

there. Politically, the rejectionist front has announced its intention to sabotage the deal. Mohammed Nazzal made no attempt to camouflage his desire to mobilize the Hamas movement's support base in the Occupied Territories, which he estimated to be 30-40% of the population, to "continue the Intifada." The "military resistance in the Occupied Territories," which he characterized as "the strategic, not tactical alternative," is supposed to continue, with the aim of "leading to a failure in the agreement." Nazzal's view, shared by many Arab nationalists, is that "no war, no peace is a situation we can live with," even over generations. Although Hamas has stated it will boycott the planned elections in the Occupied Territories, on formal grounds that they are "part of the agreement," the Group of Ten, to which it belongs, aims to constitute an alternative leadership to Arafat's Fatah within the PLO.

Despite the rhetoric and the violence, it is not likely that the opposition will succeed, because it is the momentum established by the Peres-Arafat initiative which is currently determining the process. Among the populations on both sides, the desire to supersede the conflict and establish peace is profound and widespread. Those who, while supporting the agreement, are not blind to its limitations, like Fahed Fanek, argue pragmatically that "it is better than nothing because the alternative is even worse." Among the Palestinians who are leading the process, there is a deep-rooted conviction that the initiative can and must be used as the lever to effect fundamental, positive change, through real economic progress. These layers who have greeted Shimon Peres's public statements in favor of advanced technology-sharing, are asking, "Does Peres have the power to push this perspective through?"

One leading Palestinian-Jordanian writer characterizes it as "a challenge, to develop Palestine into something better than what the Israelis have achieved." Taking a long view of the effects that an economically progressive peace arrangement will have on reestablishing a cultural balance in the region, this writer said he was "very optimistic, perhaps naive, but in this context the Israel-PLO agreement should be supported. There is no guarantee it will work, but it is worth trying." Voicing the thoughts of other intellectuals in the country, he continued, "The deal does not give us what we want, but it will unleash processes which will give us what we want in 10-15 years."

What must be unleashed now so as to ensure peace and justice, are economic processes capable of generating real development—infrastructure-based, science-driver development. If the efforts of those committed to peace are focused, "like a laser," as LaRouche put it, on this point in the Middle East initiative, they can transform the process as a whole into what it must become.

If not, as LaRouche has warned, "there is no hope for the entire region; there is only Hell and the destruction of all the existing nations and most of the people."

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## Interview: Mohammed Z. Nashashibi

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# The World Bank kill infrastructure

*Mohammed Z. Nashashibi is the chairman of the Department of Economic Affairs and Planning of the Palestine Liberation Organization. He has been engaged in the negotiations process for the Israel-PLO accord, particularly concerning economic matters. He gave the following interview to Muriel Mirak-Weissbach in Amman, Jordan on Oct. 27, before leaving for Tunis for meetings of the PLO leadership.*

**EIR:** Many people have drawn the parallel between the PLO-Israel agreement and the events which changed eastern Europe in 1989. There is great concern that the errors made by the West, in imposing "shock therapy" and other free market policies on the East, not be repeated in the Middle East.

**Nashashibi:** Yes, we fear that that may happen, and we certainly do not want to see Arafat become another Gorbachov. Although there are similarities, there are significant differences between the two situations, not only because of the attitude of the donors, but also because the system there could not absorb quickly or efficiently the huge amount of investments, due to the lack of mechanisms and of personnel. Here we have the mechanisms and the personnel, we have the projects and the feasibility studies. What we need is vocational training and additional personnel. We have already had the benefits of technical support and training, provided by France, Italy, Norway, the U.K., and Canada.

**EIR:** What are the most important projects?

**Nashashibi:** The main projects listed in the World Bank report concern the development of infrastructure, namely, education, health, transportation, water (treatment of solid waste), marginal supplementary services for agriculture and technical assistance. Housing is mentioned, but on a very small scale.

**EIR:** There have been reports in the press about considerable differences in approach between the PLO and the World Bank, regarding projects.

