

there is a shortage of resources and that such a bank can play a role in addressing the area. It would be located in the area, would be conducive to attracting more capital and attractive to foreign investors. It would help mobilize new resources, attracting even flight capital out of Jordan, Egypt, and Syria.

EIR: I understand the proposal is that the MEDB lend at international market rates.

Dr. Ammari: Yes. These market rates would be lower than what is now available to Jordan, Egypt, and Syria. Jordan's creditworthiness has improved, but it is still not able to borrow except at higher market rates. We agreed also on the voluntary fund, which would give subsidies to regional projects without financial viability. This is especially important for the three members. In the case of Israel, with its high per capita income, there is no problem of viability, but we are hit by the problem of affordability. Thus, the voluntary fund in the bank is important. The Menafo would provide grants. We have agreed to have a phased arrangement, whereby we move from 1) to 2), from Menafo, a body to identify projects and harmonize policies regionally, to a body for financing. Our idea is to put both in one body. Thus far, there has been no agreement. The next meeting will be in Moscow on July 22-23, where we will try to put the two together.

Interview: Dr. Michel Marto

Dr. Marto is deputy governor of the Central Bank of Jordan.

EIR: How do you view the MEDB?

Dr. Marto: The MEDB has been in discussion for years, long before the Casablanca conference. Because of the unfortunate experience of some banks [African and European development banks], some people are skeptical. The Europeans and the U.S. disagree on this.

What we want is a development bank. The further integration of the region cannot take place if policies are not harmonized, as they are, for example in the European Community. Here, with the different regimes in taxation, subsidies, and customs, we cannot develop the region.

The Europeans want to supply financial mediation, they want an institution that will make feasibility studies, then get in touch with international financial institutions—okay, wonderful. But we feel that the bank should have its own muscle, its own resources, because it could do what the Europeans want, and more. It could implement these ideas.

It could be the nucleus of the bank—establish the bank with funding, make it a full-fledged bank, with capital. We need to agree from the beginning on what it should do. There are other institutions, but there is nothing similar to the Euro-

pean Bank for Reconstruction and Development. None of them deals with private sector investment, such as the Abu Dhabi Fund; the Iraq Fund, which is non-operational; the Saudi funds. The Arab Fund operates, but only for government, public sector projects.

Interview: Lyndon LaRouche

Mr. LaRouche is a well-known physical economist, and the author of the Oasis Plan for Mideast Development and the International Development Bank proposal.

EIR: Jordan's minister of industry and trade announced that the \$5 billion Middle East Development Bank will probably come into being at the upcoming Amman summit. . . . How do you see this proposal and the developments around the MEDB from the standpoint of the Middle East peace process?

LaRouche: First of all, the problem here is that there's a tendency to go, particularly on the Jordan side, toward private banking. And even though the projects, the titles for the names of the projects, which they are considering boosting are valuable, under private banking arrangements, it's not going to happen. You get a token in the direction of what's needed, but not substance.

So the fact that they adopt the policies and agree to finance them is good, but the means . . . which is private banking, is not going to meet the problem. It's not going to maintain peace in the Middle East, even though the people who are pushing it say they are working for Middle East peace. It's like saying, "I'm going to build a bridge," but then you build one-quarter of the bridge over this chasm, and then you drive over it. That's not a very good idea. You should build a whole bridge first, and that's the problem here.

So they say they're for Middle East peace—but they're actually *not* for Middle East peace—but they're not willing to build a complete bridge. And they should, Jordan should remedy its recent negotiations, to correct that fault; and others in the Middle East also.

The problem is, that they're very much under British pressure, under London pressure, which means they're under pressure from the people behind the World Bank, and it's the World Bank, in large degree, which has led in creating this worldwide water shortage, which they're now complaining about.

So the problem comes back to the same thing: People have to face up to reality; and doing little token things, which may be in the right direction, in title, is not enough. If you're going to cross a river and have people drive across the river or the chasm, you've got to build the complete bridge, not the quarter bridge.

Prominent Jordanians see economic development as key to peace process

The following interviews were conducted by Muriel Mirak-Weissbach in Amman, Jordan during the first week in July.

Interview: Dr. Michel Marto

We must convince people that peace will work

Dr. Marto is deputy governor of the Central Bank of Jordan.

EIR: What are the most important aspects of the peace process, in your view, in improving relations?

Dr. Marto: We have to see how we can open up the economy. To make the peace process work, we have to overcome certain things, like the century of mistrust that has reigned. It has been almost a century since the 1917 Balfour Declaration. People have to be convinced that peace will work. It's the same as in Europe after the Second World War. In the 1960s, the Dutch were still anti-German, but now things are opening up and there is trade. You can't force people to buy products of trade, however. Many people in Europe would not buy a VW for a long time, because it was German. We have to give people freedom of choice.

We also have democratization in Jordan. The representatives of the people are elected with different ideas. So bills have to go through Parliament. We are going through all these changes, updating laws. People expect a brighter future, but it takes time. We need foreign aid, which is concessional. We need access to international capital markets at decent rates. There are funds deposited abroad; we can get people to invest these funds if there is peace. Since 1989, we have had a heavy foreign debt, but we are lessening the burden now. We have a 6% annual growth in Jordan, but that's not enough. In the 1980s, income actually went down. The \$1,500 per capita annual average income is less than the \$1,700-1,800 it was years ago. We need a growth rate of 8-10%.

EIR: What is your view of proposals for introducing casino gambling in the region, as part of the tourism push?

Dr. Marto: This is not the answer. Casinos never made progress. They may have made a few people very rich, but that has nothing to do with economic development. Nor can you turn a whole country into a financial center. It has been tried, in Bahrain, etc. There are always idiots running around with these ideas, but the more they talk, the less they know.

When you have development, you need infrastructure, raw materials, the people, inventiveness, and entrepreneurship—what people can do. Take the example of the Egyptian-Israeli peace treaty. Egypt has received billions of dollars annually, but what has happened economically? Look at the exports for an indicator. Today Egypt's exports are the same as Jordan's, though it is a much bigger economy and country. The entrepreneurship is not there. Maybe the influence of socialism has been the cause. In Jordan, the role of the private sector has always been very big. In the 1980s there was a large inflow of funds, infrastructure projects were there. The private sector saw itself only as traders or middlemen. Then after the mid-1980s, these people went back to investing and exporting.

We have to improve our reforms and let the private sector grow. There's an aversion to heavy borrowing in Jordan by the state; we would like to have only 50-60% of our GDP be represented by borrowing. It used to be at 200%, now it is at 100%. Let the private sector do it.

Interview: Dr. Mohammad Smadi

Our stress is on the economic side

Dr. Smadi is secretary general of Jordan's Ministry of Industry and Trade.

EIR: How do you define the importance of the Amman summit?

Dr. Smadi: In the peace process, our stress is on the economic side. There should be participation of 1,200 persons, including governments at the highest level, Presidents, prime