

## Gaza violence points to British-U.S. conflict

by Muriel Mirak-Weissbach

The bloody shootout between Palestinian police and Palestinian demonstrators in Gaza on Nov. 18, which left 15 dead and 200 wounded, could be an ominous signal of worse to come. The confrontation, which pitted the Palestinian National Authority (PNA) forces of Yasser Arafat against those of the Hamas and Islamic Jihad organizations for the first time, threatens to be the first shot in a civil war. Or it could be the alarm bell which finally wakes up political forces outside the region to the nature of the crisis, and propels them to appropriate action before it is too late.

The only way to understand the explosion of violence in Gaza is to locate the policy fight regarding the Mideast in the context of the fundamental strategic confrontation determining events also in the Balkans, Ireland, Russia, and so forth. It is the fact of the British Crown's conflict with the American presidency—a conflict deep-rooted in history—that is shaping developments worldwide. Since January 1994, and increasingly since President Clinton's trip to Europe in June of this year, the British Crown, establishment, government, and press, have led an incessant campaign to slander Clinton and to set him up for assassination. Integral to their campaign has been the undermining of every major foreign policy initiative associated with the White House, emphatically including Middle East peace.

The stakes in the process which began with the Gaza-Jericho accord are very high: Either the political agreements will allow for massive economic development to unfold, based on advanced technology-vectored infrastructure projects, or the "free-market" ideology historically championed by the British will prevail. Since the Gaza-Jericho accord was the first such agreement positing economic development as the basis for peace, its success or failure would have direct implications for situations in South Africa, Ireland, and Russia.

### **The World Bank's hand on the faucet**

From the outset, the British have attempted to sabotage real economic development in Gaza and Jericho. This has functioned primarily through policy control over the World Bank, which has succeeded in monopolizing allocation of funds pledged by international donors for Palestinian development and overall financial management.

The World Bank "experts" helped prepare the PNA budget, which is in the range of \$240-260 million, with a deficit of \$100-120 million. The World Bank has told the PNA it should "borrow" to finance the deficit, but has not itself been forthcoming with such loans. The current budget for Gaza runs from September to Dec. 31, and for the West Bank (Jericho) from October to Dec. 31, to cover salaries and current expenses. None of the money budgeted is for capital investment projects.

A special fund called the Holst Fund (after the late Norwegian foreign minister who hosted the Israel-PLO negotiations) is to finance the deficit in salaries and current expenses until the end of 1994. The PNA has received only \$15 million so far, and expected \$20 million more when accounts were presented. The Israelis have reportedly transferred \$28 million from taxation and the PNA has collected \$32 million in taxes, toward covering expenses of teachers, schools, and hospitals. The Holst Fund was formerly administered by the donors, but recently, it was taken over by the World Bank, reportedly on demand of the donors.

Thus, as far as its day-to-day administrative function is concerned, the PNA has found itself scratching up funds with which to pay civil servants. No major outlays have been made for economic projects. Regarding the projects, the function of the World Bank has been that of colonial governor. It officially "represents" the donors. It sends auditors to

audit PNA accounts, and constantly has a delegation in Gaza and/or Jericho to oversee everything. Recently, a new bureaucratic post was invented, that of the Management Consultant (MC). This office, which is to examine bids on projects, from day one to finalization, went to the powerful Bechtel group based in Canada.

Procedure demands that proposed projects be studied first by the board of directors of the PNA and by the MC. If approved, the PNA declares these to be the projects, and asks if there is any government ready to implement them. These are projects which would be financed by the World Bank, and correspond to the low-technology infrastructure projects outlined in the 1993 World Bank report, for roads, sewerage, etc. There are about 200 projects ready to go, but procedural snags and the lack of financing have held them up.

In addition to the World Bank projects, there are "bilateral cooperation projects" with the donor countries, all to be carried out through the private sector. These have been blocked by lack of financing. For example, the Gaza port, which was to be built by a consortium of Dutch Ballast Nedau NV, the French Spie Batignolle, and the Italian Sistemi Ingegneria SpA. (The German construction group Hochtief AG owns 48% of shares in the Dutch Ballast.) The project for \$60 million was approved, 40% was to be financed by the Dutch government and the rest by the French and Italians, but the money has not yet been raised, and work cannot begin. This port, to be built south of Gaza City, could handle ships of 5,000 tons initially, later ships up to 15,000 tons. Since the project is blocked, the Palestinians have started work on a cheap emergency port for \$5 million, which can receive only small ships. It is financed by shipping agents and is being built by local labor.

