay the salaries of the policemen or the teachers. If they paid for one or two months, all right, but not forever. The Palestinian people were able to finance the occupation, which is very expensive. The Israelis were collecting taxes, enough to pay for all their costs and make some profit on the side. So why does the present national Palestinian self-rule not start to collect taxes to pay for current expenses? I'm not saying they should finance the projects, that's beyond their means. But they can finance the policemen, the teachers, and the civil servants. I understand that any new self-rule has a lot of problems and, politically, it is not easy to ask people to pay taxes. When there's competition to get popularity, you can't be popular and ask people to pay; however, it's a difficult formula that has to be solved.

EIR: Has the Palestinian National Authority (PNA) received the tax records to be able to do this?

Fanek: The taxes are divided into two categories: Direct taxes are under the authority of the Palestinians. They can collect income tax and property tax. On the other hand, the indirect tax is collected by the Israelis, and they were supposed to hand it over to the Palestinians. This they have not done so far, so the Palestinians had to ask the Israelis to pay them their share of the VAT (value-added tax) and the customs duty tax, this is a main source of income. So the Israelis have to pay that part and the Palestinians have to collect the direct taxes. The two sources should take care of the current expenses of the self-rule, which is not much.

EIR: To collect taxes, the PNA needs the tax records, which reportedly have not been given them.

Fanek: They may have taken the records with them, but if they are asked to provide them, I don't think they would hide them. They have no incentive to do so. In fact, they are pushing the Palestinians to collect taxes; otherwise, they will be under pressure to pay themselves.

EIR: In reference to the unpopularity of taxes, how do you assess the relative strengths of Hamas and the PNA?

Fanek: I think it's better than before. We thought there would be a dispute, even an armed dispute. But so far, things are under control, and Hamas is behaving wisely, not making any conflict with the self-rule authorities. It seems the people want it to succeed, because it is better than nothing. It does not satisfy their ambitions, but it is better than nothing, and if it fails, all will lose. So they have a good chance to succeed. The only criticism, a major one in fact, is that Arafat is monopolizing the authority, he is not democratic enough. If that's true, it's not good, because the Palestinian organiza-

In 1993, EIR warned of World Bank sabotage

Exactly one year ago, in September 1993, the World Bank released two studies on the Mideast which left no doubt that it would attempt to block the type of development that Palestinian leader Yasser Arafat and Israeli Foreign Minister Shimon Peres had called for in the Gaza-Jericho accords.

In its report, "Mideast Peace Talks Regional Cooperation and Economic Development: A Note on Priority Regional Projects," the World Bank gave "low priority" to almost all infrastructure projects. The only recommended ambitious project—a gas pipeline from Algeria to Europe—was based on Algeria using the pipeline to pay off its huge debt to the International Monetary Fund.

The projects slated for oblivion, *EIR* reported in the Oct. 8, 1993 issue (p. 38), included:

- *The Mediterranean-Dead Sea canal.* Together with the Red Sea-Dead Sea canal, this project is necessary to develop Gaza and the West Bank. The canals would maintain the water levels of the Dead Sea; lining them with nuclear-powered water desalination facilities would allow for an enormous increase in food production. The region is desperately short of fresh water.

- *The expressway from Beirut to the Syrian border.* This and other projects are required to revive the Beirut port, and to provide a basis for the development of Syria.

- *The Aqaba-Iraq corridor, a land bridge linking Jordan's Aqaba port on the Red Sea to Iraq.* Rail and road projects relating to this corridor have been on the drawing

tions were always democratic, they bragged that they were more democratic than all Arab regimes. So now that they are being tested, they should prove that they are democratic, and the individual is important but is not the only authority. Authority has to be shared and democracy has to be stronger than it is so far.

EIR: How do you view the question of Jerusalem?

Fanek: I tell you very frankly, as an East Jordanian, I don't understand why we, as Jordan, should be involved in Jerusalem against the will of the Palestinians. I understand that we will be ready to do whatever they want to help, but not to impose our help on them. Jerusalem is a Palestinian city, it is not a Jordanian city. We want it to be Palestinian and under Palestinian sovereignty.

boards for years. Iraqi infrastructure destroyed by the U.N. war must be rebuilt, and the murderous embargo lifted. A transportation corridor must link Iraq to Gaza, which must be provided with a major port.

