

Peres: Economic progress is the key

On April 21, Israeli Prime Minister Shimon Peres was interviewed by four reporters from the *Jerusalem Post*, Israel's leading English-language daily. The interview, under the title: "Peres: Key M.E. Problem is Economics/Prime Minister Fears Violent Arab Collapse," covered the entirety of page 5, in the *Post's* April 23 edition. *EIR* here reprints excerpts from that interview, beginning with a question about what Peres plans to do on the subject of Israel's relations to Jordan and the Palestinians, "What are your plans?"

Peres: My plans are mainly in the field of quiet diplomacy. . . . And I am engaged in quiet diplomacy. I don't think I should give details. And a new, very interesting dimension has been added. I know that it has encountered a lot of skepticism among us, but I am used to this. That is the economic development plan for the Middle East. . . . I have heard encouraging responses from all sides.

I believe that the most critical problem [in the Middle East] today is the economic problem. There is a real danger that it will cause the collapse of a number of states.

Look at the economic situation of Jordan. It is really worrying. Jordan has close to half-a-million workers living abroad. That is the main source of income, some \$1 billion per year. The host countries are beginning to send them home, or they are stopping sending money home. They used to get oil cheaply. Now they don't. They used to export their agricultural produce. That has declined. Tourism has fallen off. It has been a bad year. Foreign currency reserves have dropped to a dangerous level of \$400 million.

One Egyptian told me that Egypt is threatened by the danger of becoming another Bangladesh. Egypt had a GNP of \$39 billion. But this has just fallen by \$4-5 billion. This is dramatic. This includes losses from workers abroad, a drop in revenue from the Suez Canal, the drop in tourism, the decreased revenue from oil. And Egypt is not being allowed to carry out its agricultural development plans. The canal that was to have passed through Sudan has been stopped because of the civil war. . . . The situation is really unbearable. And I believe that without aid, the stability of these countries will be endangered.

Q: Could the economic threat endanger the peace treaty with Egypt?

Peres: The economic situation could threaten the stability in these countries. In the absence of internal stability, there could be instability in the region.

Q: We also know about the difficult economic situation in Syria. Could it have repercussions on the Middle East?

Peres: Syria is more in the Soviet orbit. The Syrians, as far as I know, have only \$50 million in foreign currency reserves. The GNP dropped last year by 10%. There was negative growth in their balance of payments. The Syrians have started rationing electricity, in Damascus. It is a really tragic situation. . . .

Q: Could it influence Syria toward war?

Peres: Anything could. But I think Syria is worried about what happened in Libya. . . . I think the Syrians are now very worried.

Q: There is a tendency on your part now to focus on this economic problem, which is a threat to the Arab countries. But perhaps this is also because there is no possibility now of making a breakthrough towards peace?

Peres: True. But this [the prime minister's "Marshall Plan"] is also a political breakthrough. . . . The Americans have started working to implement the plan. They have contacted all the Middle East states concerned. They are going forward with a lot of energy. I have so far talked about the plan with two or three European leaders, whose reactions were enthusiastic. I have talked with Helmut Kohl and with Italian Prime Minister Bettino Craxi. I will talk about it with Mitterrand and Chirac, and with British Prime Minister Thatcher. I have already talked with the Japanese. It is not good if it [is regarded] as an Israeli plan. It is best presented as a European-American-Japanese plan.

(Later in the interview, Peres is asked about the economic-policy debate *within* Israel, some of the background to his firing of Finance Minister Modai in April, and about charges that he has selectively favored certain sectors, like construction, as a favor to industrial interests linked to his Labor Party.)

Peres: Conceptually, growth means . . . that every year 40,000-50,000 youngsters join the economy. Growth must make places of work for them. There is no economy that doesn't plan years ahead. Then there is the problem of giving credit to the productive sector. . . . There is need to give the productive sector credit to enable it to function [at acceptable rates of interest]. Nobody can pay 60-70% interest. It is madness. . . .

In general, economics is not a mechanical matter, . . . not a matter of two plus two is four. If that was all, anyone could put together an economic plan and implement it. The problem is how to take several groups of people and to get them to work together to make a coalition. . . .