

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.