

Netanyahu with his back to the wall

by Muriel Mirak-Weissbach

The new American initiative to force Israel back into the Middle East peace process, is serious. Although U.S. envoy Dennis Ross did not announce any clamorous breakthroughs, following his brief visit to the area in mid-August, there are undeniable signs that something is moving. The question mark which remains, is whether the intransigent Israeli prime minister will buckle under to the pressures now being put on him from Washington.

As was confirmed in a *New York Times* article on Aug. 9, President Clinton decided in June to take action to break the deadlock. In an Oval Office meeting on June 19, according to the *Times*, Clinton conferred with Secretary of State Madeleine Albright, Vice President Al Gore, Middle East envoy Dennis Ross, and National Security Adviser Sandy Berger. Reportedly, Albright and Berger were in favor of confronting Benjamin "Bibi" Netanyahu's obstructionism, whereas Gore, known to be close to the Zionist lobby, was of a different opinion. Clinton came out of that meeting determined to engage the United States more forcefully in the region, and, specifically, to pressure Israel to honor its commitments, according to the Oslo Accords. These include, implementing the troop withdrawals from the remaining areas on the West Bank to be under Palestinian Authority (PA) jurisdiction. Clinton followed up the meeting with a discussion in early July, with Albright and Berger, during which the new initiative was decided.

On July 27, it was announced that Ross would travel to the region, for a round of talks. The trip was postponed, when a suicide bomb attack in Jerusalem on July 30, killed 18 and wounded 150 people. As Hemi Shalev, an anti-Netanyahu journalist, commented in the Israeli daily *Ma'ariv*, "Whether on purpose or not, the bombing came at an ideal time for the opponents of the [peace] process." Lyndon LaRouche was more explicit, saying, "The Israelis know that this has nothing to do with the Palestinians, that this was an operation run to try to disrupt the peace process at precisely the time the United States, and particularly the President, was intervening to . . . get it back on track again." LaRouche pointed to the "wild-eyed nuts" in Israel, Netanyahu's backers, who "want a show-down" and "want a bloodbath."

On July 31, Clinton decided to press ahead regardless, and to send Ross back.

Netanyahu had speculated, that the bombing would shift public opinion to the concern for "security," as agenda item number one. But the position taken by Netanyahu did not receive the unconditional support from Washington which the Israeli prime minister had counted on. Netanyahu's demand was, that PA Chairman Yasser Arafat must guarantee security for Israeli citizens, by rounding up, arresting, and handing over to Israel, 130 Palestinians, whom the Israelis identified as "suspects." This, Arafat could not and would not do. First, there was no evidence against the persons listed, to warrant such action, and second, the PA has the right, according to the Oslo agreements, to refuse extradition. Most importantly, Arafat would not have been able to comply with the Israeli demands politically, because any such repressive action on those terms, would have been read, correctly, as an unconditional capitulation to Netanyahu's demands.

'We wanted a witness and a judge'

What was agreed, on the security front, was something quite different: that the PA and Israelis should reestablish cooperation, but with the direct participation of the United States. This, too, was contested by Bibi. When the PA insisted that a third party—or several third parties (like the European Union, the United States, Jordan, and Egypt)—be in attendance, Netanyahu backed down, and opted for just the U.S. presence. As a result, a three-way security panel was set up, with the local CIA station chief representing the United States. His function is to serve as a "referee and arbiter" in the dispute on how to deal with terrorism. The American representative is to take part in evaluating evidence relevant to the Jerusalem suicide bombing, and other cases of terrorism. As PA Planning Minister Nabil Shaath said, the American presence in the panel was required, "because we wanted a witness among us and a judge, because of the lack of trust between us."

If Netanyahu thought that the panel would rubberstamp his claims that the suicide bombers had planned their attack from territory under PA jurisdiction, he was also wrong. Instead, it emerged that the bombers probably travelled to Jerusalem from abroad, and that Israeli intelligence had communicated this fact to Arafat.

Just prior to leaving for the United States, after his four-day tour, Ross told reporters that he had succeeded in restoring security cooperation. "The mission the President and the secretary sent me out on was to affect the security relationship but also to prevent further deterioration, and I think that has happened at this point." This was the condition set by Clinton, for raising the level of U.S. intervention, and sending Albright to the region.

Security is not, and never was, the issue. It has been exploited at every turn by the Israeli government, in an attempt to block progress on any other front. Now that this issue has been redefined, with the United States exerting its authority, Netanyahu may not be able to use it as a stalling tactic.

