

World Bank continues to sabotage Palestinian economic development

by Muriel Mirak-Weissbach

In reporting on the international meeting of donor countries, U.N. representatives, and the partners in the Middle East peace process held in Paris on Jan. 8-10, the headlines blared out the good news, that large amounts of money were being made available for the economic development of Gaza and the West Bank. It was said that \$500 million would be made available this year. Some press reports went so far as to quote the figure of \$1.365 billion, in a sleight of hand one usually would expect from bankers. The \$1 billion-plus figure refers to the funds pledged for 1996, plus the funds which were pledged for 1995, but never disbursed.

Palestinian Finance Minister Mohammed Nashashibi told *EIR* in an interview from Paris on Jan. 11, that the World Bank, which is the official representative of the donors, was up to old bankers' tricks. "There is an old tradition of the banking system," he said: "You call old debts 'bad debts,' and then classify the new debts as 'old debts.'" What Nashashibi told the gathering in Paris, was that they should either make available the \$500 million which has been promised but withheld, or officially declare that pledge dead, and start disbursing funds from the remaining \$856 million. The Palestinian Authority wants to set up a follow-up committee, made up of representatives of the World Bank (for the donors), the United Nations, and themselves, to prevent further delays in disbursement.

The Paris conference should have convened months ago, but was delayed until the second PLO-Israeli peace treaty, Oslo II, had been signed. Following that event on Sept. 28, 1995, however, the only ones to come forward with pledges were the Saudis. A meeting planned for Dec. 9, 1995 was postponed, due to the greater urgency to deal with Bosnia, the Palestinians were told. Now the Paris meeting has come and gone, and the same tricks are being played.

On the ground, the urgency of channelling money into projects could not be more obvious, nor the political stakes higher. In Gaza, which was an extended refugee camp when it was handed over to Palestinian authority, needed everything. Some projects have been completed, providing Gaza with the basic necessities which it lacked; these include a water treatment plant, a sewage system, electricity, paved

roads, and electric lights on the streets. The small amount of funds made available by prying open the purse clutched in World Bank hands, has been well utilized, exposing the lie, circulated by World Bank and International Monetary Fund agencies, that the Palestinian Authority could not be trusted with financing.

But, as PLO representative in Germany Abdallah Frangi emphasized on Jan. 10, the funds allocated are not at all sufficient. In particular, by limiting the flow of financing, the World Bank is preventing any major infrastructure projects from getting off the ground. "The energy problem," Nashashibi pointed out, "has not been solved, the Gaza port has not been solved, major roads, like the planned safe passage between Gaza and the West Bank, has not been solved." All such projects require significant financing outlays, beyond the scope of what the donors put on the table.

'Closure' mechanism rejected

A further constraint on the growth of the Palestinian economy, as Frangi told the daily *Frankfurter Allgemeine Zeitung*, is the Israeli practice of closing off the Palestinian territories, for security reasons, thus preventing those Palestinians employed in Israel from reaching their jobs. During the Paris donors' meeting, there was an attempt made to establish a permanent and legal mechanism for this practice. Finance Minister Nashashibi reported, that the Tripartite Action Plan, drawn up as a joint commitment by Israel, the Palestinian Authority, and the donors, contained a paragraph which "recognizes the right of Israel to resort to security measures [i.e., closure] to face violence." The Palestinian delegation in Paris refused to agree to the clause, on grounds that it would be tantamount to their accepting the "collective punishment" mechanism of closure. French Foreign Minister Hervé de Charette reportedly agreed to register the Palestinian reservation, despite efforts by the U.N. representatives to force through Palestinian authorization of closure at the last minute.

