

The 'Grand Design'

Dramatic proposals for regional and global economic development from leading political and economic networks on four continents over the past month and a half, highlighted by the May 6 signing of the 25-year trade and development treaty between the Soviet Union and West Germany, cumulatively add up to the necessary framework to usher in an era of peace and prosperity for the human race.

While not explicitly thought of as a global "Grand Design" by each of the individuals advancing these economic and technological development proposals, it is no exaggeration to use that term to describe what these various initiatives are, in fact, converging on.

In earlier periods of human history similar initiatives by, for example, Alexander the Great and Frederick II worked to bring into effect a global network of technologically focused cities, centers of scientific and related education of the populations to bring Europe and the Mediterranean region as a whole out of the wretched state of bestial feudalism and into the early stages of industrial capitalist growth.

The proposals outlined in the following text are motivated by the same intent: to expand the world's economic potential through industrializing backward sectors and quickly bring on line new technologies and new, *dense* sources of energy, most immediately, nuclear.

The following proposals have all now been made public. The urgent remaining question for the coming historical period is how soon these political coalitions will be put together and institutionalized internationally to bring the global "Grand Design" into reality. Will the political will be rallied for the Grand Design, or will the world be allowed to slide into depression and war?

The formulations presented here are varied in specific content. In some cases, they are outlines of the comprehensive transformation of the world economy. In others, the concentration is on bringing a key Third World region into the modern world through industrialization and progress. All are unified by the motivation of the necessity of progress and putting an end to conflict. In sum, this compilation is not a finished program, but a challenge which must be met — and soon.

Europe From The Atlantic To The Urals

The progressive industrial development of the entire European continent was a favored idea of former French President Charles de Gaulle and featured in last month's Schmidt-Brezhnev discussions. The bilateral joint communiqués and the respective individual statements of the two leaders, excerpted here, prompted an analysis on May 8 by Otto Wolff von Amerongen, head of the German Association of Industry and Chambers of Commerce.

The prominent West German industrialist announced that he expects the Soviet Union will soon finally give the go-ahead for making agreements with all-European industrial and financial consortia. This, he stressed, would provide greatly expanded markets for Soviet goods, thereby avoiding any danger of European markets becoming flooded because of so-called "compensation" deals.

The 25 Year Soviet-W. German Trade Treaty

From the treaty:

...In the conviction that an expansion and intensification of their long-term cooperation in the areas of economic, industrial, and technological relations... in the conviction that... lies not only in their common

mutual interest... but rather constitutes an important contribution to long-term cooperation in all of Europe... Article One

The treaty partners set themselves the goal of promoting economic, industrial, and technological cooperation between both states as an important and necessary element for strengthening bilateral relations on a stable and long-term basis. With respect to the long-term nature of the present agreements between organizations and businesses, or those presently in preparation, and future projects, especially in the area of raw materials and energy, the treaty partners strive for a further intensification of cooperation on the basis of mutual advantage.

Article Two

The treaty partners will support the further development of cooperation, especially in the following areas: establishment, development, and modernization of industrial installations and plants; joint development and production of equipment and other products; mining and processing of raw materials, including sea mining; cooperation in the area of energy; technical cooperation between the respective factories and organizations; cooperation in banking and insurance matters, transportation, and other service facility areas; and cooperation with business and organizations of third countries.

The following industrial branches are taken into

special consideration for cooperation: machine and vehicle construction, steel technology, chemicals, electrotechnics, including the electronics industry, and consumer goods industry.

Helmut Schmidt on Soviet television, May 5:

Bonn-Moscow relations are the center of overall détente developments. . . . This will be the issue of our discussions in Bonn: how to develop this center of policy.

From the Brezhnev-Schmidt Communiqué, May 6:

. . . The two sides set themselves the goal of furthering economic, industrial and technical cooperation. They view such cooperation as an important and necessary element in consolidating bilateral relations. This cooperation should be increasingly oriented towards a long-term perspective, in order that mutual interest in its constant expansion should increase. Thus, a solid material foundation for mutual relations is being created, which goes beyond the present century and benefits in both countries. . . .

Leonid Brezhnev on West German television, May 6:

. . . Our country is frequently compared with a giant construction site. And this is not a figurative expression, but a fact. We are building a lot. And we are not simply building: one could say we are transforming the very face of our country.

You have probably heard about, say the Baikal-Amur Mainline. This railroad is more than 3,000 kilometers long. It is being laid across permafrost, across untrodden virgin taiga, and tunneled through rocky cliffs. To build it does not just mean to shorten the route to the Pacific Ocean by a little, but to settle a territory equal to that of several major nations. And all this has to be accomplished in a practically desolate area.

Or take the development of the Tyumen oil deposits in Western Siberia. We began this grand task less than 15 years ago. And today, every second ton of Soviet oil is extracted there. There on the Ob River, we are developing a region of approximately a million square kilometers.

