

EIRFeature

Debate in Israel over Mideast 'Marshall Plan'

by Muriel Mirak

After the Second World War, Europe lay in ruins, her economies devastated, her cities like graveyards, with empty hulks of stone marking, like tombstones, the place where magnificent buildings once stood. Much of Europe's population lay dead. Agricultural fields lay idle, while survivors of the conflict faced starvation. Refugees roamed the land, seeking shelter and news of their divided families. Jews who had survived the ravages of the concentration camps, sought means to emigrate, to America, or to their homeland in Palestine.

Yet, out of this unprecedented tragedy of war, Western Europe revived: Those who had been adversaries during the conflict, combined financial resources and hard work, to rebuild the cities, re-open industrial facilities, re-till the soil. The name associated with post-war Western European recovery was the Marshall Plan, which provided the initial capital to start the economy running again.

Could not this same approach serve as a precedent for the Middle East today? Could not Israel cooperate with her Arab neighbors, with whom she has been in a state of open or simmering hostility for decades, to industrialize the entire region, to the benefit of all? Could not America and Western Europe, which experienced the first Marshall Plan, apply their combined financial and industrial resources, to construct an edifice of peace in the region?

This, in a nutshell, is the thinking behind the new Marshall Plan launched by Shimon Peres, currently the Labor prime minister in the national coalition government of Israel. Peres presented his proposal early this year, and discussed it at length with Western European and American leaders during the spring. He asked them to discuss the proposal at the May 4-6 Tokyo summit of the industrialized nations, and agree to pool resources for a development fund, in the order of \$25-30 billion over 10 years. Now the ball is in the court of the OECD nations, while Peres and his associates await the outcome.

Thus far, beyond "general agreement" with the idea, no OECD national leader has made a firm commitment. The only one to unequivocally endorse the Marshall Plan has been Lyndon LaRouche, candidate for the presidential nomination in the Democratic Party. LaRouche and hundreds of candidates backed by the National

A development plan for Israel



Democratic Policy Committee and running for local and national office in the United States this year, have made the Peres development perspective an integral part of their campaign for reversing the anti-growth, disinvestment policy trend now dominating the Congress and the Reagan administration. In the Middle East itself, no nation outside of Israel has as yet officially responded, but interest in the plan was indicated, when the Saudi newspaper *Asharq al-Aswat* on May 11 published a lengthy interview with LaRouche, concerning his endorsement of the Peres plan.

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traveled to Israel during the first 10 days of June, for background discussions and interviews with the leading protagonists of the Marshall Plan, in an effort to provide a full picture of what the proposal entails, as well as to gain an on-the-ground sense of how Israelis and Arabs are discussing its merits and feasibility. What emerged was a fascinating, albeit complex, jig-saw puzzle: All the pieces of the puzzle are there, ready to be assembled. In fact, there are more pieces available than needed for the composition! Depending on how the pieces will be selected and put together, the picture that emerges will be either a masterpiece of the order of a Rembrandt self-portrait, or a cubist distortion à la Picasso. What will be crucial is the mind and hand of the artist.

Although the proposal has come to be known as the "Peres Marshall Plan," the actual architects of the concept are Economics and Planning Minister Gad Ya'acobi and former head of the Bank of Israel Avnon Gafny. As both detailed in their interviews to *EIR*, published below, it was Baron Edmond de Rothschild who established a foundation whose task it was, to work out a regional economic development approach. The idea, elaborated by Gafny and others, was that by increasing the standard of living, education, and productivity of the populations in the area, stability would ensue. Priority areas for investment would be agriculture, food processing

and distribution, as well as large infrastructure projects, such as power plants, railways, roads, harbors, and airports. In Minister Ya'acobi's view, nuclear power plants should be constructed in areas like the Negev Desert. Education and training, key to raising the skill levels of the labor force, would be priorities among the government-sponsored projects. Ya'acobi emphasizes in this context the crucial component of scientific research and development. In every area, emphasis is to be laid on bilateral or multilateral projects, so as to forge the bonds of peace through mutually beneficial enterprises.

To finance the effort, Gafny proposes a Middle East Peace Development Fund, directed by a steering committee composed of participating governments' personnel. One idea, for freeing up resources, is to convert repayment on Israel's military aid debt, into financing the Fund.

Putting all these pieces together, what can emerge over the next years and decades, is a renaissance of the Middle East. With massive infrastructural expansion, led by advanced water management and modern irrigation methods, what is now desert sand can become luxuriant farmland. Modern, transnational transportation grids can facilitate regional trade relations and foster the exchange of ideas. People now living in isolated outposts in poverty and backwardness, can be assimilated into a growing industrial and agricultural workforce, raising their education and income levels. All this can become reality, provided that energy production be geared to increase energy throughput per capita and per hectare, as well as increase the energy density of the economy as a whole. For this, nuclear energy is fundamental.

