

LaRouche vs. World Bank plan for the Mideast

by Joseph Brewda

Israeli Prime Minister Yitzhak Rabin, in a Tel Aviv speech on Sept. 16, underlined that if urgent actions are not taken to move forward the agenda of economic development for the Palestinians, the peace accord that was signed between Israel and the Palestine Liberation Organization on Sept. 13 will blow up. "If apart from assuming control of security and public order, there will be no economic solutions that will enable the Gazans to see the light at the end of the tunnel, the problem will not be solved," said Rabin. "So far, the world has only paid lip service to the Palestinian issue." Rabin's statement gives one more indication of the dramatic and unexpected changes now ongoing in the Middle East.

Yet the announcement by U.S. Secretary of State Warren Christopher on Sept. 20 that the United States will convene a series of "donors conferences," modeled on those there were to provide aid to Russia, indicates that Washington at least intends to continue that lip service. In what the State Department described as a major policy address, and the first since the PLO-Israel signing ceremony on the White House lawn the week before, Christopher endorsed a World Bank study which claimed that the Palestinians only need \$3 billion over ten years—a ridiculously small sum.

By contrast, Lyndon LaRouche, who first called for massive economic development as the basis of Mideast peace following a trip to Iraq in 1975, estimates that some \$2 billion a year in investments in infrastructure is required just to get things going. In early September, LaRouche also warned that certain forces in the United States and Europe would seek to sabotage the accords internally. "The danger is," he said, "that Washington and Europe seem to be insisting that, at this time, all economic development in the region be limited to penny-ante employment projects," rather than the grand infrastructure development projects needed.

In remarks on Sept. 22, LaRouche emphasized that these large-scale infrastructure development projects must begin immediately. "Without economic development of the style which I have insisted upon for the Middle East and for Europe and also for the United States; without introducing that kind of infrastructure-based dirigist or state-credit directed approach, it is impossible to reach a Middle East peace, because the foundations for mutual self-interest would not exist. Others have opposed that. You have the approach of George Soros and similar types of people, who want to turn the Middle East simply into a financial and gambling resort and house of prostitution or something like that. That means the death of everything."

Christopher endorses World Bank

On Sept. 20-21, the World Bank held a conference at its Washington headquarters on economic aid to the Palestinians in the Occupied Territories of the West Bank and Gaza Strip. Attendees at the closed-door conference were reportedly told that a World Bank study has shown that only \$3 billion would be needed for the 1.7 million Arabs there. To get a sense of the inadequacy of this sum, one only has to consider that the Israelis have invested almost nothing in the territories since they seized them 25 years ago, except for their Jewish settlements. Nor does the World Bank propose the type of vast infrastructure projects needed, such as nuclear power and large-scale desalination works.

Even this projected outlay, much of which would be in the form of loans, would be reportedly delayed until some Palestinian entity is formed to "guarantee repayment of loans." In other words, the PLO will have a version of "International Monetary Fund conditionalities" imposed on it, even prior to forming a state, and even before being mired in debt.

Furthermore, the World Bank is reportedly insisting that the PLO undertake the type of "reforms" which it has increasingly demanded of all of its recipients, that is, "democratization" of its "autocratic structures."

As the World Bank conference was opening in Washington, Christopher was addressing a Columbia University gathering in New York at which he endorsed its estimates. Christopher reported that the United States will be convening a donors conference to support Middle East peace, with the participation of Russia, Japan, the Europeans, Saudi Arabia, the Persian Gulf states, Canada, and others. He said that the "World Bank will play a major coordinating role" in overseeing this assistance, and added that the assistance will be modeled on that provided for Russia.

