

## **EIR**Feature

# **Arafat-Rabin accord signed; will the World Bank kill it?**

by Dean Andromidas

Exactly one week after Lyndon LaRouche addressed Moscow's Institute of Oriental Studies on his "Oasis Plan" for Middle East development on April 27, Palestine Liberation Organization Chairman Yasser Arafat and Israeli Prime Minister Yitzhak Rabin signed a historic agreement on May 4 that could pave the way for a future Palestinian state. Despite what appeared to be last-minute doubts, Arafat and Rabin signed the nearly 200-page document before 2,500 foreign dignitaries and Egyptian celebrities assembled in Cairo. The agreement was witnessed by U.S. Secretary of State Warren Christopher and Russian Foreign Minister Andrei Kozyrev.

The Cairo signing makes particularly timely the Oasis Plan developed by the American economist and presidential pre-candidate Lyndon H. LaRouche, Jr., as summarized in his April 27 speech in Moscow printed here below. Nearly 30 years of military occupation have left the West Bank and Gaza Strip an economic disaster area. Infrastructure is almost nonexistent. Roads, transport facilities, power generation, sewage and freshwater systems, hospitals, and schools, are all urgently needed. A master plan for regional infrastructure is absolutely essential. The LaRouche plan calls for the establishment of regional network of high-speed railroads, deep-water seaports, roads, and a network of nuclear reactors for power generation and desalination of seawater. The last is crucial, since the scarcity of water in the entire region is ultimately a far greater danger to peace than political animosity between Arabs and Jews.

### **Economic development can't wait**

Key elements of the Arafat-Rabin accord include the following pledges: 1) Israeli troops will withdraw from Gaza and Jericho within three weeks after the signing; 2) Israeli military bases will be transferred to the new Palestinian authority; 3) a 9,000-member Palestinian police force will be deployed; 4) the Palestinian Authority will take over civil and police powers and make laws and regulations;



*Lyndon LaRouche (in front of blackboard) addresses a seminar at the Institute of Oriental Studies in Moscow on April 27, on his "Oasis Plan" for economic development in the Mideast. For 25 years, LaRouche has maintained that peace requires a program of high-technology infrastructure development, centering on water and nuclear power. Now, the opportunity for that exists.*

5) Israel will retain responsibility for Jewish settlements, external security, including the Egyptian and Jordanian borders, and foreign relations; 6) Israel can veto laws made by the Palestinian Authority; 7) human rights will be preserved based upon the principle of "universal human rights"; 8) both sides will prevent acts of terror, crime, and hostility aimed at either of them.

While critics as well as supporters from both camps consider the agreement imperfect, the success of the most perfect of political agreements in the region can only be anchored in the launching of a program of rapid economic development. Arafat underscored this in an interview given to Cable News Network while on a visit to Stuttgart, Germany as a guest of Daimler Benz on May 2:

"I would like to tell you that our dreams are as big as our challenges. We have a dream and we have designs and we have determination that Palestine will restore the claim of its historical role as it has always been for civilization, progress . . . and a beaming light for the three monotheistic religions, Judaism, Christianity, and Islam."

Palestine, he continued, "is an entity that will establish a free infrastructure to test the capacities, the capabilities, and the creative initiative of all its people, in order that we can effect a development that will bring prosperity to our people.

"We have a dream to achieve an economic experience that will be distinguished from others. We are quite sure that the capabilities of our people will enable us to achieve this dream. . . . We have established the structures of our economic man-

agement and we have concluded agreements for economic cooperation with different Arab and European countries as well as Asian countries, and African countries as well, and in Latin America as well as northern America, and I mean in particular the United States of America and Canada. . . .

"I'm talking to you today from Stuttgart, as I'm visiting this country for the same purpose, trying to avail all the requirements to build our economy. And I'm quite sure that you are quite aware that it's an extremely complex operation because we are going to start from scratch [after] what has taken place after the ruin that Israelis have done in our infrastructure in our country.

"Our success in the challenge of rebuilding is quite connected to the international commitment to provide us with financial and technical support. Our success in this particular field is going to be a proof of the viability of the peace process and the international awareness in our region. Peace is necessary to fix the main pillars for the edifice of comprehensive and just peace. Historical building is concomitant with another task which will be quite keen to implement it as early as possible. . . .

"According to our studies which had been done by the help of friends and brothers in different fields, we are in need of \$15.4 billion [?—the transcriber of Mr. Arafat's remarks was uncertain of the exact figure spoken here—ed.] for the next seven years. The donors had accepted to offer us \$2.2 billion for the next five years. We hope that we will cover the rest of our needs bilaterally—from contact with our friends

privately or from the governments in America, in Europe, in Asia, in the Arab world, in Japan, and everywhere. I know it is not an easy mission, but we have no other alternatives."

