

large, relatively skilled labor force and also a very large unskilled population. Have you given thought to how certain projects—in particular construction of houses, hospitals, infrastructure—could be used in assimilating this labor and at the same time training it? Are you working on training programs?

Gafny: Training is very important, especially job training. I believe that each country should do things with its own workforce, and there should be cooperation in exchange of know-how, technology, entrepreneurship. I would like to see an Israeli entrepreneur investing in Egypt and Egyptian entrepreneurs coming into Israel. But I think that the best is to use manpower locally, and if needed, you bring the experts in to educate the labor force. I'm looking at education as part of the investment policy of the government.

I want to stress at the end, one important thing, for people like me who have been working for years on this, from various countries of the area and outside. We put our idea forward as a practical one, down to the technical details, although this does not mean that we will fight for every detail and idea we had. I think that it is important to start an international discussion on this matter, and for this I value your contribution, because I think that you will contribute also to international discussion. For years we kept it low-key, quiet and inside, because of fears that it would be used as a political substitute for solving politics; but now Prime Minister Peres has brought it into the open. I think it should be discussed. I hope that it will not be interpreted as a substitute for political solutions, but as complementary.

EIR: Do you have some particular message to give Americans and Europeans?

Gafny: Americans have invested in the Mideast, both in loans and grants for arms, for defense, and also in economic aid. They have invested a tremendous amount. The Marshall Plan for Europe is dwarfed in comparison with the amount of aid that the Americans have given in the Mideast. European countries have done, in this sense, much less, although they have done quite a lot in technical cooperation and in some financial aid. I think that Europe has emerged into an important economic power in the last few years, and now, with the reduction of the oil price, it is one of the main beneficiaries. That is why I think this is the time that Europe can contribute. It would do justice to the U.S.A.; it will also help Europe, because without any doubt, countries that give also get in return.

For the United States it is also good, because if the U.S.A. does not do it [the Marshall Plan], the debt can strangle the economies of the Mideast, and we will have problems to repay the debt. Mainly the U.S.A. should recycle the debt, while Europe should add resources. I had many talks with European and American leaders, and this strengthens my belief, particularly now, that we can do it.

Interview: Haim Ben-Shahar

The approach of the Hammer Fund

Professor Haim Ben-Shahar was former president of the Tel Aviv University, candidate finance minister for the Labor Party during the 1981 elections, and is now chairman of the Armand Hammer Fund for Economic Cooperation in the Middle East.

EIR: Can you tell us something of the history of the Hammer Fund?

Ben-Shahar: It goes back to 1976. I was president of the university from 1975 to 1983. We wanted to develop some ideas for the future, so that if peace came, we would be ready to move and to handle the situation. I met with David Rockefeller at the end of 1976 to discuss with him the idea of setting up an international institution for economic cooperation—not only for the Mideast. He liked the idea very much. The Congress had voted against the notion of a boycott, and people were looking for a more positive approach.

Sadat came to Israel in 1977 and our idea became more possible. Then we wanted to create a joint institute of research in cooperation between Tel Aviv University and an Egyptian one. David Rockefeller took the document and proposal to Sadat in February 1978. Later he came to Israel to say that for Sadat, the idea was not ready yet. We took, at that time, the strategic decision to go on with the research with or without the other neighbors. Rockefeller took the decision to support the idea and get others to do the same.

In the middle of 1978, I had the opportunity to meet with Mr. Hammer and I presented to him the program. This meeting was one of the most important. I told him that he was the first to open contact with the Soviets, opening an era of détente, so he could eventually do the same with the Mideast and Arab problem. He supported us. Two months later we got the Camp David agreement. We planned a meeting with the Egyptians and the Brookings Institution, for Egyptian-Israeli cooperation. In 1980 Hammer called for a meeting and committed a large amount of funds and research. And from that point on, there was no interruption of funding for the group of researchers at Tel Aviv University. The work went on for five years, without publishing the results.

We had meetings, for example with [Egyptian Foreign Minister] Butros Ghali and Mustafa Khalil, prime minister under Sadat and deputy chairman of Egypt's ruling party. In

1984 we met with Hammer in Los Angeles, along with other American businessmen. In 1982 we had already met 15 representatives of large American corporations. Mr. [George] Shultz, at that time president of the Bechtel Co., came to my lecture and was enthusiastic about the idea. Months later he was appointed secretary of state.

