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## Interview: Dr. Mohammed Sarsour

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# Palestinians must concentrate on getting our economy going

*On Oct. 14, EIR interviewed Dr. Mohammed Sarsour, vice president of Administration and Finance at Bir Zeit University, a leading Palestinian University in the West Bank, in Brussels. He was participating in a joint Palestinian-Israeli workshop entitled "Sustaining Middle East Peace Through Regional Cooperation," sponsored by the European Community, which brought together a team of Israeli and Palestinian economists.*

*Dr. Sarsour also participated in a Palestinian economic development study, "Masterplanning the State of Palestine," sponsored by the Center for Engineering and Planning in Ramallah, on the West Bank. Dr. Sarsour has also worked at the Brookings Institution, the Federal Home Loan Bank Board, and the Defense Department in the United States as a professional economist and administrator.*

**EIR:** Could you say something about the workshop you have just attended here in Brussels?

**Sarsour:** I am participating with a group of researchers—Data Studies and Consultation of Bethlehem. We are working on a two-phase economic plan along with an Israeli team to evaluate the economic situation on the West Bank and Gaza Strip and to propose solutions for improvement. The project is being worked on by two different groups. Each group, we Palestinians and the Israelis, will present their own point of view. In the last few days we have been meeting in Brussels in order to try to reach a conclusion.

**EIR:** You were involved in writing an economic development plan called "Masterplanning the State of Palestine." Could you discuss the background of that or other plans for the West Bank and Gaza?

**Sarsour:** I wrote the industrial section. So if you want to know about the industrial sector, I am prepared to discuss it. But as far as the overall plans for the West Bank and Gaza, there were many plans submitted by different Palestinians for the PLO. There is also a plan conducted by Yusef Sayegh, which is the overall Palestinian plan. I believe they are going to take the best of each plan and hopefully that will become the overall master plan for the West Bank and Gaza.

**EIR:** Annexes three and four of the Israel-Palestine agree-

ment put a lot of emphasis on infrastructure projects such as the Mediterranean Sea-Dead Sea Canal, seaports, transportation, and so forth. What are the needs?

**Sarsour:** Infrastructure is the most important aspect of any country's economy, and we are in definite need of it. Every economic sector in the West Bank requires a strong infrastructure. For the last 25 years, our already weak infrastructure has deteriorated to a point where we do not have any kind of infrastructure. We are in desperate need of roads, health services, education services, everything that is required in order to establish any kind of economy.

For sewage, roads, schools, and hospitals I can give you statistics. For example, as far as hospitals are concerned, we have one bed for each 1,000 people on the West Bank and one bed for each 686 people in Gaza. There is one teacher for every 60 students in Gaza, and one teacher for every 40 students in the West Bank. We have about 686 kilometers of one-lane roads and about 650 kilometers of very narrow roads. There are 1,000 kilometers of village roads which are not paved at all. This is the only network we have and it is old and in bad shape. So these are the kinds of things that we require if we are to have any kind of transportation or services system.

We must concentrate on the transportation network, we must improve our roads between the villages and the cities, we must improve the agricultural roads in order to utilize the agriculture land in a much better way. We must improve the health sector by building more hospitals and providing specialized doctors since we have a very limited number of specialists in the health services. We must increase the number of teachers and their professional qualifications and experience, and build more schools. This, in reality, will serve us in two different ways. It will employ a great number of people during the building of the infrastructure, while at the same time we lay the basis for a more stable life and an improvement in the economy.

As far as the industrial infrastructure, we lack industrial services, industrial zones, electricity, and telephones, which the ordinary businessman requires. In the past, instability in the West Bank scared many investors away. Now the political situation has changed. Some investors are thinking of coming back to invest in the West Bank. However, the lack

of services in the West Bank will also scare them away because it will cost the businessman a greater amount of money than if some services were provided and some industrial zones were established. A typical businessman must now pay for electricity; this alone would cost about \$50,000. This is over and above the costs necessary to establish a business. He now needs to open a road to his factory, as well as to bring in water services. All that at extra cost. And instead of an industrial zone providing all these services in order to encourage people to come and invest, we do not have such things.

**EIR:** Are people thinking of integrating the West Bank and Gaza into regional plans for infrastructure?

**Sarsour:** I believe the Jordanian government has a very sophisticated transportation network right now. As a matter of fact there is a highway coming all the way from Amman to Shuna, which is on the other side of the Jordan River. The Israelis have been very active, especially in the last five years, establishing very sophisticated road networks connecting Tel Aviv and the port of Haifa, connecting all parts of the West Bank together. Maybe this could be planned so as to have these networks connected with one another. But in the West Bank itself, we are lacking the roads between the villages and towns in the West Bank, and this is something we really need, especially for the agricultural towns and villages. In the West Bank there are about 3,000 square kilometers of agricultural land. If we do not have access to this area and other necessary facilities, its development would probably be ignored. We need to have the right access to it and to provide the services so that this large area, which constitutes half of the 6,300 square kilometers of the entire West Bank, can be developed for agriculture.