Or, finally, our plans for the genuine renaissance of our Russian non-black earth zone. This means the transformation of, so to speak, the heart of Russia. Imagine: we resolved to create — essentially from scratch — highly productive agriculture on an area approximately

equal to that of France. All the projects, including drainage and irrigation of arable land, will be finished only by 1990. But already in 1980 these lands are to produce one-sixth of all the agricultural products of the Soviet Union.

Our undertakings and plans are calculated for decades ahead. We are working on not one, not two, but dozens of projects, each of which surpasses in scale the plans of some nations. And each of them has the ultimate goal of raising the welfare of millions of people, our entire people. . . .

The Joint Declaration which Chancellor Helmut Schmidt and I signed expressed the resolve of both sides to develop political cooperation between the Federal Republic of Germany and the USSR on a firm, lasting basis. This applies both to bilateral matters and to major international questions, above all those of peaceful coexistence, détente and reining in the arms race. An agreement was also signed which provides for the broad development of economic ties for a very long-term period — to the end of our millennium. A solid material foundation is becoming created for the peaceful cooperation of our two countries. . . .

Helmut Schmidt, at a breakfast with Brezhnev, May 6:

Peaceful coexistence, in our opinion, must not mean fencing ourselves off from each other. . . . Shutting ourselves off would not only violate the continuity of European history which we created together — both bad and good—but it could also create a threat to peace. . . .

Over the past years the economies of various countries have become interwoven more than ever before. Under these conditions, the countries of Eastern Europe could not avoid the consequences of inflation and recession suffered by the Western countries. This element of joint risk, moreover, must arouse within the CMEA countries the consciousness that they are directly and immediately interested in making a contribution to the stabilization of the world economy. I am particularly thinking of joint efforts with the aim of not allowing any further widening of the gap between the developed industrial countries and the developing countries, between the rich and the poor; on the contrary, we must overcome the gap. . . .

Your country, industrially developed and rich in useful raw materials, and ours, poor in raw materials yet highly developed technologically, can complement each other for our mutual advantage.

Atoms For Peace

The peaceful uses of nuclear energy was the highpoint of U.S.-Soviet cooperation during World War II. "Atoms for Peace," became the basis for international cooperation, led by President Eisenhower and his scientific advisors in the 1950s, and continues to serve as the basis for programs of bringing the human race into a progressing twenty-first century.

The most exemplary of these recent atoms-for-peace proposals was the Soviet proposal to the United Nations Special Session on Disarmament, which appeared on the front page of Pravda May 31. Earlier, the Japanese

government proposed to the U.S. government international cooperation on fusion power development. The Yugoslav proposal, while less ambitious, represents a growing perspective among European and Third World countries that peaceful use of nuclear energy is an essential element in international cooperation.

The Soviet Proposal

Excerpts from "On Practical Ways to End the Arms Race," Pravda May 31:

Progress in peaceful uses of nuclear energy is undoubtedly one of the promising ways to resolve the energy problem and the Soviet Union favors broader inter-

national cooperation in this area provided, of course, it is carried out under conditions which rule out its use to increase possibilities for the development of nuclear weapons. At the same time . . . it can be said with confidence that nuclear (fission) energy, however important it is, does not provide the only key to solving the energy problem.

There emerge alternative approaches. . . . These are thermonuclear fusion, solar and geothermal energy, as well as a number of other sources. . . .

The Soviet Union is prepared to cooperate on a constructive basis with other states in research on new sources and types of energy. We have recently stated our readiness to participate together with the USA, European countries, Japan and other states on a "Tokamak" international project — a thermonuclear reactor designed to produce a controlled thermonuclear reaction with an energy yield higher than the energy input.

It will be recalled that the Soviet Union is already providing services to a number of countries in having their natural uranium enriched at Soviet enrichment facilities. To promote a broad use of the peaceful atom in solving energy problems the Soviet Union is prepared to continue rendering such services under appropriate international guarantees.

SALT

Serious difficulties are known to have arisen on several occasions at the talks on limiting strategic offensive arms. At present many of them have been overcome. . . . It is extremely important not to allow new obstacles, new problems to arise in the way of a successful completion of the talks. The agreement can and must be concluded in the very near future."

Taking up a standing proposal to channel 10 percent of the arms budgets of the Permanent Members of the UN Security Council into a development fund, the Soviets last week proposed a revision which could mean more monies:

Seeking to facilitate the solution of this question, the Soviet Union is now proposing that states with large economic and military potentials . . . agree on specific reductions of their own military budgets not in terms of percentage points but in absolute figures. Such agreement would cover, for instance, a period of three years. . . .

. . . The steps proposed are a bare minimum. Without their implementation the arms race will not be halted.

At the same time these would be substantial steps. Their implementation would actually mark a turning point in the entire course of international developments....

And all these steps are feasible. . . . On most of them talks are already in progress and some are nearing completion. With regard to other steps such talks could be started in the near future.