● *Regional rail integration.* The World Bank report rejected the type of railroad construction and regional integration of existing networks needed to hook up North Africa and the Mideast.

'Investment in peace'?

On Sept. 20, 1993, the World Bank released its *Developing the Occupied Territories: An Investment in Peace*, a six-volume series laying out its vision of Palestinian development. As *EIR* analyzed the report in an article printed on Oct. 22, 1993 (p. 9), the World Bank recommended that Israel and a future Palestinian state:

Use no state-directed credit: Neither nation must ever carry out the type of state-directed "dirigist" credit policies required to agriculturally and industrially develop the region, according to the World Bank.

"International experience," the report asserted, "indicates that differentiated patterns of protection, activist industrial policy or public channelling of money into unviable enterprises via the financial system too frequently lead to economic disaster." In reality, the contrary has always been shown to be true (e.g., the historical cases of the United States and Japan).

"Economies that have prospered in the past," the study continues, "have relied primarily on the private sector, working in undistorted markets, as the primary engine of economic growth."

Abandon attempts to achieve food self-sufficiency: Increased food production through developing new sources of water would not be allowed. "Diminishing water resources throughout the region will constrain the development of the agricultural sector," the report read, "with

future growth limited to high-value export crops catering to niche markets." In other words, grow oranges, asparagus, and cut-flowers for Europe, but do not grow staples like rice and beans for one's own population.

No industry, but a service economy: The World Bank opposed heavy industry. "Given the paucity of industrial raw materials and the small market size, heavy industry is unlikely to be a major contributor to future growth," the report advised. "Instead, skill-based, light and medium-sized industries would appear to be more promising."

Associated with creating such light industries were plans to create "free-trade zones." Demanding open trade relations between Israel and the Arab states, the report stated that "a possible approach to consider would be a free-trade area with Israel, linked with a significant opening of trade to Jordan and Egypt," i.e., that Israeli-owned Palestinian sweat-shops assemble cheap radios for export to neighboring Arab states. "Above all," the report continued, "the economy of the West Bank and Gaza is likely to remain mainly a service-oriented economy with an important contribution made by the tourism sector."

Rationalize and privatize: The study emphasized the supposed need for rationalizing and privatizing "inefficient" government sectors that have "poor performance," and criticized *existing* health care for providing "costly, high-technology, hospital-based care."

In this respect, the report claimed that the Occupied Territories are blessed with a relative lack of government involvement in the economy, since, after all, the territories are occupied. The territories do not have a "bloated bureaucracy nor any loss-making public enterprise. . . . Free from these legacies, public policy can, therefore, focus on structural reform." In short, the Palestinians could have genocidal "structural reforms" imposed on them without even having a state, or even the crushing external debt typically used to enforce such policies.

However, there is a point of view which must be understood: The Palestinians postponed the fate of Jerusalem for five years. The question is, what will happen during these five years? Is it better for Jordan to continue to carry on its duties in preserving the Islamic places or not? The replacement for the Jordanians are not the Palestinians. So it is in the interest of the Palestinians to tell the Jordanians, "Okay, go ahead, continue your activities and services until we take over in the future." If they took over the sovereignty of Jerusalem, there is no problem, because they are free to tell everyone what he can or cannot do. But if they don't get Jerusalem back—which is a possibility—then it is better to have something Islamic and Arab in Jerusalem, which Jordan is doing. So there is a feeling that the king feels responsible for Jerusalem until the Palestinians take over. If they take

over, he has no problem to withdraw and to deliver the authority to the Palestinian al Waqf [the religious authority responsible for Islamic holy sites]. But if not, then the Islamic places should continue under Islamic rule and the king says he is doing it on behalf of all the Islamic nations.

EIR: Why do you think the PNA announced it would take over administration of the Islamic institutions?

Fanek: The reason behind that is competition: The PLO fears that Jordan has ambitions to recover the West Bank and annex it to Jordan, or unite it, or whatever, and Arafat wants a Palestinian state. I myself support Arafat in seeking a Palestinian state and I tell him all the Jordanians support a Palestinian state and that there's no possibility that Jordan would go back to what it was before 1967. He should be assured that