**EIR:** The World Bank has given very low priority to infrastructure, particularly regional infrastructure. Do you think you are getting the wrong signals from the bank on infrastructure and your economic development policy?

**Sarsour:** I believe there is some Palestinian money that can be invested in the West Bank and that's what I prefer. That is, that any kind of investment is to be done by Palestinian investors in order to improve the economic sector. I am against any loans, especially in the beginning, because, how can you start any kind of political entity while you are in debt? And once you are in debt, you will remain in debt. That has been the past experience with other countries including African and Middle Eastern countries. They started in debt and they remained in debt, and their economic situation went backwards instead of getting any better. So if there is some kind of financial aid without any conditions, not being a loan, to improve our infrastructure, that is fine, and we should do it, we should control it, we should make the best of it.

Nonetheless, that being said, I prefer to have Palestinian investments and to try to establish our economy based on the

financial limitations we have, but without any conditions and without any debts.

**EIR:** Since Gaza and the West Bank are the only places in the world without any foreign debts, or a currency for that matter, is there any reason to have the World Bank or International Monetary Fund as advisers?

**Sarsour:** Basically, I am not against any organization. If the World Bank wants to help, that's fine; but I believe we have to take under consideration the kind of help, the kind of services provided, the kind of conditions. We are a very small economy, and we cannot afford high debts.

**EIR:** Has there been any discussion on establishing a development bank to finance infrastructure projects?

**Sarsour:** Yes, there has been a lot of discussion about the establishment of development banks, but we have to take under consideration that infrastructure is a very expensive project considering the economic situation in the West Bank. I don't think it can be done by private investors because there is no return on their investments in infrastructure. So this becomes an issue. We are not yet an independent entity, or a government. It is too early to say how we should pay for our infrastructure (from taxation or any kind of revenues) because we haven't started yet. Maybe the maintenance of infrastructure will be paid from taxation or revenues as the government is formed. But in the meantime, we need the assistance.

There are some Palestinians interested in investing in industrial zones, for example. Now there is a possibility of establishing some kind of consortium of investors who would invest in the industrial zones and then lease or rent or sell sections of it to different investors. There is in fact a company right now that was established about two weeks ago in Bir Zeit. Basically, this company plans to establish industrial zones around Bir Zeit and to lease the facilities to companies. So this is the only investment that can really assist in providing infrastructure led by Palestinian investors. But it will be very difficult to find investors for such projects as roads or sewage systems.

**EIR:** What is the name of this company?

**Sarsour:** Bir Zeit Company. It is led by Daniel Issa. He has already about 40 different people with him. He is the owner of the land in that area. They established this company, and right now it is for public purchase if you want to buy shares.

**EIR:** How do you expect to finance infrastructure?

**Sarsour:** We don't have a government yet; it's a "Catch 22." If we had a government, that's another thing; but we need to prepare for the government to take over. I believe the financing for infrastructure should come from outside help, from Palestinian or non-Palestinian sources, without any conditions. I believe that everybody has to share [the burden]

to get the Palestinian economy at least to the zero level, and then we can take it from there. Right now the Palestinian economy is below zero, and the whole world is responsible for the Palestinian issue, so let them care for it until they get us back on track.

**EIR:** Do you feel that the Israelis are giving the type of support that reflects a real change in the Israeli position?

**Sarsour:** I do notice a change in the Israeli position. I see they want to work, they are willing to work, they want the peace process to work. Now if that's for real or not, only time can tell.

**EIR:** Water is obviously a key issue. Has there been discussion of concrete projects for desalination such as Foreign Minister Shimon Peres's proposal for nuclear desalination?

**Sarsour:** There is a committee to discuss the water situation. It was not part of our study, but it will become a very important issue of discussion. The water problem is not just a problem for the West Bank and Israel, it is a regional problem. I believe there are some committees being established which will include Turkey, Syria, even Iraq is involved, Lebanon, Jordan, and Israel. The water problem is a regional problem and needs to be discussed at the regional level.

**EIR:** What about large-scale desalination projects?

**Sarsour:** To my understanding there is a proposed project to desalinate water from the Mediterranean Sea to provide water to the people in Gaza. But this is a very expensive project and I don't know whether it is going to take place. But water management is also a sensitive issue because right now the Israelis' use of water is much greater than that of the Palestinians. We purchase 66% of our water in the West Bank from an Israeli company. So we only have control over 33% of the water. That's all.

**EIR:** Have large projects such as the deep sea port become subjects of debate?

**Sarsour:** Right now they are more political than economic. I prefer to set our priorities. If the airport or the port is a political issue, I think I would leave that to the politicians. But from the economic point of view, we should concentrate on what we need first and most in order to get our economy going.

**EIR:** Is the United States doing enough?

**Sarsour:** I believe that if the United States did not do something [the peace process] would have never started. So I believe they participated this time in good faith. That is the only reason why the peace process took place.



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