Another project, which the French proposed, should construct 12,000 housing units, but progress has been blocked by infighting among French groups for the contract. A project involving a \$10 million grant by the Japanese for housing would provide 320 housing units for the PNA police (who number over 9,000). For some reason, however, when the deal was signed, it was said that the U.N. Development Program (UNDP) should "administer the funds" for the project.

### **Character assassination**

As a result of this sabotage, the PNA has been unable to provide concrete proof of the advantages of peace, in the form of visible improvement in the standard of living of the average Gaza resident. Who is blamed for this? Arafat.

The most vicious aspect of the British-led sabotage is the smear campaign against the Palestine Liberation Organization chief. Shortly after the first donors meeting, which pledged over \$2.4 billion for Palestinian development, British press organs profiled Arafat as an autocratic leader with a mania for dictatorial control, an irrational, impulsive individual whose word could not be trusted. The World Bank put out the line that none of the pledged funds would be released unless

and until the PNA established "credible" and "transparent" institutions which could be held "accountable." Thereupon the PNA established the Palestinian Economic Council for Development and Reconstruction (Pecdar). When Arafat resisted attempts to staff Pecdar with World Bank agents, and named persons of his trust to the posts, the World Bank and press responded with a second volley of accusations, blackballing Arafat as a megalomaniac and a crook to boot. The demands for "accountability" and "transparency" carried the insinuation that monies for projects would be pocketed by Arafat and his coterie. In a report on the Gaza killings, BBC, for example, carried a commentary alleging that Arafat, who had been promised European Union funds for police salaries, had suddenly declared the number of policemen to be 12,000 rather than 9,000. BBC remarked that "we do not want our tax money to go into Arafat's slush fund."

The hypocrisy of this smear campaign is glaring. Whereas personal integrity, accountability, and transparency are never mentioned as considerations in reports of World Bank or other loans to governments in other countries, suddenly the issue has become a new International Monetary Fund-style conditionality in the case of the PNA. Furthermore, whereas the "international community" is unanimous in acknowledging Arafat as the political leader of the PNA, unique interlocutor in the Gaza-Jericho peace treaty—which was considered worth a Nobel Peace Prize—yet he is degraded to the level of an untrustworthy party in anything concerning money. Finally, Arafat is placed under inordinate pressure to wield the immense authority he is nonetheless considered to possess, to crack down on "fundamentalists" of the Hamas and Islamic Jihad, opposed to the peace process. To the extent such repression is ostensibly successful, as militants are arrested and demonstrations banned, to that extent he is condemned to failure on the internal political plane: Hamas et al. accuse Arafat of "doing Israel's dirty work," as a commentary in Germany's *Frankfurter Allgemeine Zeitung* put it, and playing the "role of the traitor." When such repression leads to violent confrontation and killings, as in the case of the Gaza shoot-out, Arafat becomes not only a "traitor" and "collaborator," but a "Nazi," according to one account from Gaza by the correspondent of the Paris daily *Libération*.

### **Setup for assassination?**

As a result of the World Bank sabotage of economic development in Gaza, a dynamic has been set into motion placing Arafat in an utterly untenable position. Denied the financial, economic, and technological means with which to alleviate a socially explosive situation, his political authority is undermined. Repression of opposition forces fuels the dynamic rather than breaking it. As the *Frankfurter Allgemeine Zeitung* pointed out, "Contrary to their neighbors in the surrounding Arab countries, the Palestinians developed during the Israeli occupation a political culture of their own, which cannot be destroyed by repression alone." The more the PNA

appears to lose control of the situation, the more the World Bank forces and the political opposition, be it in Iran or the Occupied Territories, gloat. And the worse the security situation becomes.

