

A Marshall Plan for the Mideast

by Scott Thompson

Secretary of State George Shultz's so-called peace initiative has excited the Middle East, but so far it has not brought the parties there one step closer to a resolution of the Arab-Israeli conflict. This is not surprising. Shultz is not pursuing a real peace plan; rather he is seeking a superpower condominium that would bring the Soviet Union into the process on an equal footing with the United States. The United States has thereby abdicated leadership, leaving the door wide open for major Soviet diplomatic advances in the region.

If peace is to be achieved in the Middle East it will require the United States to take a firm stand that respects the sovereignty of all the parties involved in the Arab-Israeli conflict. Such a peace will not be attainable unless the diplomatic process is coupled with an economic program, such as the "Marshall Plan" proposal of former Israeli Prime Minister

Shimon Peres. In 1975 *EIR* founder and contributing editor Lyndon H. LaRouche, Jr., now a candidate for the 1988 Democratic Party presidential nomination, first proposed the founding of a Middle East development bank as part of a peace process that would conclude with interlocking Arab-Israeli major infrastructure and agro-industrial projects.

In 1978, this proposal was picked up by Arnon Gaffney, then governor of the Bank of Israel. Working through private U.S. think tanks, Gaffney convened two secret international conferences that gathered private and government representatives from the United States, France, Britain, and West Germany. Under Premier Menachem Begin, the Likud Party adopted a version of a plan calling for a Middle East Development Fund, which was then not coupled to a "territory for peace" settlement with the Palestinians. Egyptian President

Interview: Adnan Khashoggi

The following interview with Adnan Khashoggi touches upon his experience with a Middle East Marshall Plan:

EIR: I heard that you are still working for a Middle East Marshall Plan. This is essential for a real peace settlement in the region. Could you tell me some of the background of your involvement with the Marshall Plan?

Khashoggi: When President Ronald Reagan put forward his Mideast peace plan, I made a suggestion that a Marshall Plan be a component of that peace initiative. I sent a paper to President Reagan, which I called an "amendment to the Reagan plan." It was apparent to me that the only reason why peace lasts between Israel and Egypt is because of the aid they receive. Of course, the United States could not be the sole financier of a Marshall Plan for the Middle East as a whole. Japan, Europe, and the oil-producing countries should also contribute to such a development fund. Money counts in peace negotiations. Logic says: Why should Israel trust a peace with the Palestinians? The Likud does not trust the future. Labor may be willing to gamble on the future. But, you need a carrot to place before all of the parties involved.

EIR: Who besides Israeli Foreign Minister Shimon Peres supports a Marshall Plan solution?

Khashoggi: You remember when there was the King Fahd resolution in Morocco. All of the Arab states supported the resolution, even Syria and the PLO. King Fahd thought that there must be a Marshall Plan. But, the idea has been put on the shelf.

EIR: What do you think of Shultz's attempt at peace without a Marshall Plan?

Khashoggi: Shultz is moving in empty space. No results will come of it. It is ridiculous. It makes the U.S. look ridiculous. After Beirut, they called the U.S. a paper tiger. Now the U.S. is being made a diplomatic paper tiger.

EIR: A central feature of Shultz's plan appears to be a regional agreement with the Soviet Union. What do you think about his bringing the Soviets into the Mideast peace process?

Khashoggi: There is no need to bring the Soviets in. He has the solution in his hands. Turkey is an open ally of the U.S. It is a strong country governed by bright people. Shultz should put together a regional team that brings in the Turks, the moderate Arab states, and Israel to consult with them. Japan and Europe should be brought in as part of the aid program. All that Shultz is doing now is to excite the region.

EIR: The State Department only gave lip service to the Marshall Plan. I have heard that you had some real support for the plan from some people in the White House and the Pentagon. What policy-makers supported the Marshall Plan?

Khashoggi: Well, President Reagan was interested in it.

Anwar Sadat was brought into discussions with the Israelis on such a plan, a dialogue that lasted until the 1982 Israeli invasion of Lebanon engineered by Gen. Ariel Sharon.