The most recent case of Israel's resorting to cordoning off the Palestinian territories, came in the wake of the killing of Hamas leader Yahya Ayyash, and the militant demonstra-

Icy Sweden must buy Russian nuclear energy

The cold winter in Sweden this year has destroyed one myth, namely, that Sweden still has abundant and cheap electrical energy production. "Sweden Buys Russian Nuclear Energy," read the headline in the daily *Svenska Dagbladet* on Jan. 7. Even before Swedish industry geared up to normal levels again after the Christmas and New Year's slowdown, Sweden had to import as much as 8% of its electricity consumption from its neighbors, including Russia, via a one-way direct-current cable from St. Petersburg to Vyborg in Finland.

During the first week in January, 11 out of Sweden's 12 nuclear power reactors were producing at full capacity. Had one of those reactors, or any other major electrical power plant, suffered even a temporary shutdown, the Swedish energy authorities, according to one of its spokesmen, would have been forced to consider imposing rotating electricity shutdowns in various parts of the country, as electricity demand surpassed available supply. This would have left many homes without heat in the middle of winter, a situation otherwise known only to Third World countries.

The cold weather revealed two weaknesses in the Swedish energy grid: First, the distribution net is inadequate. Although there were power reserves in the hydro-power plants in northern Sweden, the ability to transport the electricity to the southern part of the country, where most of the demand is concentrated, is limited. Second, the overall maximum output from Swedish electricity producers, including hydropower, nuclear power, and "reserves" (coal-, oil-, and gas-fueled power stations), of 27,000 megawatts, is insufficient. Even without industry

running at full capacity, use was hitting 25,000 MW in early January.

The nuclear referendum

One can only hope that this reality shock will silence those voices which are still demanding that the nuclear power plants be closed down by year 2010, as prescribed by a national referendum in 1980.

The weather had already turned unusually cold as Swedish King Carl Gustaf XVI gave his Christmas address, in which he stated: "If we want to preserve our well-being and protect the environment, it will be very difficult to dismantle nuclear energy." The statement immediately provoked a reaction from the leader of the Green party, Birger Schlaug, who denounced the king. Instead, the Green party ought to be denounced for extreme hypocrisy, because it is demanding that safe nuclear power reactors in Sweden be closed down, at the cost of Sweden having to import energy which is being produced by unsafe nuclear reactors in Russia and Lithuania.

Many other politicians, including one from the very green Center Party, backed the king's statement, which makes it more likely that his remarks reflect a long-standing concern about what will happen in 2010. The king, however, chose to emphasize the need to save the remaining four big "natural" rivers from being exploited for hydropower.

To turn off all Swedish nuclear power plants is a big threat to national interests, such as the paper-mill and other energy-intensive industries, which would have to pay a much higher price for energy in the future if the nuclear power plants, which presently provide half of the energy consumption in the country, are turned off. The mood in the population has also been gradually changing in favor of keeping the nuclear power plants after 2010. In an opinion poll conducted before Christmas, 59% of those questioned answered that they would like to keep the nuclear power plants producing after 2010.—*Lotta-Stina Thronell*

tions accompanying his funeral in Gaza. Ayyash was killed when his mobile telephone exploded. The killing has been attributed to Israel secret service agencies, and Israel has not issued any denials. Ayyash was known to have organized several terrorist attacks against Israelis, which led to the death of many civilians, so there is no mystery as to why the Israelis would seek his death. However, what raised questions among Palestinian political leaders were three aspects to the incident: First, he was killed on Palestinian territory, in violation of agreements between the PLO and Israel regarding security; second, the killing occurred just weeks before the Palestinian elections, scheduled for Jan.

20; and third, he was killed just as delicate negotiations were going on between the PLO Fatah and Hamas, to reach an agreement on Hamas participation in the elections.

Despite the impact of the killing, preparations are continuing for the elections. At least prior to Ayyash's death, public opinion polls conducted in Gaza and the West Bank indicated a clear mandate for Arafat. The Palestinian Authority resolved to push forward with the elections as planned, regardless of time constraints and the political complications with Hamas, in order to guarantee that the withdrawal of Israeli troops from the areas now under Palestinian authority, proceed on schedule.