Willingness to move decisively ahead and political will are required to end the arms race. Today the responsibility of each state for the present and the future of the peoples is so great that a state failing to cooperate in

meeting this historic challenge would be committing a crime against humanity.

Japan's Offer

During a recent trip to the U.S., Prime Minister Takeo Fukuda proposed a joint science and technology fund between the United States and Japan, particularly focussing on fusion power research. Several American research labs, including Brookhaven, Stanford, and KMS have proposed projects on which they hope to get Japanese cooperation.

Reprinted here are excerpts from Prime Minister Fukuda's proposal:

Fusion involves harnessing almost unlimited energy from a man-made process which employs the same principle by which the sun creates its heat and light in nature. It is in effect the creation of a miniature sun on earth. . . .

Science can provide impetus to new productive activities and serve as a prime mover in the future expansion of the world economy, or can waste our resources and threaten our survival. Exactly because of this dual character of science and technology, I believe it is the duty of Japan, a nation dedicated to peace, to participate vigorously in cooperative international efforts to utilize science and technology solely for improving the standard of living of the world's peoples. . . .

In mid-May, Norura Research, a prestigious private thinktank in Japan, produced a report on commission from the Japanese government's National Research Advancement Institute, in which they propose a \$20 billion fund for energy and steel development in the Pacific Rim involving North America, Southeast Asia, Japan, Australia and later the Soviet Union and China. The fund would later be expected to double and would be used to develop and stockpile uranium and oil, and build steel plants. This proposal is described in official Japanese circles as part of a broader plan for industrialization projects.

Yugoslavia's Proposal

Speaking at the Special Session of the General Assembly of the United Nations May 24, Veselin Djuranovic, President of the Federal Executive Council of the Socialist Federal Republic of Yugoslavia made the following proposal:

Disarmament measures should be conceived in such a way as to ensure respect for the principle that the achievements of technology and science constitute a common heritage of the whole of mankind and cannot be the privilege of one country or a group of countries only. Discrimination in the utilization of the positive results of science and technology and technological discoveries is in fact employed for maintaining inequitable relations between states. Yugoslavia considers that broad international co-operation is the best way to halt the further proliferation of nuclear weapons.

Global Transfer Of Technology

The most advanced official spokesman for the transfer of technology to the Third World — a necessary program for developing the backward countries and reinvigorating the advanced sector economies — have come from the Republic of Mexico. Mexican President Lopez Portillo and advisers have been addressing this question on several occasions since the Mexican government's April 28 proposal for using the International Monetary Fund as an agency for expediting capital transfers, not austerity conditions on member countries.

The Mexican government's ideas have been reflected in the statements by the West German and Soviet leaderships, included here.

Mexico

April 28, 1978: Mexican Finance Minister David Ibarra Munoz proposed a minimum \$15 billion development fund to spur production of capital goods in both the advanced sector and the Third World. He urges adoption of this Mexican government proposal, in a presentation to the Interim Committee of the International Monetary Fund in Mexico City, as a question of overriding self-interest of *both* sectors and required to bypass the Third World debt bottleneck. A new fund providing long-term credits is needed, he said, because the foreign currency inflows of Third World nations "are channeled to satisfy debt service payments, instead of financing purchases of capital goods."

At the same time, he explained, "the resources of this fund will give a push to the capital goods sectors of the industrialized countries... contribute to a better structuring of the assets and debts of the financial markets... and contribute to the reactivation of the world economy."

May 12: Mexican Tourist Minister Rossell de la Lama was sent by President Lopez Portillo to Tokyo to begin arrangements for Lopez Portillo's state visit to Japan in October. Emerging from a meeting with Japanese Prime Minister Fukuda, Rossell declared that Japan, with its "great technological advances," is destined to be "one of the best partners of the Third World." Mexico, he added, can be the "bridge" between Japan and all of Latin America.

May 17-29: Mexican President José Lopez Portillo journeyed to the Soviet Union and Bulgaria for extended bilateral and multilateral discussions, identified by the Soviet press as a continuation of the impulse of the Bonn-Moscow accords of May 6. He summed up the purpose of the trip in a May 18 television address to the Soviet nation: "To us of the developing countries, the important thing is not just reducing the risk of war, but of winning the peace. This is only achieved if we find the true path toward the new international economic order, which resolves problems of financing, transfer of technology, and basic trade."

Arrangements for bilateral transfer of technology include the areas of advanced oil and nuclear technology, but as Lopez Portillo stressed in a special address to the Comecon in Moscow, increased Mexico-socialist sector

trade will "give an example of the form in which world-level interdependence between all countries can be carried out."

To scientists in the Siberian industrial center of Novosibirsk May 22, the Mexican President insisted that "technology is the patrimony of humanity... The powerful countries which have achieved advanced levels of technology have the obligation, for the future of humanity, of honestly transferring their advances so that backwardness can end, so that tomorrow's humanity will not be as divided as it might otherwise be."

