

ADDRESS BY

HIS ROYAL HIGHNESS CROWN PRINCE HASSAN BIN TALAL
AT THE NATIONAL CONFERENCE IN RESPONSE TO THE GULF WAR
TAMALPAIS INSTITUTE, SAN FRANCISCO, MARCH 23, 1991

"LOOKING BEYOND THE GULF WAR:
RECONCILIATION AND RECONSTRUCTION"

MR. CHAIRMAN,
LADIES AND GENTLEMEN,

AN OLD ARABIC SAYING DECLARES THAT "TRUE FRIENDSHIP COMES ONLY AFTER A MISUNDERSTANDING."

THERE IS A PERCEPTION THAT JORDAN BLUNDERED IN THE RECENT GULF CRISIS AND BACKED THE WRONG SIDE. MY ADDRESS TO YOU HERE TODAY IS NOT INTENDED AS AN INTERVENTION THAT SPARES JORDAN THE WRATH OF ITS CRITICS AND PROVES THEM WRONG. WHETHER JORDAN WAS MYOPIC OR FAR SIGHTED IN THE RECENT CRISIS IS NOT PARTICULARLY VALID FOR ME TO SAY. AS A RELATED PARTY, WHATEVER I SAY IN THIS CONTEXT CAN BE EASILY MISCONSTRUED AS EITHER TOO APOLOGETIC, OR TOO CRITICAL, TOWARDS OUR LONG-STANDING FRIENDS IN THE UNITED STATES.

WELL, I CERTAINLY DO NOT INTEND TO ARGUE ABOUT WHO IS TO BLAME FOR THE MISUNDERSTANDING BETWEEN JORDAN AND ITS FRIENDS IN THE UNITED STATES! BUT LET ME SAY AT ONCE THAT JORDAN IS NOT APPREHENSIVE ABOUT BEING CRITICIZED. TO THE CONTRARY, DEMOCRACY IS STRENGTHENING OUR BELIEF IN JORDAN IN THE VALUE OF CRITICISM. BUT WHAT PREOCCUPIES OUR MIND NOW THAT THE WAR HAD ENDED IS: HOW CAN WE TOGETHER WORK HARD FOR A STABLE PEACE IN THE REGION? ENDURING PEACE IS OUR MISSION.

DEAR FRIENDS,

IT HAS BEEN SAID THAT "TO WORK TOWARDS BETTER TIMES AHEAD MAY WELL BE TO GROPE IN THE DARK, TO BE SUSCEPTIBLE EITHER TO THE FALSE CERTAINTY OF FUNDAMENTALIST RETREAT AND FUTURE SALVATION, OR TO THE FALSE PESSIMISM OF INEVITABLE DOOM."

EVEN IF THIS IS A TRUE PORTRAYAL OF THE CONTEMPORARY HISTORY OF THE MIDDLE EAST, THE QUESTION IS: HOW CAN WE WORK TOGETHER TO CHANGE IT. HOW CAN WE ACHIEVE PROGRESS TOWARDS ENDURING PEACE WITHOUT FALLING VICTIM TO THE TWO EXTREME MOODS OF "SALVATION" OR "DOOM"?

A FIRST STEP IS TO STOP QUESTIONING MOTIVES AND TO CONCENTRATE OUR MINDS ON THOSE EFFECTIVE AND PRACTICAL MOVES THAT CAN TAKE US CLOSER TO ENDURING PEACE. AFTER ALL, IT IS DEXTERITY RATHER THAN

MOTIVES THAT IS GOING TO ACHIEVE RESULTS IN THE MIDDLE EAST. PROGRESS TOWARDS PEACE IN THE REGION REQUIRES AN ACTIVE AND DETERMINED APPROACH BY THE UNITED STATES.

THIS, I BELIEVE, IS TRUE IN RESPECT OF GULF SECURITY, REGIONAL ECONOMIC DEVELOPMENT FOR ALL NATIONS, AND THE RESOLUTION OF THE ARAB-ISRAELI AS WELL AS THE PALESTINIAN-ISRAELI CONFLICTS. THE TWO-TRACK APPROACH FOR THESE TWO CONFLICTS HAS OF COURSE A CERTAIN AREA OF OVERLAP. EVIDENTLY, JORDAN LIES AT THE CENTRE OF THIS OVERLAP.

LADIES AND GENTLEMEN,

THE UNITED STATES TODAY OCCUPIED A DISTINCT POSITION IN THE WORLD CLEARLY MANIFESTED IN THE MANAGEMENT OF THE GULF CRISIS. THIS HAS HEIGHTENED PEOPLES' EXPECTATIONS, ESPECIALLY IN THE MIDDLE EAST, THAT THE UNITED STATES WILL EFFECTIVELY RESOLVE REGIONAL CONFLICTS. MANY OF ITS FRIENDS EXPECT FROM IT TO DEAL WITH THE OTHER CONFLICTS WITHIN THE SAME INTERNATIONAL CONTEXT AS IN THE GULF CRISIS. HOWEVER, IT IS IMPORTANT THAT ALL SHARE IN THE RESPONSIBILITIES AND BURDENS.

THERE ARE MANY WAYS IN WHICH THE VARIOUS ACTORS CAN AND SHOULD CONTRIBUTE AND HELP.

