

Casablanca summit defers plan for Mideast development bank

by Dean Andromidas

The Middle East/North Africa Economic Summit held in Casablanca, Morocco on Oct. 30-Nov. 1, was the first of its kind to include both Israel and the Arab states. It brought together 2,500 political leaders, businessmen, and economic experts from 59 countries. Discussions centered on the Israeli government's proposal for the formation of a Middle East and North African development bank and a regional economic development working group comprised of economic experts, government officials, and business leaders. Although the proposed bank was favored by President Clinton, it was strenuously opposed by the International Monetary Fund (IMF), the World Bank, and the British government, among others. The conference ended with a decision that "experts" should "study" the plan for the next six months.

The conference was held at the invitation of honorary co-chairmen President Bill Clinton and President Boris Yeltsin, and was hosted by King Hassan of Morocco. Israel was represented by Prime Minister Yitzhak Rabin, Foreign Minister Shimon Peres, and seven other cabinet ministers. Crown Prince Hassan of Jordan, Palestine Liberation Organization Chairman Yasser Arafat, and U.S. Secretary of State Warren Christopher were among the leading participants.

The Peres plan

The idea for the conference was a direct result of the Gaza-Jericho statement of principles, negotiated between Peres and Arafat in September 1993. At that time, Peres had hoped to hold the conference as early as March 1994, but he was unable to get sufficient backing until King Hassan of Morocco agreed to host a meeting in Casablanca. Perhaps more crucial was the eventual backing given by President Clinton. In an effort to broaden participation, Peres sought the sponsorship of the Swiss-based World Economic Forum and the New York-based Council on Foreign Relations. Although this probably did serve to broaden the participation, Israeli sources report that it also diminished the likelihood of concrete results. These organizations, which are the leading representatives of the World Bank-IMF economic outlook, successfully blocked the immediate formation of a regional development bank.

The idea for the development bank was the brainchild of Shimon Peres, who in his recent book on the prospects for

Middle East peace detailed the need for such a bank. His proposal called for a regional bank capitalized at \$24 billion and financed through the governments of the region, as well as the United States, Japan, and the countries of the European Union. Its formation would specifically not include the World Bank, since that institution would not lend money to Israel because of its high per capita income, nor would it lend money to the Palestinians, because they are not a country and they do not finance regional infrastructure projects.

The Peres proposal mirrors those made by American economist Lyndon LaRouche as early as 1975, when LaRouche called for an International Development Bank. In that and later proposals, LaRouche advocated the formation of an international financial institution capable of financing multibillion-dollar infrastructure projects in the developing sector. The Peres proposal, in its original conception, would complement LaRouche's 1989 plan for a Paris-Berlin-Vienna "Productive Triangle," which included establishing a Eurasian land bridge from the Atlantic to the Pacific. Linked to this land bridge, the LaRouche "Oasis Plan" for Middle East development would concentrate on the introduction of new water and energy resources, through the massive development of nuclear energy as well as transportation and other infrastructure projects.

Over 150 development projects proposed

The idea of a development bank was complemented by a book-length proposal put forward by the Israeli government, for over 150 regional economic development projects, mostly in the fields of infrastructure, water, agriculture, and industry. According to a 14-page summary released by the Israeli Foreign and Finance ministries, it parallels, but on a broader Middle Eastern-North African scale, the economic appendix of the Gaza-Jericho Accord signed in October 1993.

Entitled "Development Options for Regional Cooperation," the document concentrates on "regional development options for intra-regional cooperation in infrastructure" which by their "nature depend on active involvement at the governmental level." The aim of the "integrated regional development" is to "present the concrete meaning of peace," reducing the likelihood of hostilities, to "promote regional

and national economies," and to "raise the standard of living" of the population of the region. While calling for regional infrastructure, a network of transport, water, and energy systems, on the one hand, it also calls for the establishment of Regional Development Centers along the borders of the various regional states.