Terje Larsen, one of the insiders in the Oslo negotiations who is the U.N. undersecretary general for Palestinian territories, was quoted in the London *Financial Times* on Nov. 20 saying, "If there is no change immediately, there will be more killing, more blood. . . . My assessment is that both the peace process and the legitimacy of the Palestinian Authority are losing ground day by day, and the reason is that nearly nothing has been delivered on the ground."

If the degenerative dynamic was triggered by British-World Bank policy, on another level, British complicity in direct actions of sabotage and provocation cannot be ruled out. Nor can a plot be ruled out to assassinate Arafat.

Arafat himself spoke of a conspiracy following the Gaza bloodshed, and pointed to a "third force" controlled "from abroad" (generally understood to refer to Saudi Arabia and Iran, financial backers of Hamas and Islamic Jihad) as responsible for unleashing the confrontation. Although investigations have not been completed, certain disturbing facts have been made public. First, doctors at the Shifa Hospital showed journalists X-rays of Palestinians killed in the violence, in which dum-dum bullets and rubber bullets were used. Neither is used by the Palestinian police force. Secondly, the PNA senior police officers received their training in London, as Foreign Secretary Douglas Hurd recently boasted. At a European Union meeting last spring, when responsibilities were divided up for various areas of cooperation with the Palestinian authority, Britain chose police and banking as the areas in which it would offer its special expertise.

It has been reported that in the week prior to the Gaza shooting, advisers of Arafat were in London. Among them was Razi Jabali, chief of PNA intelligence. The question should be posed: What advice were they given by their British trainers, on how to deal with demands, coming from Israeli government spokesmen, to crack down on the "fundamentalists"?

One final fact on the British angle: The London *Sunday Times* reported on Nov. 6 on a scandal involving alleged diversion of funds provided by the British for the PNA police. According to the report, the U.N. official responsible for delivering salaries to the Palestinian police, did so without passing through other U.N. channels. "Despite specific British requests that the money not be used for Arafat's plainclothes preventive security forces, more than £300,000 was handed out to them in September," the article reads. Following "tense negotiations with Arafat," during which Britain insisted that "its money should go only to the members of the official police force," the money was reimbursed. The question is: Why should the British, committed to training and financing PNA police, be so adamant that Arafat's personal security, associated with the police function, be deprived of funding?

## Yeltsin plays up to the Armed Forces

by Konstantin George

On Nov. 14, Russian Federation President Boris Yeltsin addressed the entire Russian military leadership, to open a three-day session devoted to the problems plaguing the military, under the conditions of an escalating breakdown of the Russian economy—problems which Yeltsin brought on himself by inviting the International Monetary Fund in to dictate the country's economic policy.

The speech, in which the President took the part of the military-industrial complex, shows that Yeltsin is scrambling to adopt a "national-patriotic" profile and spewing out anti-western rhetoric, as a means of prolonging his own survival.

Present from the military side were the minister of defense, Gen. Pavel Grachov, the commanders of the service branches, the leadership of the General Staff and Defense Ministry directorates, and all military district and fleet commanders. The conference was also attended by the head of the security service successor to the KGB, Sergei Stepashin, Interior Minister Viktor Yerin, and Prime Minister Viktor Chernomyrdin. Everything—except for Yeltsin's address—occurred behind closed doors.

### Shock therapy blamed on 'the West'

Both in the military and in the Russian population at large, three years of brutal shock therapy, associated in the popular mind with "the West," have effected a growing anti-western mood. The cabinet reshuffle engineered by Yeltsin has done nothing to alleviate things. On the contrary, the government's commitment to pursue monetarist policies will only make people angrier.

Yeltsin took great pains to present himself as the champion of the needs of the military. He echoed the military in pinning the main blame for their problems on the government. Command and reorganization reforms were going too slowly, he admitted. He attacked the housing shortage for officers and their families, and called on Prime Minister Chernomyrdin, who was in the room, to ensure that the Armed Forces receive enough funding for readiness, procurement, and living conditions.

This was an undisguised attack on Chernomyrdin's 1995 austerity budget, which provides for a 20-30% cut (in real terms) in the military budget compared to the already bare bones 1994 allocation. Toward the end of November, Mikhail Malei, a top representative of the military-industrial