**Nashashibi:** Yes, there are two approaches. At the World Bank meeting on Sept. 20, we discussed with them the necessity of funds for implementing a 10-year plan. And we said that the funds allocated for different programs were not enough. They were convinced, and raised their commitment from \$350 million a year to \$550 million a year. When the

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# has no right to projects

donors met in Washington on Oct. 1, they promised \$2.2 billion over five years or \$440 million a year. In doing this, there are three things they did not consider: mainly housing, plus how much we need infrastructure investment to absorb hundreds of thousands of refugees who were deported in the 1967 war. They did not consider the housing, infrastructure, and education that that implies. Also, they did not take into consideration the funds needed for the first two years of Palestinian administration, and the requirements for providing 25,000 security police and equipment.

We had projected a development plan for seven years, for which we estimated \$11.7 billion, and allocated \$6 billion of that for 200,000 housing units. The World Bank did not take this into consideration. We are planning to set up a list of priorities, and try to convince the World Bank and the ad hoc committee of donors that our people should be convinced that peace brings with it prosperity and an end to suffering. That is why one priority is the creation of jobs immediately. The World Bank should launch programs for road construction, the Gaza port, airports in Jericho and Gaza, treatment of waste water (in Gaza especially), treatment of brackish water, reclamation of land, to create jobs for 17,000 Palestinians currently working in agriculture in Israel, plus a five-year program for housing (50-60,000 units) for refugees, especially in Gaza. We need new schools for returnees, and hospitals.

As you know, Israel closed all working Arab banks in Gaza and the West Bank after the 1967 occupation of the territories and only allowed two Israeli banks to function. Now, we will immediately reopen Arab banks which had formerly been in the West Bank and Gaza and set up four or five specialized banks: an agricultural cooperative bank, a commercial bank, an investment bank, and a housing bank. The first bank will be a bank for industrial development. These are the main activities on which to concentrate in the first year.

We discussed today with the Jordanian government economic relations between the new self-government of Palestine and the Jordanian government. This will cover banking, control of foreign exchange, control of foreign banking, trade, and infrastructure (airports, roads, tourism, trade, agriculture, industry technology transfer, and energy). We will also have a special accord on management of water resources and will try to form a committee for negotiations with Israel on water issues.

**EIR:** Where does the PLO differ with the World Bank on investment policy?

**Nashashibi:** The World Bank is mainly concerned with the public sector, and says that tourism, agriculture, industry—even electricity and energy—should be financed by the private sector.

**EIR:** I understand there are differences as well regarding the actual projects mentioned in the economic annexes.

**Nashashibi:** Yes. The World Bank did not even mention the port in Gaza, or the airports. They did not mention the cement factory near Hebron, which could produce 600,000 tons a year.

**EIR:** The World Bank report has been published, but the PLO economic program has not. Can you tell me something about the report prepared under the direction of Yousef Sayegh?

**Nashashibi:** That was done by a group of Palestinian experts, and it will be submitted for approval by the executive committee. It deals with many aspects that the World Bank tried to avoid. Although they mention constraints, they ignore who is responsible for the distortions and constraints on the Palestinian economy in the Occupied Territories. Our report speaks about this. Our report is based on infrastructure, both private and public, with major emphasis on housing. We think that half the funds made available should go for financing the 200,000 units urgently required. The World Bank says this is not something for the public sector, but we told them that in the first two years, it is absolutely necessary to provide public housing for those who have no means. There is another part of society which may be able to pay for housing, through cash or financing, over three to five years, but that is a small proportion of the population.

Furthermore, we need to develop industry and agriculture, as well as the food-processing industry. We need the port in Gaza, which they don't mention. The Europeans have promised to finance this port project. We need \$400 million for investments in electricity, which we are thinking of getting from Jordan and linking up to a pan-Arab network.

**EIR:** What about water?

**Nashashibi:** Water, of course, is the key issue for development of the region. The issue is complicated, because Israel deprived Palestinians, Jordan, and Syria of their rights to water. That is why, in order to provide enough water for our people and for future use for agriculture, domestic consumption, and industry, we need another 500 million cubic meters (mcm) of water.