During his 1984 campaign for prime minister, Labor Party leader Shimon Peres brought together a group of eight young academicians to help him plan what he should do as premier. Among the eight young "wise men" was Nimrod Novik, a U.S. affairs specialist at the Jaffee Center for Strategic Studies at Tel Aviv University, who is today Peres's national security adviser. They advised Peres to throw his support behind a Middle East aid program, which Peres subsequently called a Marshall Plan: Only this time such a plan would be coupled with an initiative for a solution to the Palestinian problem through a Jordanian-Palestinian confederation. Again, one of the *éminences grises* who swung Peres in favor of a Marshall Plan approach was Arnon Gaffney, today chairman of Koor Industries, which is the largest employer in Israel.

Apart from the Egyptians, the other Arab state that has shown strong support for a Middle East Marshall Plan is Saudi Arabia. The intermediary between King Fahd of Saudi Arabia and Israeli Prime Minister Shimon Peres was Saudi businessman Adnan Khashoggi, who amassed a fortune by representing U.S. armament companies in the Middle East

in the 1960s and 1970s. Khashoggi's shuttle, as an Arab intermediary for Shimon Peres's Marshall Plan proposal, also brought him to the United States, where Khashoggi discussed the idea with leading members of the Reagan administration. Khashoggi's version of the plan envisions a development fund for major infrastructure projects in the region being put together with U.S., West European, Japanese, and other contributions from the oil-producing states.

King Fahd of Saudi Arabia was convinced that a Marshall Plan solution to the Arab-Israeli conflict could be found. Since his major arms deals in the 1960s and 1970s, Adnan Khashoggi turned to Third World development projects. Today, he is almost bankrupt, partially because of the failure of one of those projects in the Sudan with the International Monetary Fund-sponsored coup d'état against Sudanese President Gaafar Numayri. Together with Numayri, Khashoggi had lined up major financing for agro-industrial projects for the rapid development of the Sudan. In return, Khashoggi was granted a large tract of land for his own agro-industrial projects and he formed the National Oil Co. of Sudan (NOCS) capitalized at \$400 million. With the coup against Numayri, Khashoggi's development program for Sudan went bust, but sources report that he is still interested in Middle East development.

The strongest supporter was William Clark. Clark's deputy, McFarlane, just listened and did not talk about it. I have since discovered that McFarlane cannot even read.

EIR: What about Caspar Weinberger?

Khashoggi: In principle many people agreed with the plan. Even William Casey said he supported it.

EIR: Who supports the plan in Israel?

Khashoggi: Peres likes it. I talked to him about the plan and he agreed to support it, but there was a great deal of confusion about how to get the plan implemented.

EIR: The State Department has stalled on the plan. How do you think it could be implemented?

Khashoggi: There is such a thing as American proper pressure in the corridors of power. If President Reagan called Japan and said that the U.S. would refuse to do anything, if oil to Japan was cut off, the Japanese would be pounding at the door to finance a Marshall Plan. You remember the 1974 embargo. In Paris and Rome they had to turn the lights out. That could happen again, unless there is a Marshall Plan solution.

EIR: Does Peres still support the idea?

Khashoggi: What happened is that Peres started, and then everybody jumped on him. Anyway, it is not Peres's place to start the plan. It must come from the U.S. Peres was one of the children. If the plan comes from daddy and not from

one of the children, then everybody will listen. . . .

If Shultz does not adopt a Marshall Plan approach quickly, there will be a disaster. If there is no solution to the Palestinian problem, then it will mean Sharon within a year. If Sharon comes in, then the Palestinians will be emigrated.

EIR: You know the Israeli Defense Forces told Shamir that he would be crazy to try to expell the Palestinians. They said the only way this could be done would be to seize the East Bank in Jordan and that would mean a potential for war with Syria and Egypt. So, there is some sanity left in Israel as represented by the IDF.

Khashoggi: That sanity will only last as long as Sharon is out. Shultz must get his act together quickly, or else it will be Sharon by next year. Sharon will be jumping back to power with bullets.

The Saudis, the moderate Arab states, and everybody must be involved in the peace process. Shultz should put together a secret board with Turkey, the Israelis, the Saudis, and others. The U.S. could act as a mediator, asking each what solutions they envision. But, without money the plan will not work.

EIR: Other than the Saudis, how much Arab support do you think the Marshall Plan idea still has?

Khashoggi: I have a problem. Because I openly declared my support for Peres, many of the Arabs want nothing to do with me. It will be difficult to win Arab support, unless the Marshall Plan is coupled with a serious peace initiative.