

kans trade during the NATO air war on Serbia, *Capital* wrote that the IMF's demand that Bulgaria first privatize its state-sector industry is incompatible with the national interests of the Bulgarian nation. "The IMF can hardly believe that Bulgaria will be able to raise \$600 million from privatization. It is much more likely, that the fund exerts pressure on the government to sell large enterprises, whose deals are constantly delayed. . . . This is not the first time that the international financial institutions have pressured Bulgaria to privatize. In 1995, the IMF and the World Bank almost entirely stopped their financing of Bulgaria, because the Bulgarian Socialist Party, the ruling party at the time, declined to sell enterprises."

If the Bulgarian government (a conservative-led one, at present) tried to meet the IMF's conditionalities through privatization and the related downsizing of the respective state-sector labor force, it would "enhance the risk of social tension in combination with the huge unemployment in some regions," the weekly wrote.

Even if the government were successful in securing \$600 million from the proposed privatization, it still "would have

to cover the repayments of the foreign debt with the BNB's [Bulgarian National Bank] reserve," the weekly observed. Because Bulgaria's present monetary policy is run by a currency board under an IMF regime, the Bulgarian government would have no other choice than to balance the decrease of its currency reserve through "drastic cuts in budgetary expenses." This, *Capital* wrote, would imply that "a number of projects from the investment program will probably have to be postponed," that "wages will be frozen," and so on. Trying to meet the IMF-currency board demands, the Bulgarian government would be forced into economic policies that "will invariably lead to social tension," *Capital* reported.

The only meaningful conclusion from this analysis—which was not drawn by *Capital*, but which can be easily drawn by all those who have an idea of what national economic sovereignty means—is: If Bulgaria wants to survive, it cannot continue to be run under an IMF-controlled currency board. And that applies to the rest of the Balkans region, which is being strangled by similar monetarist arrangements, as well. Phase II of the struggle for reconstruction and development in the Balkans has begun.

Israeli urges Mideast peace through development

Israeli Ambassador to the United States Zalman Shoval emphasized the need for infrastructure development for the West Bank, and called for a Marshall Plan for the region, at a forum on Capitol Hill on July 22. Although it was clear that Shoval, an appointee of former Prime Minister Benjamin Netanyahu, and his Palestinian Authority interlocutor at the forum, Hasan Abdel Rahman, the Palestine Liberation Organization representative to Washington, did not agree on everything, Shoval's remarks that the road to peace in the Middle East will be paved through economic development, were well received.

Shoval said that Israeli Prime Minister Ehud Barak is now saying, "Let us move as quickly as possible to all sorts of joint projects, whether it is water projects, whether it's electricity projects—things which we have to share anyway. It's one country. There's no separate ecology for Israel or separate ecology for Jordan or the Palestinians. There is a very common water problem.

"Let's move these things—let's join up as quickly as possible. Let's not wait for an agreement on each and every political problem which we have and probably will have for many years, because once we have these joint projects, there will be an interdependence.

"Nobody is going to risk his water sources, or his elec-

tricity, or trade, or whatever, or standard of living and go to war again. That was the idea of the Marshall Plan with regards to Western Europe, the European Community. So, we want to propose to our Palestinian and other Arab neighbors, to embark on these projects, on these joint projects as quickly as possible.

Build up the Palestinian economy

"We also call upon everyone, including in the Arab world, to increase their economic assistance—I would say, their investments in the infrastructure of the Palestinian territories. The economic situation is bad. It has deteriorated since Oslo [the signing of the Oslo Accords in 1993], in very many respects. We don't want, and the Palestinians shouldn't want, that their economy should rely to such an extent on work in Israel. It's not good for them, it's not good for us.

"But in order to abolish that situation, their economy has to grow. And there should be more investments. The Arab world could invest a billion dollars per year, they can do it. And the rest of the world will also help, including Israel, in order to fortify the economy. And once there is a strong economy, there will be less terror, there will be less inducement to think about new wars or new armed conflicts.

"And that is another message which Prime Minister Barak and the rest of the government of Israel and the state of Israel have been sending for some time. But we are reinvigorating that message right now."