Final joint communiqués issued in both Moscow and Sofia emphasized the need to redirect armaments expenditures into a fund for Third World development. Lopez Portillo in Moscow specifically called for such a fund to facilitate energy supply and development in regions of the globe now deficient in energy.

While in Bulgaria, Portillo stressed that "universal welfare" can only be achieved if the advanced sector joins in the development of the "backward and developing nations... We need general solidarity without distinctions of economic systems."

At the end of the talks in Moscow, Soviet President Leonid Brezhnev accepted an invitation to visit Mexico. Throughout the visit the Soviet press has stressed Mexico's importance a spokesman for Latin America and the Third World as a whole.

June 2: The top Mexican ministers who accompanied Lopez Portillo to Moscow called a meeting in Mexico City to inform the nation of the results of the trip. They announced that a four-way oil "swap" deal is close to being concluded whereby the Soviet Union would replace Mexico as the supplier of certain Mexican oil contracts in Europe, particularly Spain, and Mexico would redirect the same amount of oil to Cuba.

West Germany

May 29: Chancellor Schmidt, at the NATO summit in Washington, stated, "those of us are right who say that the tragedy of unemployment, for millions and millions who live in our countries, can only be cured if we can go back to normal growth rates of our economies. But let us not talk about growth only, gentlemen, let us talk about the question of how to bring about growth. And not only growth for a quarter of a year or for three quarters of a year, not only a brushfire, but a real warming fire to revitalize the economy and which can be maintained for quite some time in the future."

Japan

May 25: Toshio Doko, head of the Japanese business federation Keidanren, called for free trade and restructuring of Japan's industry to be based on considerations of the process of "industrializing the Third World."

May 30: Japanese Foreign Minister Sunao Sonoda told the United Nations that Japan-U.S. relations should be modified to make them "more open to cooperation for peace and prosperity in Asia and eventually the whole world."

Regional Development: Pieces Of The 'Grand Design'

Initiators of international industrial progress and development have centered much of their thinking on regional Third World foci for cooperation.

The most comprehensive of these regional proposals have been the focus of international tension and yet offer immense opportunities for global development — the Middle East and Africa.

Africa

In Africa, the Zaire affair has forced to the front the fundamental question facing the continent: stability through development. Despite the international red scare over "Cuban troops in Africa," this issue has been periodically addressed, with varying degrees of ambitiousness by government and non-government officials in France; by selected African leaders; and by the government of Cuba.

Cuban Vice-President Rodriguez, in an interview with Barbara Walters, broadcast on ABC television May 30:

We would cooperate in Africa. . . . I invite the President of the United States to meditate about the possibility of cooperation for the development in Africa. There is room for cooperation. We have spoken with very important business people. I know you are aware that Oliver Friedman was in Cuba with some of the more important national leaders in the world . . . and we had long talks about the possibility of cooperation . . . but not through the private interest to take over the economies of these countries . . . but through a cooperation for progress . . . for development. That is what we would like to do. We have not the money, but we have the people that could help. But you have the money and the French have the money . . . and perhaps the Soviet Union is willing too. I cannot commit them but I am willing also to cooperate in this. Why not cooperate instead of fighting each other?

*"For A Global Development —
The Experience of Men From the Sahel"*
by Philippe de la Roche

Le Monde, May 16, 1978:

In 1972, under the proposal of General Georges-Picot, King Faisal decided that Saudi Arabia would participate in the financing of the Senegal River development plan . . . the International Foundation for Development to which Saudi Arabia gave her support. . . . The objective of the foundation is to assist the development of the Sahel countries. . . .

. . . In 1977 and 1978, the Foundation signed four conventions with the governments of Upper Volta, Chad and Senegal, each entrusting the Foundation with the task of defining and carrying through a global development plan for a geographical area of strategic importance for each country. . . .

By helping the recipient country devise "integrated" development plans for a given area, the Foundation is bent on not falling into the trap of having in one given

area scattered projects with little or no coordination between them. Development is global. . . .

Therefore the Foundation's new plans encompass all aspects of development: education, infrastructure, agropastoral development, industrialization of support and transformation. . . .

Moreover, since a development process cannot be conceived in the short- or medium-term, the planned investments are defined within a long-term period (20 years). . . .

Given their limited resources, the development of the Sahel countries is dependent on foreign aid — and for many more years to come. . . .

The multiplication of scattered plans . . . only leads to the collapse of the indispensable, global vision. . . . Therefore the success of any coordinated development plan depends upon the convergence of the concerned country's resources of technical means and of financial flows.

The composition of the Foundation's Council reflects this conception. Represented are: the Sahel countries concerned by its projects through their respective Economic Planning Minister; several industrialized countries and private institutions (banks); the Arab countries which provide the basic financing. . . .