In the week prior to the Cairo signing, the PLO and Israel signed an economic accord in Paris establishing a customs union between the two economies, which will allow economic vital projects to go forward. The accord provides for the following:

In the area of finance, the Palestinians will establish a monetary authority to regulate banks and foreign exchange and manage currency reserves. Since an independent currency has been ruled out for the time being, the Israeli shekel and Jordanian dinar will continue to be recognized as legal tender. In the area of taxation the Palestinians will collect their own income and property taxes and municipal fees, while the Israelis will turn over 75% of the income taxes collected from Palestinians working in Israel. The value-added tax will be up to 2% lower in the territories. Import tariffs and rates will be coordinated between Israel and the Palestinians, but several categories of products, such as farm machinery, can be imported from Arab states freely. The Palestinians will be able to import their own fuel from Arab states at whatever price they wish, but gasoline prices cannot be more than 15% lower than in Israel. There will be a free movement of goods and people between the two areas, and a joint tourism authority will be formed.

Following the conclusion of the economic accord, senior PLO negotiator Nabil Shaath said, "People will start seeing Palestinian ports, airports, economic institutions. . . . They will see a real opportunity to develop their future."

### **World Bank spoiler**

The World Bank, which was given responsibility to coordinate nearly \$2.2 billion of funds pledged by governments worldwide, has not released a penny, pending the signing of this agreement. While the World Bank itself has pledged less than a few tens of millions of dollars, it is coordinating over \$2 billion in donors' funds, which includes \$600 million from the European Union, \$500 million from the United States, \$200 million from Japan, \$150 million from the Scandinavian countries, \$100 million from Saudi Arabia, and \$75 million from Israel.

Nonetheless it is feared that the World Bank, which takes normally three years to complete the approval of its "development" projects, could still sabotage implementation simply by bogging down the aid program through tacking on "conditionalities," endless red tape, and the notoriously high expense accounts for its "experts."

The Palestinians have set up the Palestinian Economic Council for Development and Reconstruction (Pecdar), as the coordinating agency for defining and coordinating economic projects including infrastructure and industrial programs. The World Bank has been conducting an active campaign to try to discredit this agency because Arafat has been

named its chairman. Nonetheless, the agency hopes to attract substantial resources held by Palestinian businessmen of the diaspora who are active in construction, engineering, trade, and finance.

Arafat's tour of Daimler Benz in Stuttgart on May 2 appeared to point in the right direction. As a guest of Edzard Reuter, chairman of the company, he was shown the full range of the giant firm's capabilities, from road and rail transport to aerospace. Most important of all was the presentation of a "Master Transportation Plan for Palestine," produced by Dornier Management Consulting, a subsidiary company of the Daimler Benz group.

This proposal calls transport, water management, and other types of infrastructure for all of Palestine, which Daimler would finance. According to a source at Dornier Management Consulting, the proposal includes an "emergency action plan" which could go into effect in a matter of weeks. "We see it as absolutely necessary that the Palestinian people see a change on the ground as soon as possible," the source said. A second phase would include a master plan for the West Bank and Gaza. The latter would be developed within the context of a regional plan which would include Israel, Jordan, Egypt, and later Syria and other Arab countries as political developments permit.

According to a press spokesman for Daimler Benz, Chairman Arafat, an engineer, underscored the need for a regional approach and that Palestine's infrastructure has to be integrated with the rest of the Middle East. In 1992 Edzard Reuter toured Israel and met both Prime Minister Rabin and Foreign Minister Peres. Early this year, Daimler founded Intertraffic in Tel Aviv, a company specializing in integrated transportation solutions, which is involved in at least 20 project proposals.

### **Dangers still ahead**

The PLO-Israel accord is just the first hurdle of a negotiating process that will extend over the next years and could lead to a Palestinian state and regional economic and political cooperation among all the states of the region. While serious differences have to be overcome between the best of the supporters of the peace process on both sides, the real danger to the accord lies with outside forces.

As mentioned above, the failure of economic development to go forward is the crucial danger. The political side of that lies with those who engineered the Hebron massacre in February 1994: the faction of the British neo-imperialists typified by the financial and political nexus represented by the Canadian-based Hollinger Corp. This includes Henry Kissinger, former U.K. Prime Minister Margaret Thatcher, and British career diplomat and Kissinger Associates, Inc. partner Lord Carrington. In Israel, the Hollinger Corp., which owns the *Jerusalem Post*, has its footsoldiers among the fanatical Jewish settlers movement that is now waging a secret civil war that pits Jews against Jews (see box on p. 22).