It is precisely this question of nuclear energy which makes the difference between a Rembrandt and a Picasso. Parallel to the efforts of the Peres Plan, another fundamentally different conception has been being worked out, behind the scenes, over the last decade. David Rockefeller and Armand Hammer have been supporting the work of an institute in the Tel Aviv University, which made its work public during the Armand Hammer Conference on Economic Cooperation in the Middle East in early June. Since speakers included spokesmen for both the Hammer group and the governmental Peres Plan, the differences in approach emerged with clarity. Whereas the government plan focuses on great infrastructure projects within the framework of a regional concept geared at creating peace through development, the Hammer group has drawn up a number of single concrete projects of varying value, whose implementation is projected for "after the peace settlement." The Hammer group's work rejects nuclear energy outright, thus objectively limiting the level of technological advancement possible. In addition, the Hammer group seems to privilege the idea of free enterprise zones, which could open the floodgates to massive speculative investment, in totally non-productive, but immensely profitable enterprises. Hammer group researchers, who were taken by surprise when Peres announced his Marshall Plan, display a marked interest in the billions of dollars that the prime min-

ister's Fund will attract; their hope is that the funds may find their way into financing some of the "concrete projects" they have drafted. The fact remains, as Hammer group representatives have readily acknowledged, that, although there has been a "dialogue" between members of the two groups over the years, the government plan is one thing, and Hammer's institute's, another.

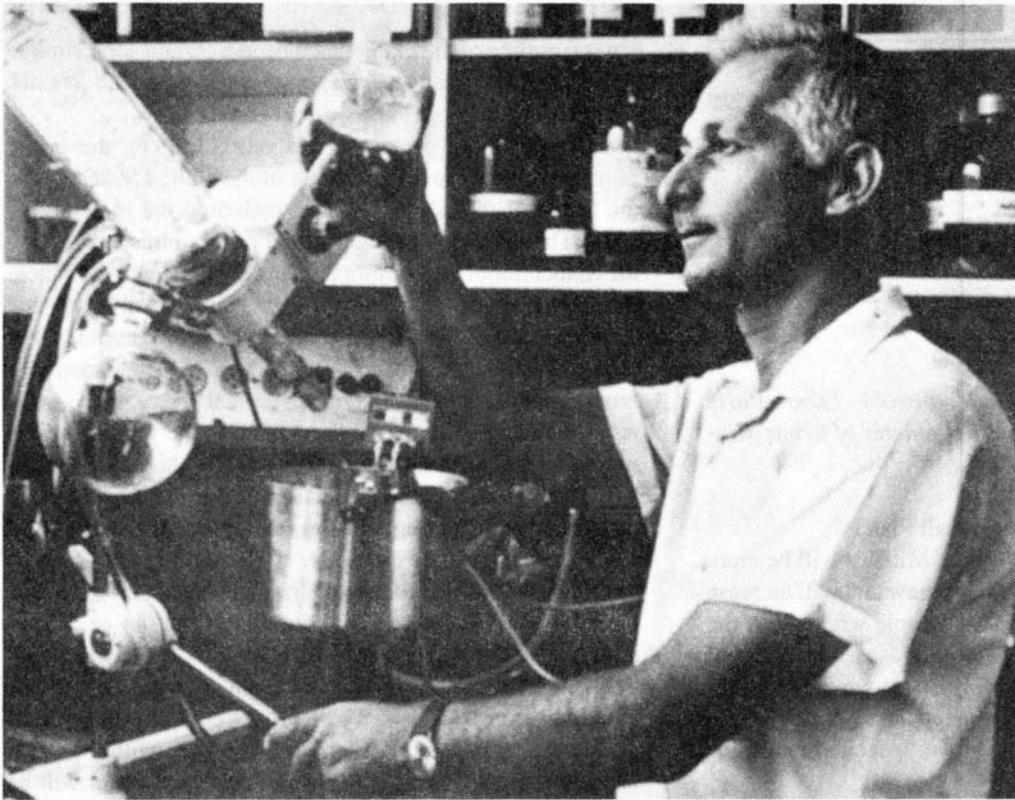
The political question: Can it work?

