particular, this points up the urgency of organizing general elections in the autonomous areas. Elections which were to have been held last summer, have been repeatedly postponed by Israel, on grounds of security. According to the Oslo accords, Israel would redeploy its military out of the Palestinian-populated areas, thus allowing for Palestinian elections to take place. Following the increase in acts of violence, Israeli government spokesmen have said that redeployment could not take place. Instead, Prime Minister Yitzhak Rabin first proposed that the Israelis redeploy only for a few days, for elections, then reoccupy the areas. Rabin has recently proposed that elections take place with the Israelis still deployed, but with "international observers" on hand to guarantee free elections.

Clearly, no elections taking place under conditions of occupation, camouflaged or not, would have any legitimacy, and on these grounds the PNA has refused the proposals. Yet, unless Palestinians are given the opportunity to express their political will at the polls, there will be no mandate for the Arafat government. It is estimated that the Islamist opposition movement Hamas, which rejects the Oslo accords, would make a showing at the polls, if it took part, but would not have the ability to organize a boycott of the vote.

Arafat is being placed in a Catch-22 situation: He is being

How the World Bank sabotages development

The World Bank and the International Monetary Fund (IMF) are the two principal institutions of the Bretton Woods monetary system, created in 1944 at a meeting of the world's finance ministers and central bankers in Bretton Woods, New Hampshire. The twin institutions, and the United Nations Organization of which they are a part, embody the malthusian ideas of Lord John Maynard Keynes, the chief British negotiator at the conference.

The Bretton Woods system was originally based on a fixed exchange rate system, anchored to the U.S. dollar, which itself was pegged to gold. But after this system broke down in August 1971 and floating exchange rates came to rule the marketplace, the IMF and World Bank came to rely increasingly on a policy of imposing harsh austerity conditionalities, particularly on Third World countries. The lawful outcome of this was the collapse of living standards, the breakdown of health care systems and infrastructure, and the looting of the physical economy. With the onset of "Thatcherism" in the 1980s, followed by the free-market "shock therapy" of the 1990s, the looting process intensified brutally.

We can see this dramatically in the World Bank's policy toward the Palestinians, since the signing of the Israeli-Palestinian accords on Sept. 13, 1993.

The World Bank and the Palestinians

At a "donors conference" for Mideast development sponsored by the World Bank and the Clinton administration on Oct. 1, 1993, only $1.7 billion in initial aid was promised, and only $3 billion projected as an aid package *over the next ten years.*

PLO Chairman Yasser Arafat was quick to respond: "$1.7 billion? It is nonsense. It is peanuts. We need at least $5 billion for the West Bank" over the next three years. Israeli spokesmen agreed. Deputy Foreign Minister Yossi Beilin called for $15 billion in investment over five years, and Foreign Minister Shimon Peres called for an international "Marshall Plan" to supply $8 billion a year to the region as a whole, including the Palestinians. (For further discussion of what is required, see *EIR,* Jan. 20, 1995, "Mideast Development: Three Projects from Casablanca.")

Now, a year and a half later, even the paltry sums offered by the World Bank have not been forthcoming.

On Sept. 20, 1993, the World Bank released a six-volume study, *Developing the Occupied Territories: An Investment in Peace,* which shows that the bank was absolutely opposed to the type of projects that Arafat and Peres have called for.

As *EIR* reported (Oct. 22, 1993, p. 9), the World Bank plan specified:

- *No state-directed credit.* Both Israel and the Palestinians are to rely "primarily on the private sector, working in undistorted markets, as the primary engine of economic growth."
- *No attempts to achieve food self-sufficiency for the domestic population.* "Diminishing water resources throughout the region will constrain the development of the agricultural sector," the report reads, "with future growth limited to high-value export crops catering to niche markets."
- *No industry, but a service economy.* "Given the paucity of industrial raw materials and the small market size, heavy industry is unlikely to be a major contributor to future growth. Instead, skill-based, light and medium-sized industries would appear to be more promising."
- *Rationalization and privatization.* A "low priority" status is given to almost all infrastructure projects.