"Drawing Closer Europe and Africa"
by Jacques Chirac, RPR Chairman
Le Monde, May 19:

Europe is the most natural partner of Africa. . . . It is for this reason that on January 27, 1977, I publicly called for . . . an "alliance" based upon a conjunction of interests between equal partners. . . .

(Let us define) first what this framework must not be: neither an international organization, nor a treaty, pact, military alliance; nor a framework limited to new forms of multilateral economic cooperation; nor a mechanism which would upset the existing African and European institutions.

. . . What should be established is a *conference of the Euro-African dialogue*, open to all African and European countries. . . . The linchpin of this conference would be a general statement to which would subscribe all the countries that wish to do so.

This statement would fall into four chapters:
— the political principles recognized in common
— strengthening security
— economic and financial solidarity
— cultural, human and technological exchanges

The Political Principles Recognized in Common

Condemnation of all interference; respect for the independence and sovereignty of the states; freedom of choice in terms of political and social regimes, respect of the existing boundaries; condemnation of Apartheid and of racial discrimination; right for the peoples to manage their own affairs.

Strengthening Security

. . . . improvement of the defensive capacities of the African states through incentives to the creation of

regional security pacts and the assistance of the European states to these pacts, if such is the wish of the African states concerned.

The technical assistance of the European states to the African states would be limited to helping the latter to build their security capability (the objective being the withdrawal of all foreign military personnel).

Maintaining the present state of non-nuclearization of Africa provided that all African countries, including South Africa, solemnly renounce to get nuclear weapons and that an African control proper is established. . . .

Economic and Financial Solidarity

The question is to renew the spirit of Yaoundé — i.e., the existence of economic links and of privileged mechanisms between Europe and Africa . . . to devise for the African countries, and for them only, a series of advantages, while vigorously opposing any attempt at internationalizing European aid. . . .

In this spirit I propose:

- to develop economic and financial cooperation, with special emphasis on the poorest countries;
- to define a framework through which private investments would massively orient themselves towards Africa;
- to adopt a genuine raw materials policy consisting in long-term agreements on prices and supply;
- to give the priority to food self-sufficiency, infrastructure and the fight against drought (Sahel). To that aim a Special Fund of the Euro-African dialogue would be set up and committees would be established to devise development projects for every sector. . . .

Human, Cultural, and Technological Exchanges

. . . Priority to scientific exchanges and transfers of technologies, including nuclear energy; . . .

The Euro-African dialogue will be opened to all the Western democracies, including the Scandinavians, as well as to all African democracies (i.e., excluded will be the countries where the dignity of the African man is trampled upon); but this dialogue must be strictly limited to the two continents. . . .

At stake are the independence of Europe and the independence of Africa. . . .

French President Giscard d'Estaing to the summit conference of French-speaking African nations in Paris May 22:

. . . Beyond the action it is pursuing with its industrial partners and in world organizations, France is directing its attention towards Africa and intends to continue to do so. The Franco-African dialogue is for France a privileged North-South dialogue, which must be ahead of the world dialogue and show the way. As you know, we want the Euro-African dialogue to be broadened into a greater one, because we see between the two continents a complementarity which prolongs and reinforces the affinities that we already have with your states. . . .

As much as I am convinced that in the political field Africa must remain to the Africans, I am convinced that in the economic field, the Africans would impoverish themselves by limiting their interest to their continent alone. . . . Our ambition, on the contrary, has always been to coordinate our policy with yours so that, together, we can defend our interests which are in great part linked.

Latin America, Asia

The Japanese government has been at the forefront of development and industrialization proposals for both of these key Third World areas. In the case of Latin America, the Japanese have been prodded to take an active development role by Mexico.

Middle East

Since late April, a number of key world leaders both in and outside the Arab world, as well as prominent officials in the world banking community, have put forth several "Grand Design" proposals calling for the economic development of the Middle East and the introduction of nuclear energy to ensure such economic growth.

The proposals, the most significant of which are presented below in chronological order, bear a striking resemblance to parallel proposals put forth and discussed at the Conference on Middle East Peace and Economic Development sponsored by the Fusion Energy Foundation, held in New York in January of this year.

Egyptian Scientists Demand Nuclear Energy Development

The following are excerpts from an April 26 release by the Middle East News Agency in Cairo:

In its recommendation today, the Conference on Applied Nuclear Science, which was organized by the Egyptian Nuclear Science Association in cooperation with the Atomic Energy Authority, called on the world's advanced states to work for the nonproliferation of all types of nuclear weapons. The conference also called on these states to prevent the production of the neutron bomb, which is a weapon for mass killing. The conference recommended that the Middle East should be free of nuclear weapons.

The conference recommended that the Arab states coordinate their plans and programs toward a unified strategy in the field of long-term utilization of energy, including nuclear energy, and direct the manpower and material resources in the Arab countries to serve these programs.