But what is this model? In October 1991, the Group of Seven (U.S., Japan, Germany, Britain, France, Italy, and Canada) decided that Russia would get no debt relief, and that International Monetary Fund (IMF) conditionalities would be imposed despite the collapse of communism that summer. At a January 1992 donors conference—the cited model for the coming one on the Middle East—then-Secretary of State James Baker insisted that "humanitarian aid" would be given to Russia *only* in coordination with the IMF and World Bank, which would "work with the Russians and others to devise credible long-term reform plans." The economic collapse of eastern Europe, the reimposition of de facto communist rule in Lithuania and Poland, and the coming to power of an imperial leadership in Moscow, are a direct result of these reforms, and this lack of real aid.

In his remarks at Columbia, Christopher made the type of obligatory remarks one would expect at such gatherings, just as Baker did in 1992. For example: "The international community must immediately see that the agreement produces tangible results in the security and daily lives of Palestinians and Israelis." But then, immediately following: "The World Bank's initial estimate is that at least \$3 billion will be need over the next ten years. An important portion of this sum will be need for a quick-start effort over the next year."

To ensure that the import of Christopher's speech was understood, the State Department gave a background briefing on the subject that day. There a senior administration official emphasized that the World Bank estimate has been endorsed by the Clinton administration, and insisted, wrongly, and over the objections of some reporters present, that neither the PLO nor any other party involved has asked for more. Although citing the need for creating infrastructure, he emphasized that it should be "labor intensive," apparently to ensure what Christopher termed a "quick-start effort."

In a related announcement, Christopher and Treasury Secretary Lloyd Bentsen reported that the United States would be giving all of \$250 million as part of this aid package, complementing the measly \$400 million promised by the European Community.

What the PLO and Israelis say

"It's too small a figure for the whole ten years," said Samir Abdullah, head of the PLO team which helped compile the World Bank study. "The PLO will ask the World Bank to change the assumptions it based its investment proposal on in light of the new Israel-PLO accords." He called for the World Bank to double the investment. Similarly, Bassam Abu Sharif, an adviser to PLO chairman Yasser Arafat, told *L'Express* newspaper of France that what was required was "a seven-year plan which foresees the disbursement of \$2 billion a year only for the reconstruction of infrastructure."

The PLO is well aware of the dangers if no real aid is forthcoming. Yasser Abd Rabbuh, for example, one of Arafat's closest aides, emphasized to the Berlin paper *Neue Zeit* on Sept. 14 that "the improvement of the economic situation is a precondition of the agreement turning into a success," adding, "the people must see that the Palestinian administration has power, that it is not just the pawn of Israel." And Arafat himself told an Egyptian daily, on the eve of the White House ceremony where the accord was signed, "I will not be another Gorbachov; the West promised him financial assistance and then let him down."

In the United States, the Palestinians are finding some previously unexpected allies. "If people in the region don't see the benefits, they're likely to be susceptible to the pleas of religious radical terrorism," said Lester Pollack, chairman of the Conference of Presidents of Major Jewish Organizations, on Sept. 17. "I've been a supporter of economic development, and I think it should be both public and private initiatives at this point." Several U.S. rabbis included pleas for aid to the Palestinians in their Rosh Hashanah (Jewish New Year) sermons.

On the Israeli side, Deputy Foreign Minister Yossi Beilin has called for \$15 billion in investment in five years. But most remarkable is a proposal of Foreign Minister Shimon Peres in the French publication *Acque et Terre*, calling for supplying \$8 billion a year in aid to the region overall. While Peres's proposed source of this money—a \$1 a barrel oil tax—may be questioned, the amount of funds called for is reasonable. Significantly, Peres called for "the greening of the Middle East," noting that the "most viable method for producing water may be nuclear energy." In 1986, Peres, then prime minister, had called for a similar \$50 billion "Marshall Plan" for developing the Middle East. He asked that a then upcoming meeting of the Organization of Economic Cooperation and Development (OECD) adopt the proposal; it was rejected.

In underlining the need for these projects, LaRouche commented: "We've got to do that *now*. This is our last chance to do it globally; that's what the Israelis are trying to do, and that's what Arafat's trying to do: to seize this opportunity while they are still alive to do it, before a younger generation which presently would not be morally or intellectually capable of doing it, is left with the task. They have to move now; this is their last chance."