The foremost issue is the economy

The real issues, as the Palestinians have insisted, are others, first and foremost, the economy. The PA has argued that Israel's punitive measures, taken allegedly in response to terrorism and to prevent further bombing assaults, are exacerbating tensions, not calming them. Following the July 30 deaths, Netanyahu closed off the West Bank and Gaza, blocking Palestinians employed in Israel from going to work. This also entailed blocking the transportation of Palestinian goods out to the Israeli market, and preventing vital necessities from being brought in, especially food and medical supplies. Netanyahu further aggravated the situation, by announcing that he would withhold \$70 million in tax revenues owed the PA, promising to release them "partially," if the PA cooperated on security "partially," and "completely," if security cooperation were "complete," i.e., he offered to purchase PA cooperation with money — originally belonging to the Palestinians.

The \$70 million in tax revenues owed to the Palestinians, is a significant part of the PA budget, needed to pay salaries of civil servants. In addition, the closure, which has been intermittently lifted but reimposed every time tensions escalated, has cost the PA \$4.4 million *per day*, adding up to \$6.4 billion over the past four years, according to a United Nations report.

If one looks at the real, physical economy in the PA-administered areas, the figures are worse. Unemployment has grown from 10% to 30%, and in Gaza to 60%. The demographic growth in Gaza is 7.44%, and 47% of the population are under 15 years of age. Yet, there are no adequate social services for them, neither sufficient running water (which only 20% of households have), nor medical and educational facilities. Half the schools in Gaza are still run by the UNRWA, and of the kindergartens financed through humanitarian aid, only 2.5% are in Gaza. One-fourth of the population, officially, lives below the poverty level, defined by an \$885 annual income. PA Finance Minister Mohammed Nashshibi has said that the Palestinian Gross Domestic Product had dropped by 18.4% between 1993, when peace was signed, and 1996; this corresponds to \$1,726 GDP per capita in the PA, as compared to \$14,530 per capita in Israel.

The responsibility for this lies with the British-controlled international organizations, which have detained power over financial flows into the Palestinian-administered areas, since the 1993 Oslo Accords. First is the World Bank, which, as we have documented (*EIR*, April 7, 1995), has consistently refused to finance any major infrastructure project, which would provide the basis for real economic growth. Railways, ports, energy plants, have been listed as low priorities, while minor improvements like building curbstones and small roads, have been okayed. Furthermore, the donor countries, which periodically gather to announce their generous contribution to the peace process, have been utterly negligent in their performance. In October 1996, the donors met and

agreed to pledge \$885 million, for infrastructure, but thus far only \$100 million has materialized. They promised to provide \$50-60 million to finance the budget deficit, but came up with only \$10 million. Worse still, the entity deployed to deliver the monies, on behalf of the European Union donors, and to audit the books, was the British Empire's own Crown Agents.

If the economic depression engulfing the PA is not reversed, there will be social unrest, upheaval, and clashes leading to a full-fledged conflict—regardless of whatever successes may be scored on the diplomatic plane.

Thus, any real progress in putting Arab-Israeli relations back on a negotiating track, will depend on the extent to which the United States forces through certain moves by Israel, to alleviate economic strains. First, as Ross indicated during his visit there, Israel must lift the closure, to permit a minimum of economic activity for the Palestinians producing in the PA, and those working inside Israel. Following Ross's departure, there was an announcement that the closure had been relaxed in Ramallah and other towns. Second, the taxes owed to the PA must be handed over, immediately. These are preconditions to reestablishing a sense of respect for the accords signed. Israel must also be forced to implement the interim agreements, which include the withdrawal of Israeli Defense Force troops from those areas designated under PA responsibility. And, Israel must effect a halt to its settlements policy, which is also in open contravention to the Oslo Accords. The United States has indicated that these measures are indeed part of the initiative which Secretary of State Albright is to take to the region in September. In addition, it has been reported that the United States will take part in the negotiations on the final status of the Palestinians, essentially brokering these talks.

The crucial factor which will determine whether the new American initiative will succeed, is the economic policy factor, which is eminently political. If there is to be durable peace, the entire World Bank approach—and its British political string-pullers—must be tossed out the window. It is doomed to fail in any case. In a sense, the regional economy is like a microcosm of the world economy: totally depressed, looted by World Bank-IMF methods, and, in the case of Israel's economy, inextricably tied to the worldwide financial speculative bubble. When the world banking collapse reaches its final stage, much of Israel's nominal values will also be wiped out, and new structures will have to be put in place.

In 1993, when the Oslo Accords were signed, and the economic annexes were published, it looked as though the region could have acquired a lever for generating real economic growth, based on a cooperative effort to develop infrastructure. The willful sabotage of that program, by British institutions bent on unleashing chaos, led to the current disaster. To effectively reverse the degenerative process, that initial programmatic approach must be revived.