The conference, which was attended by 500 scientists and researchers from various scientific research organizations and centers in Egypt, supported the state's plan to establish nuclear power stations as being more economical and better preservers of the environment than other, traditional methods, which failed to meet the country's energy needs.

Trade and Development: Way to Mideast Peace

A. Robert Abboud, Chairman of the First National Bank of Chicago, spoke at a meeting of the American-Israeli Chamber of Commerce and Industry on May 10. Appearing here, are excerpts from his speech, "The Key to Middle East Peace Is Economic Development":

Since the beginning of history, the Middle East has been a crossroads — a crossroads for different civilizations, a crossroads for trade, and, unfortunately, a

battleground for the peoples from three continents. Recent history has been more of the same. . . .

Diplomacy, even in its most refined state, will . . . not produce peace. Diplomacy can establish channels of communication, but it is no substitute for substance. Diplomacy is only useful to settle grievances where the relationship of substance already exists.

The only possible solution for a meaningful peace in the Middle East is economics. Trade and investment must be made to flow freely throughout the region, creating interdependencies which transcend the cultural differences among the various peoples. A common currency, a common market, and free investment flows on a regional basis are the only possible catalysts for peace. The great value of such an economic initiative is that peoples doing business together begin to understand each other, because no business will long endure if people do not know each other's history, or have an appreciation for each other's culture, and a respect for each other's traditions.

I know this sounds like a daydream. I also understand the formidable obstacles which make such a dream difficult to realize. On the other hand, there appears to be no other viable alternative other than the continuation of armed conflict, interrupted by armed truce, with economic devastation at best and the remote possibility of worldwide conflict at worst.

For a common market to be successful, the minimal area must include Lebanon, Syria, Jordan, Israel, Saudi Arabia, the Emirate States, Kuwait, Egypt, Sudan, Yemen, Aden and Oman. Then if the market were to be broadened to include Greece, Turkey, Iran, Iraq, and other nations in Asia or Africa, so much the better. But, in the beginning, the nations immediately abutting Israel appear to be the core nucleus with the Arabian peninsula and Sudan required for financial and economic viability.

This market, so defined, would embrace an area of 2,657,000 square miles, about the size of the U.S. excluding Alaska, Texas, and California, and 1.75 times the size of non-communist Europe. It would include a population of 90 million, which represents approximately 43 percent of the U.S. population. And it would include a wide variety of climate, access to three continents by land, sea, and air, agricultural land in abundance, mineral resources, and more energy and potential financial resources than almost anywhere else in the world. Lacking, of course, would be organization, infrastructure, communication, transportation, technology. But, these ingredients are available elsewhere in the world, and over time, could be the most modern and efficient anywhere. Moreover, as our energy needs move from hydrocarbons, through nuclear, to solar, where else in the world is there a greater abundance of concentrated solar density?

Let's review the feasibility of some of these projects. First, for any market to be operative, there must be a common currency or, at the very least, free interchangeability of currencies. Such an accord is not as difficult as one might imagine. Many of the currencies within the region are already freely convertible. The most difficult challenge would be for Egypt, but in a comprehensive accord, these difficulties could probably be resolved.

Secondly, there must be the free movements of goods.

Once again, however, the official barriers appear more formidable than the actual course of conduct. The movement of goods through the invisible markets, including the movement of goods to and from Israel, is already formidable. A customs union could be negotiated, much along the lines of other customs unions throughout the globe.

Probably the most difficult, yet the most necessary, objective would be the establishment of free and easy investment with a guarantee of capital protection and repatriation. We all know the abundant liquidity represented in the oil producing states. The capital requires an investment outlet, preferably denominated in a local currency unit, which would not only serve to develop the region but also to create ever increasing streams of income for future generations.

To achieve such an objective would require a common central bank for the entire region which would issue its own notes as the universal currency. Obviously, the involvement of the Saudis would be imperative But, after all, they have the money, and their reserves would be essential to give the new central bank solvency and liquidity.

In addition, there would have to be a system of commercial tribunals or courts which would resolve commercial disputes. The adjudications of these tribunals would have to be overriding and enforceable throughout the region and despite any contrary pronouncements by local courts or local bureaucracies. Such could be accomplished through acceptance of a common treaty which would vest such authority in these commercial courts to be established.

It is not difficult to envision some of the benefits. Consider, for example, the advanced medical capabilities of the Israelis, which could be spread throughout the entire region. There would be no need for any inhabitant of the area to go beyond the union for the latest in medical knowledge and advancements. Some of the world's finest hospitals are located in Israel. . . .