In public statements, Prime Minister Peres has repeatedly underlined the urgency of implementing his plan. Pointing to the decaying economic situation in Syria and Egypt, he has stressed that further economic unraveling could lead to internal destabilization and sow the seeds of conflict. It must be added that Israel itself is economically shaky. Although superficially, inflation rates and the debt burden are officially said to be declining, the condition of the real economy is suffering. Major cities, such as Tel Aviv and Jerusalem, display the twin evils of decaying urban dwellings, sanitation, and public transportation, on the one hand, and gigantic construction projects of hotels, office buildings, and luxury apartments. In agriculture, where advanced drip-irrigation methods have generated high yields, the water shortage is threatening cultivation itself. The *Jerusalem Post* reported early in June that the government was cutting water supply for personal consumption as well as for agriculture, reducing the number of hectares which could be planted.

The urgency of positive response, on the part of the economically advanced nations of the West (emphasized by Minister Ya'acobi), and on the part of the moderate neighboring states of Egypt and Jordan, is further defined by the fact that, according to a rotation agreement struck between the Likud bloc and the Labour alignment in the coalition government, Peres is due to transfer the prime ministership to Yitzhak Shamir in the fall. It is feared that, without Peres at the helm, the ship of state will steer in muddier waters.

In this conjuncture, the political climate of the country has begun to sizzle. One scandal followed another, placing the government itself in jeopardy. First was the Shin Beth case, followed in rapid-fire succession by a flare-up of the Jonathan Pollard spy scandal. In the former, State Attorney Yitzhak Zamir contended that a police investigation should be opened, to determine whether the GSS intelligence service had violated the law, and had deliberately killed two Palestinians arrested in a 1984 confrontation. Since the killing took place at the time of the Shamir government, it was said that Shamir had ordered the killings. Then the question arose, in a heated public debate: If Shamir had been responsible, did he inform the incoming Prime Minister Peres of the affair? If not, why not? And, if so, why did Peres do nothing?

Just as the government deliberated to stop a police investigation, on grounds that the secrecy of intelligence service operations would be jeopardized, the Pollard case broke again. Here the state of Israel was accused of conducting espionage operations against the United States, beyond the activities of



Chemistry research at the Ben-Gurion University of the Negev: science to make the desert bloom.

confessed spy Pollard and the ring of Rafi Eitan's agents, working under current Industry Minister Ariel Sharon. At the climax of the scandal, sources in Israel predicted that, in retaliation, Israel would expose alleged American espionage operations on its soil. What threatened to break out, was all-out intelligence warfare, or "spy wars," between the United States and Israel.

While one net effect of the scandals has been to undermine the Peres government, a healthy response has emerged, as a public debate in the press probed the deeper questions relating to institutional and natural law. Editorial after editorial debated the need to demand integrity of public servants regardless of the political price; the *Jerusalem Post* called for Ariel Sharon to assume the responsibility for the Shin Beth affair. It is precisely such rigor that is demanded, in fact, if the political motion created by the Peres Marshall Plan is to gain momentum. No democratic government can lead an effort to regenerate the region economically, if it is undermined, from within, by disloyal or treacherous elements. The precedent for decisive action against "citizens above suspicion" exists in the very recent case of the Bejsky Commission, whose findings documented deliberate financial manipulations against the Israeli economy and citizenry, in a 1983 stock-rigging operation. On publication of the Commission's report, all the presidents of the complicit banks were asked to resign, and to abstain from banking practice for life. The case for treating Ariel Sharon with comparable rigor, is easily made: Not only is Sharon responsible for the spy unit which

worked with Pollard; according to an *EIR* Special Report circulating in Israel (*Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia*), Sharon's illegal spying activities, though run under an "Israeli flag," were actually channeling information to the Soviets. Sharon is, not coincidentally, one of the earliest and most vociferous opponents of the Peres Marshall Plan.

In addition to this political turbulence within the country, Peres will face the Palestinian question, in the context of his organizing drive for the Marshall Plan. Given the delicate state of relations with neighboring states, ranging from "cool peace" with Egypt, to "non-war" with Jordan, and hostility with Syria, the prime minister must rely on third parties to mediate. British Prime Minister Margaret Thatcher may not be the best choice, if her recent trip to Israel is any indication. Mrs. Thatcher alienated the majority of the Palestinian population, which recognizes Palestine Liberation Organization chief Yassir Arafat as its representative, by announcing her intention to create an "alternative leadership" among the Palestinians. Seven of the eight Palestinian leaders she met with, undersigned a resolution, reaffirming their commitment to the Arafat leadership. According to probes made by *EIR* among some leading West Bank Palestinians close to Arafat, the Peres Marshall Plan could indeed meet with their support. Such Palestinian representatives viewed the Saudi *Asharq al-Aswat* interview with LaRouche, as an encouraging signal that support for the Peres economic perspective already exists in the Arab world.