The idea was to show that Egypt could get economic gains in the peace process; for this the American role was decisive. Rockefeller, after Camp David, told me that Sadat told him: "I made a historical decision; it will be a danger for me, but the only hope of success is economic development. Please help us in this." Rockefeller was already the economic adviser to Sadat, in particular on the debt issue.

EIR: Why did you later decide to make your plans public?

Ben-Shahar: We did not want to publish before, because we were not prepared. Our projects were given to the U.S. corporations for discussion. On the water project, we had extensive discussions with Mr. Khalil of Egypt. Second, the issue was not on the agenda. But later we decided to present major publications containing ideas and projects. We are now completing a book. We hoped the initiative of [Israel Prime Minister] Peres, in renewing the peace process in the Mideast with a conference before the end of the year, could give results, and the Marshall Plan proposal could integrate some of our projects.

EIR: Have you been taken by surprise by the Marshall Plan proposal?

Ben Shahar: Our June conference had been planned for a year. Peres was informed about our projects, by me and other people. We are familiar with the idea of the Marshall Plan. Mr. Gafny in 1978, when he was chairman of the Bank of Israel, discussed with us ideas for cooperation. Mr. Gafny is basically the father of the Marshall Plan. In 1981, at a conference in Paris where Gafny participated, our institute also presented some of our proposals and projects. I believe that also [Egyptian] Minister of Economic Affairs Esmat Meghid was there. We invited Gafny to visit Mr. Hammer and other American financiers, to present his idea of the Fund, back in 1981. The Marshall Plan and the Hammer Fund are two separate initiatives, but our work is available to anyone in the world, including corporations and American politicians.

EIR: Any response from or contact with the International Monetary Fund?

Ben-Shahar: We had contact with the IMF only recently. But going on with our work: We have the project for infrastructure and projects on commercial perspectives. The big infrastructure projects, like transportation, agriculture, etc., will be the subject of the Marshall Plan; we are concentrating on smaller projects in water, agriculture, transportation, tourism.

EIR: At the Tel Aviv conference, several speakers emphasized the concept of "free trade zones."

Ben-Shahar: We are presenting them, but this is just one of the ideas. There are many other projects. But back to the Marshall Plan. It has good intentions for research and funding, but for what? Two to three billion dollars investment, in what? We provide the missing part of the planning. I have received a lot of requests from Washington for more information. This is also why the IMF, the World Bank, and the State Department are now asking for more information on the projects.

I would like to bring your attention now to the water and energy projects. On water, we are dealing with three sources: Nile, Yarmuk, and Litani. We have a shortage of water in Gaza and the West Bank. We wanted to present the solution for the Palestinians.

EIR: What about the proposal for a Mediterranean-Dead Sea Canal?

Ben-Shahar: This is not a water project, but an energy project. I want to present to you the principles of my water projects: extension of the water coming from the Nile into the Sinai, reaching the Gaza strip. Egypt says that they have a fear of future shortage, but 1% of the water of the Nile will be enough to solve all the water problems of the area. The second is the Yarmuk River.

On the Dead Sea Canal: The plan was to have a canal and then a tunnel in the south area. . . . In Ben Shain one can have a deep-water port for the Jordanians and so give them a connection with the Mediterranean Sea. The water will then go into the Dead Sea through a series of waterfalls. This was our first plan before 1976, before I met with Rockefeller and Hammer. In February 1977 we presented it to the [Yitzhak] Rabin and [Ygal] Allon government. Allon liked it very much. We presented it also to the next government, which prepared a committee to study it. But it was the political situation and changes, which also changed the concept of economic cooperation. But now I said four weeks ago, that this project will be a "no go."

EIR: On the energy program, what is your stand on nuclear energy? The Marshall Plan proposes a nuclear station in the Sinai to supply energy to Israel, Egypt, and Jordan.

Ben-Shahar: We have not studied this question well enough; we have no position. But we have a very strong position in favor of a gas pipeline from Egypt. They have big reserves, but cannot sell them, because they must be liquified, and Egypt does not have the facilities. We could build a pipeline to the centers of Ashdod and Ashkelon, which could use the gas for energy production and at the same time build up chemical industries. It will cost not much more than \$100 million and will give \$200 million in revenues to Egypt per year.