

Israel searches its soul over Mideast peace plan

by Paolo Raimondi

Paolo Raimondi and Dean Andromidas from EIR's European office in Wiesbaden were in Israel and in the Palestinian Territories for meetings and discussions with political and economic leaders involved in the process of implementing the Israeli-Palestinian peace accord.

The warm applause Israeli Foreign Minister Shimon Peres received at the end of his speech delivered on Oct. 31 at the Jerusalem Business Conference 93 from over 2,000 Israelis, Palestinians, and Arabs in attendance, was a truly genuine expression of support for the Mideast peace agreement. Peres, "the man of vision," as many like to call him, has an ability to inspire people to look with confidence to the future. Speaking about great infrastructure projects, science, and technology, he reached deeply inside people's souls with his call to fight first of all against poverty, to increase the overall standard of living, and to make the wealth of a nation dependent not on the extent of its territory, but rather on the development of its intellectual capacities and education.

The free trade ideologues and organizers of the conference must have turned livid with rage to see such a general excitement provoked by Peres addressing the needs of the peoples and the nations of the region from the standpoint of the physical economy.

Prime Minister Yitzhak Rabin, speaking the evening before, backed up Peres's economic plans with the strong political statement calling everybody in the region to work to change the reality in the direction of peace. "It is imperative," he said, "that no one be allowed to derail the Israeli-PLO peace accords, be they the murderers last Friday of a Jewish resident of Bethel, killed solely because of his Jewishness; or the Jews who subsequently went on the rampage, indiscriminately damaging Arab cars solely because their owners

were Arabs." Rabin said that once agreement over principles had been reached with the Palestinians, it became essential to fill empty words with substance, so as to secure the existence of the accords.

The atmosphere is thick with expressions of opposition to the peace plan. Political forces and news media which oppose the agreement immediately tried to use Rabin's statement to embarrass him, saying that he could not compare an assassination with the throwing of some stones. The defeats suffered by the Labor Party in the recent mayoral elections in Jerusalem and Tel Aviv have been used to attempt to claim that the government is now losing citizens' support because of the agreement with Palestine Liberation Organization head Yasser Arafat. And the provocations of the Hamas fanatics in the Occupied Territories have been utilized to show that the PLO has no control and influence over the Palestinian population.

Tired of war and poverty

But the reality is completely different. First, one can see everywhere that the Israeli and the Palestinian people are demanding peace and prosperity, and that they are tired of war and poverty. It is true that any failure to realize the economic side of the agreement would demoralize the people and give renewed impetus to violence. But the major threat and danger of sabotage of the agreement actually comes from the international financial and banking interests which are dedicated to imposing free trade and speculation all over the world. To these forces, the fact that Peres has been addressing questions of physical economy in terms which resemble the approach of U.S. economist Lyndon H. LaRouche, poses a dire threat to their hold on political power.

Ironically, many of the worst enemies of the peace pro-

cess are to be found among those banking interests who favor the agreement, but only as a means of subverting it, making it into a stepping-stone toward creating another slave-labor pool like Mexico or Hong Kong. Teams from the International Monetary Fund (IMF) and the World Bank have descended on Israel, meeting government officials as well as Palestinian leaders. A mission of 36 experts from the World Bank will tour for an entire month in first class hotels to prepare a study to define the priorities for the international aid. Prem Garg, the delegation chief, said that it is "essential to create a decisionmaking organism, otherwise it will be difficult to realize the programs." And Caio Korch-Wesser, vice president of the World Bank for the Mideast and North Africa, has already enunciated the first outrageous IMF "conditionality": "It is absolutely essential that the Palestinian leadership create a credible economic organism autonomous and independent from the political structure."

Many Palestinians whom I met in the Occupied Territories are determined to reject any such mediation and "help" from the World Bank. "We do not want any loans from the World Bank," commented a Palestinian economist in Bethlehem. "It is like the kiss of death; we have already seen over the last few years how all the countries in the developing sector and in eastern Europe which accepted a deal with the IMF and World Bank, have been destroyed." All expressed full support for the realization of great infrastructure projects based on advanced technology and science, such as the use of nuclear power to produce the cheap and plentiful energy needed particularly for vast desalination programs.

Also on the Israeli side, in discussions with various Israeli economists we found tremendous optimism at the idea of Israel being transformed from a small nation of 4 million in perpetual conflict with its immediate neighbors, into a gateway and industrial crossroads of the region. With the possibility of peace, massive infrastructure projects such as high-speed railroads, sea and airport expansion, and nuclear power generation will become economically viable undertakings.

The organizers of the Jerusalem Business Conference 93 promulgated the opposite view. Their main message was that Israel must be transformed into a new international financial center in the context of the globalization of international trade. The chief bearer of the message was none other than attorney Kenneth J. Bialkin, of the law firm Skadden Arps Slate Meagher and Flom, which has led the move into junk bond speculation. Bialkin is former director of the Anti-Defamation League of B'nai B'rith (ADL), and former legal counsel of notorious drug mafia boss Robert Vesco. In his keynote speech, "Can We Expect Israel to Become a World Financial and Capital Market?" Bialkin ordered Israel to immediately tear down all barriers to a completely uncontrolled market, to lift all foreign exchange controls, and to make the Israeli shekel fully convertible.

Bialkin said that the model he has in mind for Israel is

Singapore and Hong Kong. Repeating the line of former U.S. Secretary of State Henry Kissinger at the Institute of Jewish Affairs in London at the end of October, he denounced the "euphoric mood, one-sided optimism" of people in the Israeli government over the peace process "which could be rejected by the Arabs and by the Palestinians who are still for the boycott against Israel."

Bialkin was echoed by David Boas, former budget director of the Ministry of Finance, who stressed the globalization of telecommunications, information, stock markets, and futures markets, and likewise called for the elimination of all the currency controls and an end to Israel's capital gains tax. Prof. Dan Galai, joint managing director of Sigma P.C.M., chimed in that international financial holding companies such as Merrill Lynch are ready to intervene into the Israeli Stock Exchange to make it more competitive. Dr. David Klein, senior director of the Bank of Israel, said Israel must not miss this historic opportunity to become an international financial center, and bewailed the fact that there is still no trading of derivatives and of short-term commercial paper within Israel. He demanded that the government abstain completely from any mediation or supervision of Israeli banks.

Dr. Joseph Vardi, the managing director of International Technologies, said that there is no reason to doubt that Israel should become an international financial center, since it has already managed to become the main international diamond center.

Saner voices

The failure of these free traders' policies in eastern Europe and Russia not lost on many participants at this conference; but there was little to indicate that the Israeli government is prepared to draw the obvious conclusions and shut out the IMF and World Bank entirely. Israeli Finance Minister Avraham Shochat cautioned that a great deal of "hard work" is needed to ensure the success of the economic aspects of the agreement, particularly ensuring the timely dispersal of aid committed by the various donor nations including the United States, the European Community, and the Scandinavian countries. But in response to a question by *EIR* on the danger that the Palestinian aid program would be put on the same track as the disastrous Russian aid program, Shochat said, "We know about the bad experience of eastern Europe and Russia, but I feel the donors will do a better job here."

In Israel, in the Occupied Territories, and in the Arab countries, those leaders who have had the wisdom to propose and sign the historic peace agreement now have an opportunity to make the Middle East a land of cooperation and prosperity, showing a way out of the worldwide depression. They have already come far along in the process. What is now required is a decisive, dirigistic approach to implement this infrastructure-based, science-driver development without delay, and with no toleration of interference from the IMF, the World Bank, or other financial predators.