

Israeli Official Calls For Mideast 'Common Market'

Yohann Meroz, Israel's Ambassador to West Germany has stated that his country would welcome the establishment of a development-based "Common Market" encompassing the entire Mideast region. Meroz's call echoes that of A. Robert Abboud, Chairman of the First National Bank of Chicago, who said at a meeting of the American-Israeli Chamber of Commerce and Industry on May 10 in Chicago that the only way to Mideast peace is through a "Common Market" — development and trade integrating the entire region (see Executive Intelligence Review, Vol. V No. 19, May 16). The interview with Mr. Meroz, which is excerpted below, appeared in the West German daily Die Welt:

Q: How do you evaluate the present political situation?

A: Certain emphases have shifted since the Federal Republic of Germany's entry into the United Nations, and also through membership in the European Community. Much that was previously dealt with on a purely bilateral basis is now more often pursued multilaterally. Nevertheless, the Federal Republic remains, after the United States, one of our most important partners, and in many areas is the most important. To put it very concretely, this relates to economic relations, youth exchanges, scientific relations and numerous other questions.

Q: Could these ties contribute to the relaxation of tensions in the Middle East?

A: I believe so. The Federal Republic, like the European Community, has signed parallel economic treaties with Israel and with some Arab countries, such as Jordan and Egypt. These could be utilized to create the effects which would promote peace.

Q: Do you mean in the sense of a future "Common Market" in the Mideast?

A: When Robert Schumann presented his plan for the European Coal and Steel Community on May 9, 1950, he said: "The solidarity created in this way will be a proclamation that any future war between France and Germany is not only unthinkable, but is also materially impossible." Something similar could hold true for the Middle East. We would welcome this.

Q: Wouldn't a German contribution of this nature to peace in the Middle East also have to take into account its "special relations" with Israel?

A: In my experience, these are now generally recognized as axiomatic, with only a few exceptions, by all democratic forces in Germany. It would be tragic if this were to change because these special relations somehow turned into a point of dispute.

Q: How do you judge the prospects for peace?

A: In his government declaration, Federal Chancellor Helmut Schmidt correctly pointed out that, after thirty years of division, peace cannot be made overnight. But an important bridgehead has been created — by the meeting and the talks. In spite of all differences in viewpoint these can and must turn into real negotiations, and that is an encouraging change.

We regret that, up to now, the discussion has been conducted with only one Arab country, even though it's with such an important one as Egypt. It is to be hoped that others will join in. In any event, the Egyptian-Israeli talk already represents a good omen.

The Policy Framework For A National Export Program

Draft Proposal For The Weil Task Force On Exports

Introduction: A Revealing History

The document printed below was prepared on May 14 by Warren Hamerman of the National Executive Committee of the U.S. Labor Party at the request of a major

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international trade organization in the United States. Last week, one corporate official walked into a meeting of the organization with mimeographed copies of the proposal which were distributed to the assembled executives. He motivated its adoption as the organization's policy input into the task force on exports headed by

Frank Weil of the U.S. Department of Commerce. The proposal was the only agenda item at the meeting.

Nonetheless, after a lengthy debate, the trade club in question adopted the formal position that they had had "insufficient time" to pull together a comprehensive trade policy as input into the Weil task force, although "individual companies" might of course state their individual positions on the matter. Meanwhile a liaison committee would be set up within the trade club to study the "feasibility" of the proposal printed here.

It should be noted that members of this very same trade organization have been among the most vocal in complaining of the interminable red tape and lack of decisiveness of the Washington bureaucracy.

Our nation now stands at the threshold of an "open door" to the greatest sustained economic boom in human history. The recent pattern of massive economic development agreements internationally sets the preconditions for the United States *this summer* to firmly adopt a policy of economic growth.

The historic early-May 25-year economic and scientific cooperation treaty between West Germany and the USSR, the simultaneous proposal of Japanese Prime Minister Fukuda to President Carter for the mutual commercial development of fusion energy and the policy initiatives of Lopez Portillo of Mexico and other statesmen from the developing sector have created the unique, favorable overall international framework in which the United States ought instantly to commit herself to a policy course of *world leadership* for unprecedented real economic expansion.

For the full-throttle utilization of the United States' enormous scientific, productive, technological, and skilled labor potential for capital-intensive exports we need to define a national economic policy which *begins* with an export level of \$200-\$300 billion per annum, and is specified to the benefit of energizing the world economy through the proven source of nuclear energy combined with the maximization of exhaustible fossil fuel production.

The productive, skilled and creative capacities of our population can be fully employed in the manufacture and transport of such export volumes with the commensurate levels of unprecedented domestic capital-formation and modernization.

A true United States exports policy predicated upon global economic growth and the attainment of nuclear energy power sources is a three-fold process:

1. The principal market for absorption of high-technology U.S. exports is recognized to be large-scale development projects in the 'third world.' Comprehensive development projects for the Middle East as a whole or the sub-equatorial area of southern Africa or other areas of the developing sector must reject the World Bank and International Monetary Fund labor-intensive programs which exploit raw materials without the transfer of industrial infrastructure or the development of skilled labor populations in the area. Programs modeled on the most successful development project in human history — the United States itself — must prioritize capital-intensive development of skilled-labor and advanced manufacturing methods for both industry and agriculture. The recent program for the Middle East as a whole advanced by Robert Abboud of First National of Chicago and the similar earlier proposals advanced by the U.S. Labor Party and Fusion Energy Foundation provide useful working prototypes.