The study details potential projects along the following lines:

- **Water:** The document states that efforts "must focus on increasing production and supplementing water resources," because all current resources are currently overutilized. Among the 15 sub-categories of projects are included the construction of desalination plants for the Gaza Strip and the Eilat and Aqaba regions, capable of increasing the water supply by over a billion cubic meters a year; canals to the Dead Sea; transport of water from Turkey; and various categories of water management and recycling.

- **Agriculture:** Eight categories of projects aim at greening the desert and turning the unique qualities of the desert to an advantage. This would include regional research and training centers, farms for production and technology transfer, and marine agriculture, utilizing the abundance of saltwater resources.

- **Combatting desertification:** Five categories of projects including reforestation, land management, and expansion of agriculture.

- **Tourism:** Various proposals for tourist projects throughout the region.

- **Transportation:** Underscoring the historical role of the Middle East as a crossroads of three continents, the study calls for the "restoration of the intra-regional trade and the region's role as an international, trans-continental transportation artery serving the East, Africa and Europe."

In the area of road transport, the document details projects integrating and expanding the networks linking Egypt, Israel, the Palestinian territories, and Jordan.

In the area of railroads, projects are aimed at renewal and expansion of various railroad grids integrating Turkey, Syria, Jordan, Israel, the Palestinian territories, and Egypt.

In addition, proposals include construction of a new port north of Eilat and Aqaba, cooperation among Israeli and Arab shipping lines, and air transport facilities, including regional international airports.

- **Canals to the Dead Sea:** Various projects are suggested, aimed at taking advantage of the drop in elevation to the Dead Sea to develop hydroelectric power potential. These include canal project proposals from both the Mediterranean and Red Sea, for both electricity and desalination.

A raging battle

According to available reports, the debate on the formation of a Middle East and North African development bank went to the core of the same policy conflict that has plagued the Middle East peace process since the signing of the Gaza-

Jericho Accords. The attack was led by Great Britain's many surrogates. Despite a personal appeal by Israeli Prime Minister Rabin to British Prime Minister John Major, for Britain to be represented either by himself or his foreign minister, Her Majesty's government sent the much lower-level Douglas Hogg, minister of state at the Foreign Office. Nonetheless, the British line was well represented. The clear opposition expressed by the World Bank and International Monetary Fund was well known and supported by central bankers, including the governor of the Bank of Israel and U.S. Treasury Secretary Lloyd Bentsen.

German Foreign Minister Klaus Kinkel of the Anglophile Free Democratic Party, who takes many of his orders from the Anti-Defamation League (ADL), expressed skepticism with the Peres plan. Kinkel told the German daily *Frankfurter Allgemeine Zeitung* of "doubts" among "experts" about the need for such a bank, which he called an "Israeli-American initiative," adding that "perhaps the World Bank could fulfill this financial task as well."

Walter Weiner, chief executive officer of Republic National Bank, which is owned by top Anti-Defamation League supporter Edmond Safra, spoke openly against the bank. The Persian Gulf states and Saudi Arabia said they could not donate money, because the Gulf war and the collapse of the price of oil had depleted their coffers (although Qatar gave its support). Fear of Israeli and American domination was expressed among some Arab circles. Canada also lobbied against the bank.

Support for the proposal came from Egypt, Jordan, the PLO, the United States, and European Commission President Jacques Delors. Nonetheless, the final communiqué represented a compromise that leaves a path open to sabotage by the World Bank and IMF. It was decided that a group of "experts" would study the different options for funding projects, including the development bank. Their conclusions are to be reached within six months.

U.S. Secretary of State Christopher announced that a meeting of donors for financing a regional Marshall Plan will take place in the second week of November.

The final communiqué also called for the formation of a regional secretariat, to be located in Morocco, comprising government representatives of the region. It will assist in the formation of a regional chamber of commerce and business council, as well as a tourist board. A followup conference will be held next June in Jordan.

A good deal of regional politics also took place at the conference. Summits were held between Israeli Prime Minister Rabin and PLO Chairman Arafat, where it was decided to begin the process of reopening the territories, closed since a recent bus bombing in Tel Aviv. Arafat told the conference that the failure of the international donors and the World Bank to release funds could lead to the collapse of the Palestinian-Israeli peace process, which remains the key to the success of any regional peace efforts.