The opportunities in agriculture defy measurement. Areas of Lebanon, northern Syria, and Sudan compare with the finest agricultural lands anywhere in the world. The agricultural innovation in Israel, where the desert has been turned into productive territory, is the most advanced anywhere. Then there is the Nile Valley, and the selected regions of Jordan and the Arabian Peninsula. All in all, the territory could produce more than enough food, not only to feed its own people, but also to export

Midwest Bankers Push Mideast Development

At a June 7 conference in Chicago on Middle East peace prospects and economic development, attended by a group of Chicago corporations and bankers, including First National Bank of Chicago, Chairman Robert Abboud, the National Chairman of Israel's Bank Hapoalim, and Ephraim Reinen, issued an urgent call for a Middle East peace settlement based on regional economic development and on economic cooperation between the Arab and Israeli sectors. Numerous features of Reinen's historic call echoed similar proposals for regional growth and cooperation put forth in May by Robert Abboud, excerpted above.

westward into Europe and eastward into the teeming population areas of Pakistan, India, and Southern Asia.

*Fukuda: Japan Ready To Give
Economic Aid To Mideast
To Ensure Peace*

Japanese Prime Minister Takeo Fukuda, in an interview with the Lebanese daily *Al Hawadess* May 10, stressed that Japan is "prepared to extend unlimited economic aid to developing countries of the Middle East, with a view to developing chances of an Arab-Israeli peace accord."

Japan, said Fukuda, is "concerned over the eventuality of an outbreak of hostilities in the Middle East, which could exercise adverse repercussions on the oil-importing Japanese industries." Therefore, Japan is "keen on upgrading economic cooperation with the Arab oil countries." This will include "exploring areas of possible investment in North Africa and the Persian Gulf regions. . . . Peace in the Middle East is a primary basis for world peace."

Expanding this "Grand Design" outlook, Japanese Foreign Minister Sunao Sonoda told an Arab journal that "our relations with the Middle East will transcend our need for oil and develop into positive participation to achieve peace in the region." Sonoda emphasized that if the U.S. does not adopt this approach "the world could be exposed to a catastrophe."

*W. German Banker Calls For Euro-Arab
Cooperation In Nuclear Development*

In an effort to counter the "prejudices built up around the issue of European-Arab relations," Hans Friderichs,

head of the West Germany's influential Dresdner Bank, issued a strong call last month for East-West global cooperation to industrialize the Middle East. Interviewed in the May 24 West German daily Süddeutsche Zeitung, Friderichs outlined an elaborate proposal for Euro-Arab cooperation based on the transfer of nuclear energy facilities to the Middle East.

Friderich's formulation is modeled directly on the Grand Design conceptions for world economic recovery championed by his Dresdner Bank predecessor, Jürgen Ponto, who was brutally murdered in July 1977 by British intelligence-controlled Baader Meinhof terrorists.

"Long-term energy cooperation with the Arab world will prominently involve the development of nuclear energy," Friderichs stressed. Nuclear energy exports from the U.S. and Europe "coincide with Arab interest" to develop Arab petrochemical capacity, industry, and infrastructure, and would "open up perspectives so far not expected." This "era of large-scale cooperation with the Arab world" and the development of a "productive Arab economic region" will clear the way for massive "bloc-to-bloc deals, large scale deals, involving energy and scientific cooperation, marketing, and investment."

Friderichs insisted that these deals will bolster the dollar as the only viable instrument of financing world trade and technology transfers. "I want to let the Arab states know that no European country has any intention of having its currency replace the dollar. . . . Also, an artificial currency basket . . . will not meet any sympathies here in Europe. What we want is a recovery of the dollar, for which we see good chances."

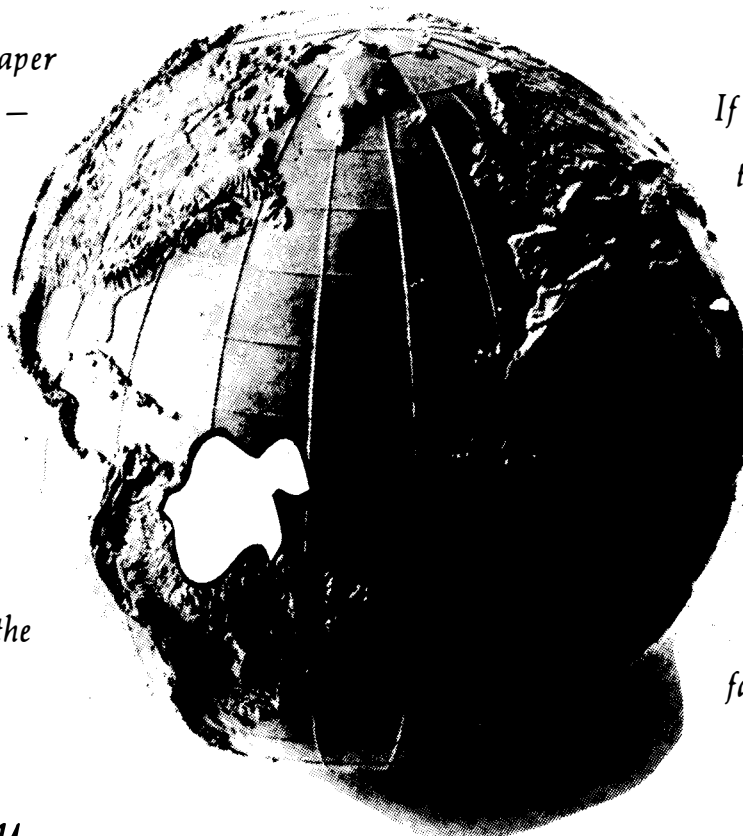
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EXECUTIVE INTELLIGENCE REVIEW SPECIAL REPORT
DAILY ENERGY INTELLIGENCE BULLETIN
THURSDAY, JANUARY 11, 1978