2. Around the common task of realizing industrialization and technology transfers in the developing sector, the other nations of the advanced sector (OECD) as well as the economies of the East (CMEA) desire and need enormous increases in trade imports from the United States. Expansion of advanced sector trade to the advantage of the United States as well as greatly increased U.S.-East trading levels is a practical political-economic necessity. For example, the recent 25-year accord between the West Germans and the Soviets calls for the economic development of a region of Siberia larger than

the nation of France. Only by the United States' expansion of exports in capital-goods and new technologies to West Germany, Japan and France can those economies expand to sufficient levels: Furthermore, the West Germans, Soviets, Japanese and French have all indicated that they are counting upon the United States industrial capacity to play a principal, leading role in the Siberian development projects.

3. The centerpiece for American exports both for developing sector industrialization and enhanced East-West trading levels is vastly expanded world energy production. The policy theme of international nuclear energy development is best modeled on the second Eisenhower Administration's 'Atoms for Peace' program. As Fukuda recently stressed, the Soviets have repeatedly emphasized and our own nation's leading scientists have urged, the core of energy needs as we approach the 21st century is most favorably addressed through the commercial utilization of fusion power. In the transition to fusion, the full utilization of nuclear fission, breeder technologies and fission-fusion hybrids combined with the maximized exhaustion of fossil-fuel sources provides a balanced program capable of powering world economic growth. Overall, the United States through its exports and domestic gearing up of economic output, must lead the European Economic Community, Japan, and the CMEA to cooperatively upgrade their national economies to reach a common production goal of 250 GW (gigawatts) annually by the year 1985. About two-thirds of these plants are intended for domestic installation and about one-third for export into developing-sector nations. Such a program, which reflects approximately a tripling of existing advanced sector production capacity over a seven-year period, would lay the basis — in new capital formation, research and development capacity, and, most importantly, in the generation of sufficient skilled labor, engineering and scientific manpower worldwide — to allow for the transition to fusion energy as a commercial energy source.

Financing

The financing of such a global economic development plan must feature long-term credits of 18-20 years' duration at extremely low interest if we are to seriously ensure that return on investment is tangible expansion in the productive and skilled-manpower capacities of future economic activity, as opposed to the short-duration loans currently favored by the World Bank and IMF which force sovereign nations to the very borderline of intolerable austerity, on the one side, or virtual foreclosure on the other.

We would recognize that the nation's private sector and government capacities (especially a greatly expanded Export-Import Bank) for financing the desired long-term low interest credit approach would be an appropriate vehicle through which this nation may interface the similar desired policies of other advanced sector nations and the OPEC countries for currently existing surplus liquidity utilization.

In other memoranda we have elaborated that enhanced world trade flows to the great advantage of the United States economy are immediately realizable provided that three fundamentals of a "post-Bretton Woods" world monetary order are realized: (1) The non-per-

forming foreign debt balances of developing sector nations — especially LDCs — owed on account to the IMF and World Bank must be “frozen” to allow for sufficient real economic output; (2) The remaining private sector debt as well as new debt for expanded imports to the developing sector must be reorganized around “Hamiltonian” national banking procedures, similar to those pursued for “home improvements” by our first Secretary of the Treasury and recently stressed in Robert Abboud’s proposal for a comprehensive Middle East development program; (3) To stabilize the U.S. dollar at a much higher value, allowing the dollar to function effectively as a world reserve trading currency, a gold reserve monetary arrangement is a *sine qua non* for mutual transactions.

To ensure that our nation this summer marches through the “Open Door” to economic prosperity, the Carter Administration must be politically strengthened through a visible policy commitment among trading, industrial, labor, agricultural, banking and political groupings to the policy framework outlined above. Such an economic growth policy ‘groundswell’ in the United States will allow Carter to avoid the traps of both G.W. Miller’s recessionary policy and W.M. Blumenthal’s hyperinflationary program.

In summation, America’s strategic economic interests are defined by fostering of prosperous economic development and thereby world peace and not the adversary “scenarios” of Henry Kissinger, Henry Jackson, Jacob Javits, Ted Kennedy, James Schlesinger and others advocating policies inimical to our historic purpose as the world’s leaders in scientific excellence and economic development through the development of skilled and cultured manpower.

We have the unique correlation of international forces prepared to accept U.S. leadership for sustained real economic development. We must act and act swiftly, to assume that leadership to the lasting benefit and profit of our population, industry and nation.

For Reference.

1. “A Proposal to Expand the Export-Import Bank: A Report to the Congress on U.S. Export Policy,” *Executive Intelligence Review*, February 11, 1978, by W. Hamerman.

2. “Solving the World Economic Crisis Through an East-West Entente: A Strategy for Expanded Three-Way Trade Flows Among the OECD, CMEA and Development Nations,” *Executive Intelligence Review*, April 18, 1978, by W. Hamerman.