**EIR:** Where can it come from?

**Nashashibi:** First, we should regain our rights over the underground water of the West Bank. The total underground water of the West Bank is about 600 mcm of water. The

TABLE 1

**Johnston Plan allocations**

(million cubic meters per year 1953)

|               | Syria | Lebanon | Jordan | Israel |
|---------------|-------|---------|--------|--------|
| Jordan River  | 42    | 35      | 100    | 375    |
| Yarmouk River | 90    | 0       | 377    | 25     |

TABLE 2

**Actual use of water**

(million cubic meters per year 1991)

|               | Syria   | Lebanon | Jordan  | Israel |
|---------------|---------|---------|---------|--------|
| Jordan River  | 0       | 0       | 0       | 650    |
| Yarmouk River | 160-170 | —       | 100-110 | 100    |

Source: Prof. Dr. Elias Salameh, director, Water Research and Study Center, University of Jordan, Amman, "The Jordan River System," presented at a symposium, October 1991.

Israelis use 80% of it and we use only 20%. We want to change the ratio, we want to take our 80%. Look at the map of Palestine. The east side of Lake Tiberias is Palestinian territory, it was a demilitarized zone in 1948-49, and it was under the custody of the Syrians. In the 1967 war, the Israelis occupied part of that along with the Golan Heights. Now under implementation of U.N. Resolution 242, the Israelis have to withdraw from all the Golan Heights and this part of Palestinian-Arab territory. This means that we are the third riparian state for the Yarmouk River—Syria, Jordan, Palestine. Israel has no right to claim any share of the water of the Yarmouk River. So we can get from here 100 mcm. We can make better use of springs, rain harvest, and treatment of waste water, sewage water, treatment of brackish water. Then, in Gaza, we should regain our full right, Israel should not be there. We can also get our share from the Yarkon River, which springs from the hills of Jerusalem-Nablus.

So, if we can get back all these resources, we can have enough water to really develop our agriculture and industry, and provide for domestic use and for the returnees. There should be a reconsideration of the water-sharing plan of the Johnston project, water which the Israelis are now using. We are on the bank of the Jordan River, we have the right to water. The Johnston project allowed us to get water from here by a siphon to the whole West Bank; now we are deprived of that. By taking water from all these sources, we can get 500 mcm.

**EIR:** That, however, does not solve the problem of water shortage in Jordan.

**Nashashibi:** No, it doesn't. The Jordanians have to solve

their problem by two projects, corresponding to their share in the Yarmouk and Jordan rivers. And they will try to build more dams, and conduct rain harvesting and treatment of sewage water. For them also this is a problem.

**EIR:** Even if all this were done, all water rights reclaimed, still there would not be enough for all the people in the region. **Nashashibi:** The Jordanians are 3.7 million people. The Israelis have enough water, they are using more than international standards. The only question is, if they insist on bringing in more immigrants, they need more water, and this means depriving others, which would lead to an unstable peace.

**EIR:** What about creating new sources of water, through nuclear desalination? Many say it is expensive, but in the long run, it's not.

**Nashashibi:** Clean nuclear power? Yes. Of course, then you have the question of the environment. I have been studying the question of nuclear projects for desalination of water with the Arab Atomic Energy Commission for peaceful uses, and it is still not commercial or economic, but it might be a solution to two issues: generating electricity and desalination of water. At the current stage, only the Gulf countries make use of desalinated water for drinking purposes and not for agriculture. Of course if we can provide desalinated water for domestic use at a reasonable cost, then it will solve part of the problem. But we all face a very difficult future regarding water resources. And then we have to consider, first, the challenge of population increase, second, the most technically advanced management of water, especially in irrigation, and third, the development of water desalination technology.

**EIR:** We have proposed a canal going from the Dead Sea through Gaza to the Mediterranean, with nuclear power plants floating along the canal, with desalination units attached. The plant can provide water for domestic, agricultural, and industrial use for a city.

**Nashashibi:** If you use this water, not for the production of electricity and not for cooling the Israeli Dimona nuclear plant, but only for desalination, then the whole project is different. Of course, it's very expensive, but if the energy generated can also be used for the production of electricity, then it is a very important project.