LEADING U.S. BUSINESS DAILY CALLS FOR CUTOFF OF NUCLEAR COOPERATION WITH INDIA

JAN. 11 - THE WALL STREET JOURNAL, A LEADING U.S. BUSINESS DAILY, DENUNCIATION OF THE CARTER VISIT TO INDIA. IN A SCATHING ARTICLE ABOVE ALL HIS COSMETIC CONCESSION THAT HE WOULD AUTHORIZE SUPPLY OF ONE SHIPMENT OF ENRICHED URANIUM TO INDIA FOR ENDING NUCLEAR COOPERATION COLLDY AND BLUNTLY AS THE CANADIANS DID AFTER THE INDIAN EXPLOSION. THE JOURNAL CONCLUDES: "IT IS EASY ENOUGH TO BELIEVE THAT MR. CARTER DOESN'T NOTICE NIXES AND POLICY IMPACT DESPITE THE HEAVY WATER SHIPMENT, BUT ON THE OTHER HAND, PERHAPS IT WAS NOT THE INDIANS WHO WERE INTENDED TO OVERHEAR THE OPEN MIKE, PERHAPS THE CANDIDATE CARTER WHO PROMISED NEVER TO TELL US A LIE WAS USING THE PLOY TO MISLEAD THE AMERICAN PEOPLE."

WHAT IS REALLY GOING ON?

WHILE THE DUST HAS NOT YET SETTLED ON THE CARTER TRIP, BRITISH PRIME MINISTER JAMES CALLAGHAN HAS ARRIVED IN INDIA TO SUPPOSEDLY EVOLVE THE COMPROMISE FORMULA TO BRING INDIA INTO AN ACCEPTABLE STATUS ON THE NON-PROLIFERATION QUESTION. WHILE THE U.S. STATE DEPARTMENT TODAY ADAMANTLY DENIED ANY TRUTH TO THE STORY THAT CALLAGHAN 'HAS SUCCEEDED WHERE CARTER HAS FAILED' AS PRESENTED BY THE LONDON TIMES; THE CALLAGHAN AGREEMENT WITHOUT TOTAL GOALS, ONE, IS TO ARRIVE AT THIS TIME. TODAY'S SECRET DAILY TELEGRAPH ADDS THAT CALLAGHAN HOPES TO TAKE DESAI'S SECRET PROMISES AND TO PRESS CLOSING DETAILS AT THIS TIME. TODAY'S SECRET DAILY TELEGRAPH ADDS THAT COUNTRY TO AGREE TO NEW RESTRICTIONS AND SAFEGUARDS ON ITS CONTRACTED FRENCH NUCLEAR REPROCESSING PLANT. CALLAGHAN ARRIVED IN PAKISTAN JAN. 11, ONE DAY AFTER THE NEW YORK TIMES ANNOUNCED THAT FRANCE HAS REQUESTED THE PAKISTANIS CONSIDER ALTERATIONS IN CURRENT CONTRACTS.

MIDWEST COLD FREEZES ONTO COAL STOCKPILES

JAN. 11 - AS THE NATIONAL STRIKE OF U.S. COAL MINER AND COAL-HANDLING MACHINERY, A SPOKESMAN FOR THE ELECTRIC UTILITY TOLD THIS NEWS SERVICE THAT INT CUSTOMERS HAVE BEEN ASKED TO VOLUNTARILY CUT BY FACILITY IN SHIPPINGPORT, PA. HAS BEEN SHUT A DAY, HOWEVER ALL EXPECT TO HAVE T. THE UTILITIES AFFECTED SECOND WINTER DURING SEV WEEKEND. THE ONGOING MINERS' STRIKE ALTERNATIVE USED TO REPLACE FROZEN COAL. IN FRESH STATE ENERGY OFFICE DURING TV COAL DELIVERIES TO RESIDENTIAL USERS

A SPOKESMAN FOR THE U.S. DEPT. WILL DO NOTHING IN THE PRESENT S. MAKES A STATEMENT HE ADDED THAT T PRODUCED BY THE ONGOING STRIKE AND UNTIL THEN THE GOVERNMENT CONSERVATIVE BRIT. FIRING OPPOSITION

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