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EIR Feature

Why the Israel-Palestine accord must succeed

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The agreement made public at the beginning of September between Palestine Liberation Organization (PLO) chief Yasser Arafat and Israeli Foreign Minister Shimon Peres represents, in the words of American statesman and economist Lyndon LaRouche, the last chance for peace in the Middle East. Either the accord will be wielded to pave the way for durable peace in the region, or the potential it embodies will be lost, and the entire region thrust into a spiral of violence and decay.

The decisive element determining which alternative will prevail is subjective: To what extent will the protagonists of the agreement garner support from particularly Europe, to unleash a dynamic of development and cooperation in the region which will become unstoppable? Only when concrete projects, which are already on the drawing boards, are translated into real productive activity, with Palestinian qualified labor engaging in the urgent task of building houses, schools, hospitals, and the like, will the progress of such undertakings provide tangible evidence to the population—both Palestinian and Israeli—that the concept works. The optimism and confidence which such visible improvement in living standards will spark is the indispensable factor in ensuring that the initial agreements fulfill their promise. Time is of the essence; results must be delivered, and fast.

There are two distinct economic policy approaches at loggerheads in this fight for peace. One is the Peres "Marshall Plan" approach, which, judging on the basis of the published economic protocols to the agreement, involves high-technology-vectored infrastructure, a series of "great projects" ranging from the Dead Sea-Mediterranean canal, to desalination plants, to international electricity grids and rail and road networks. This is the plan which dovetails with the series of programs elaborated over the years by LaRouche and associates. It also coheres with the programs elaborated by Palestinian economists such as Yousef Sayigh.

Such projects require massive financing, according to Sayigh, to the tune of $11.6 billion (in 1991 dollar value) for the period 1994-2000. Earlier estimates made by Israeli economists such as Gad Yaacobi in interviews with *EIR* in the

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Palestinian workers in Jordan. Only real productive activity – industry, water management, infrastructure building, agriculture – can provide tangible evidence to Palestinians and Israelis alike, that the concept behind the new peace accord will provide a better life for all.

1980s ranged much higher, up to $25 billion over 10 years – a much more realistic figure. Peres himself in 1986 called for $50 billion. Yet another study, put out in 1992 by the Palestine Studies Project, Center for Engineering and Planning in Ramallah, entitled "Masterplanning: The State of Palestine; Suggested Guidelines for Comprehensive Development," says that the future Palestinian state (made up of the West Bank, including East Jerusalem and Gaza) would require $30-35 billion over 10 years, one-third of which would go for housing and related infrastructure, to accommodate the living needs of a Palestinian population augmented by the return of 1.5 million refugees.

Financing for such projects should be regulated through state-controlled, Hamiltonian-style banking institutions, with earmarked project loans. They also require significant technology transfer from Europe in particular, in dimensions which only can be provided through a revival and reorientation of the LaRouche European "Productive Triangle" program.

On the other side are the carpetbaggers, led by the International Monetary Fund (IMF) and World Bank. According to the London *Financial Times* of Sept. 7, the World Bank meeting scheduled for Sept. 20 in Washington will bring together representatives from Jordan, Israel, Egypt, the PLO, and the Gulf states to discuss setting up a "Middle East fund" of some hundreds of millions of dollars. The World Bank approach is based on a study, which is a proposal for a survey of projects not yet defined or made public. As one representative of the Trilateral Commission said, such funds would be strictly controlled by the World Bank and the IMF, and would be disbursed only *after* a political settlement is reached. It can be assumed that such relatively paltry sums of money would be directed, if at all, to areas of speculative investment: tourism, free trade zones, and the like.

The worst-case scenario, which many Palestinians and other Arabs rightly fear, would be if the World Bank and IMF were to dictate economic policy. One plan, known as the Sedan Plan (named after the Israeli economist Ezra Sedan from the extreme right party Teyha), would erect under the cover name of "industrial parks" enterprises in Gaza and Jericho, using cheap Palestinian labor in labor-intensive projects, while Israel would maintain a monopoly on advanced technology. The introduction "into the Middle East of this idea of Chinese coolie labor called enterprise zones," LaRouche stressed, would be a disaster; "I can think of no better way to blow up Gaza."

The only efficient way to avoid the potential pitfalls is to win the economic policy battle for the LaRouche approach. "The urgent thing here," LaRouche reemphasized in a Sept. 8 interview (see p. 20), "is that we must move with all speed to *immediately* get these economic development projects, such as the canal from Gaza to the Dead Sea, going immediately, because if we wait until we discuss this out, enemies of progress and enemies of the human race, such as Henry Kissinger and his friends, will be successful, through people like Ariel Sharon's buddies, in intervening to drown this agreement in blood and chaos."