**EIR:** The nuclear aspect is key, because instead of trying to pull the blanket which is too small for the bed, fighting over scarce water resources, we get a bigger blanket by producing new water.

**Nashashibi:** Yes, even if we distribute the water equitably, among all the legal users of the water resources in the Middle East, especially in the Jordan basin, we still need new sources. The Turkish "peace pipeline" is not enough. I have studied it carefully; first of all it costs about \$22 billion in

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1989 dollars, and the cost of a gallon of water arriving to the Gulf would be about 20 times the cost of desalinated water, which is not feasible.

But we must find ways. The Syrians and the Iraqis might solve their problem with the Euphrates and the Tigris rivers, and in coordination with Turkey, which is not showing a real interest in solving the issue. The Egyptians do have enough water resources, and they will not face a crisis before 2007. And they have large huge reserves of underground water. Their share in the Nile River is 70 billion cubic meters; that's the maximum they can get. They can now do better than that using the rain water in Sinai, and they are now constructing another canal under the Suez Canal from the Nile to Sinai. But for the states around the Jordan basin, especially Jordan, Palestine, and Israel, they should look for new sources of water.

**EIR:** The other aspect of the nuclear option is that it creates the basis for new cities, nuplexes. Of course, the World Bank's approach is the opposite, based on so-called appropriate technologies. They do not even reference the nuclear option.

**Nashashibi:** Certainly, if there is any importance for such a canal, it is the nuclear plants.

**EIR:** Yes, the canal becomes the waterway for floating the plants, which provide the energy to build cities.

**Nashashibi:** Indeed, cities have grown up historically around water. No, the World Bank is speaking about something entirely different. They talk about how they, through such projects, can secure peace and security for a continuous flow of oil from the Gulf to America. They want the Arabs to invest their money in American projects. What I am afraid of is that we will become a state living off external financial support for many, many years. And this will deprive us of the right to independence and a solution to the situation. This will not affect us only, it will affect Jordan and the other neighboring countries.

Now, how are they trying to convince Syria for instance? By telling them, look here, this is the flow of funds to Palestine, because they signed a peace treaty, and Jordan now is dreaming of something similar. Prince Hassan made a hint toward this yesterday, when he said that the World Bank should not think that the Palestinians are the only ones that have suffered. And I am sure they [the World Bank] will say,

"The price for this is cooperation and the American flag so that peace and security will prevail in the area on that basis—free flow of oil to this part of the world and under American supervision."

**EIR:** If you consider the history of the World Bank and International Monetary Fund activities, it is clear, from their intervention into Ibero-America, eastern Europe etc., that they are extending speculative financial structures, not introducing real economic development. Real wealth in an economy is not measured in monetary gains, but in the development of the productive powers of labor—for example, children going to school who will become engineers and scientists. That is why advanced technologies are so important, and why we are proposing the project for the canals, with nuclear-powered desalination units.

**Nashashibi:** This should be a regional project, advanced by three parties, Israel, Jordan, and ourselves, because we are the users of the Dead Sea waters and it affects the Dead Sea. If such a project cannot be considered seriously by the World Bank, then perhaps the Arab League or Arab Monetary Fund could finance it. Desalination of water and building new cities are very important for us, because we need the new cities. If we had the energy sources, we could build new cities in the West Bank and at least resettle 400,000 returnees there. The area is potentially a very rich agricultural area.

I am interested in the nuclear sector, but, you know, people who are not well informed object that it would hurt the environment, they talk about pollution and nuclear dangers. This is all not true. We have clean nuclear plants. We could use the plants for desalination and also for electricity, which we so urgently need.

**EIR:** Lyndon LaRouche has emphasized that the crucial question for the region is nuclear energy. But the World Bank is against it. In the last analysis, why should the World Bank have its say at all?

**Nashashibi:** Let me make this clear. The World Bank has no right to say yes or no to the project. If it does not want to finance the project, then there are other resources. The World Bank for us is not a problem. If the World Bank does not agree to a project, it does not mean that we give up; we look for other sources of financing. We have the patience to work hard and to insist on what is right.