

“forceful” in his defense of the bank before Spain’s Premier Felipe González, this year the chair of the European Union. Here also, some leaders, such as the European Union’s Jacques Santer, expressed misgivings about the feasibility of a development bank, but these objections seem to be a “parting shot” by opponents.

As the idea of a “financial mechanism” for the Middle East has largely carried the day in discussions, according to Robert Pelletreau, Assistant Secretary of State for Near Eastern Affairs, the disagreement now boils down to whether loans from the bank would be at concessional (lower-than-market) interest rates or at commercial rates. This is a very important distinction, because funds for major infrastructure projects would have to carry low rates of interest over the relatively long time-frame needed to bring the projects to fruition. Speaking at the World Affairs Council on Oct. 2, Pelletreau said he felt that negotiators were “almost there” regarding the development bank. The exact formulation, however, of how the mechanism will actually function, including what the interest rates would be, will determine whether or not the institution will be a catalyst for development or simply another creditor waiting for a usurious return on its investment in an area getting poorer by the day.

Because of President Clinton’s personal commitment to a comprehensive Mideast peace, there is a good chance that the power of the U.S. Presidency will be wielded to bring the necessary instruments of development into existence. In his first one-on-one meeting at the White House with PLO Chairman Yasser Arafat, Clinton stressed the importance of having established a new relationship with the PLO leader. It was decided to establish a U.S.-Israeli-Palestinian trilateral committee in order to explore, identify, and develop cooperative projects, including in the most critical area of water production.

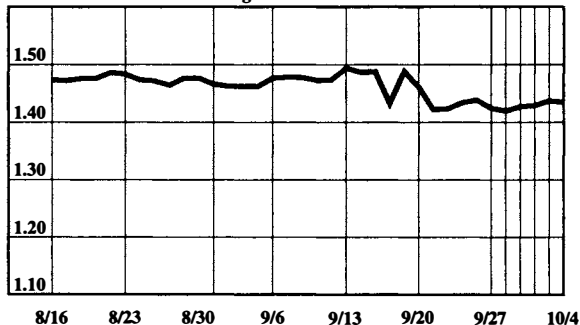
The power of the U.S. Presidency is the one factor that could possibly counter the “free market hysteria” and the open sabotage by the international financial institutions. But time is short. If real development does not begin soon, as Prime Minister Yitzhak Rabin warned at the signing ceremonies, all that will remain of the ceremonies will be some nice color photographs, and the region will again plunge into war and terrorism. One senior administration official says that President Clinton has found an ally in his fight for the development bank in French President Jacques Chirac, who is helping to overcome the British-orchestrated opposition to the bank and to Mideast development.

Another obstacle in the President’s path is the sabotage of a recalcitrant U.S. Congress, which has been making ugly noises about not allocating funds for the Palestinian National Authority. Following the lead of foes of the peace process such as Likud leader Benjamin Netanyahu, Sen. Jesse Helms (R-N.C.) and his co-thinkers are acting as a “fifth column” in Washington for the terrorists in the Middle East.

Currency Rates

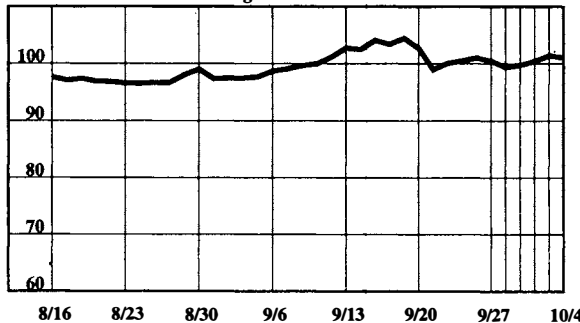
The dollar in deutschemarks

New York late afternoon fixing



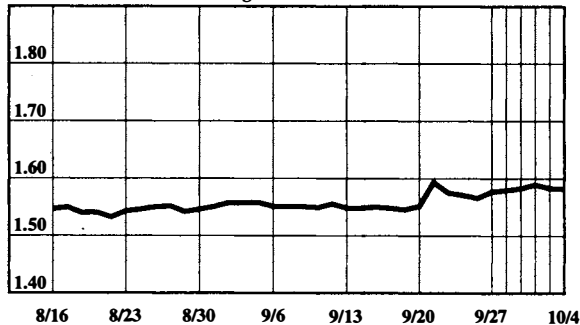
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