IF THE CREDIBILITY OF THE UNITED STATES HAS BEEN AFFECTED IN CERTAIN CONSTITUENCIES, THEN THE CHALLENGE IS HOW TO STRENGTHEN THIS CREDIBILITY. ALL WHO CAN CONTRIBUTE SHOULD DO SO BECAUSE THIS IS AN ESSENTIAL PRE-REQUISITE FOR MOVING TOWARDS PEACE. WE ARE TOLD THAT THE POPULARITY OF THE UNITED STATES IS, FOR EXAMPLE, AT A LOW POINT IN THE PALESTINIAN OCCUPIED TERRITORIES. WE IN JORDAN FACE SIMILAR SITUATIONS IN THE PAST. THE MOOT POINT IS THAT WE SHOULD STRENGTHEN OUR CREDIBILITIES TOGETHER AND NOT AT EACH OTHER'S EXPENSE. JORDAN IS READY TO DO ALL THAT IT CAN TO BUILD CONFIDENCE BETWEEN ALL CONCERNED. WE HAVE TO WORK WITH OUR PEOPLE IN DOING SO. THE MORAL INTEGRITY OF OUR DEMOCRATIC PROCESS MUST BE SAFEGUARDED. IT PROVIDES THE MOST SOLID FOUNDATION FOR DURABLE PEACE. THIS WAS SHOWN IN PRACTICE IN THE RECENT GULF CRISIS WHEN OUR DEMOCRACY PRESERVED OUR INTERNAL STABILITY. NEEDLESS TO SAY, MUTUAL TRUST BETWEEN STATES CAN HAVE AN EFFECTIVE VALUE ONLY IF IT IS ANCHORED IN CREDIBILITY BETWEEN GOVERNMENTS AND THEIR RESPECTIVE CONSTITUENCIES.

THE ISSUE OF SMALL STATES WITHIN THE CONTEXT OF REGIONAL SECURITY SHOULD RECEIVE THE ATTENTION IT DESERVES. WHAT IS REQUIRED IS TO MOVE TOWARDS COLLECTIVE SECURITY THAT MEETS THE INDIVIDUAL NEEDS OF THE SMALL STATES IN THE REGION. THE MILITARY DEFENSE OF A SMALL COUNTRY (ISRAEL), AND THE LIBERATION OF ANOTHER COUNTRY (KUWAIT), SHOULD ULTIMATELY EVOLVE INTO A NEW PHASE OF STRENGTHENING SMALL COUNTRIES AND BELEAGUERED PEOPLES TO HELP THEM STAND UP FOR THEMSELVES WITHIN A HEALTHY REGIONAL SECURITY STRUCTURE. IN THIS NEW PHASE, DECISIVE MILITARY ACTION NEEDS TO BE SUPERCEDED BY AN EQUALLY DECISIVE EFFORT IN THE ECONOMIC FIELD TO ENABLE SMALL COUNTRIES TO PROSPER AND REINFORCE STABILITY AND

PEACE.

IN TALKING ABOUT THE PALESTINIAN ISSUE, I DO NOT INTEND TO DWELL ON THE TERRIBLE PATHOS OR THE SENSE OF RAGE THAT THE PALESTINIANS FEEL ABOUT WHAT IS HAPPENING TO THEIR PEOPLE AND TO THEIR CAUSE. SECRETARY BAKER, RECENTLY IN JERUSALEM, HAS DEMONSTRATED HOW CONFIDENCE BUILDING WITH THE PALESTINIANS CAN BE PRACTICALLY INITIATED. THIS IS THE MOST EFFECTIVE WAY FOR DISPELLING THOSE EXTREME MOODS OF "FUNDAMENTALIST SALVATION" OR "FATALISTIC DOOM" THAT HAVE BEEN GRIPPING OUR BROTHERS UNDER OCCUPATION. JUST AS THE ADMINISTRATION STROVE TO PROVE MANY OF ITS CRITICS WRONG IN THE GULF WAR, WHAT REMAINS TO BE SEEN IS WHETHER IT CAN ALSO PROVE WRONG THOSE WHO CONSIDER THAT THE PALESTINIAN-ISRAELI CONFLICT IS INSOLUBLE OR THAT THE TIME HAS NOT YET COME FOR ITS RESOLUTION.

IN TALKING ABOUT CONSTITUENCIES, MENTION OUGHT TO BE MADE OF THE EMOTIONS ENGENDERED BY THE DESTRUCTION CAUSED TO IRAQ DURING THE WAR. THE SUFFERING OF THE IRAQI PEOPLE IS FELT BY THE ARABS EVERYWHERE. IN FACT THE GULF CRISIS HAS HAD A THIRD WORLD DIMENSION THAT ALSO NEEDS TO BE HEALED. FINANCIAL COMPENSATION TO THOSE AFFECTED COUNTRIES IS NECESSARY BUT NOT SUFFICIENT TO REMEDY ALL THOSE SIDE-EFFECTS. A WAY MUST BE FOUND FOR THE RECONSTRUCTION OF IRAQ TO COMMENCE WITHOUT DELAY. THE WELL BEING AND SURVIVAL OF EIGHTEEN MILLION FELLOW ARABS IS AT STAKE. THE CREDIBILITY OF ALL ARAB GOVERNMENTS WILL BE BADLY SHAKEN IF, GOD FORBID, EPIDEMICS, STARVATION AND DISASTER TAKE THEIR TOLL. THE HUMAN AND TERRITORIAL INTEGRITY OF IRAQ MUST BE PRESERVED.

LADIES AND GENTLEMEN,

IN FIVE MONTHS TIME IT WILL EXACTLY HALF A CENTURY SINCE ROOSEVELT AND CHURCHILL PUT TOGETHER THEIR VISION OF A POST WAR ORDER. IN AUGUST 1941, ABOARD THE "AUGUSTA" OFF THE COAST OF NEWFOUNDLAND, THEY SIGNED THE ATLANTIC CHARTER. AS EVERYONE KNOWS, THE COLD WAR TRAGICALLY INTERVENED AND FRUSTRATED THEIR HOPES FOR A FREE, PEACEFUL AND SECURE WORLD.

A FEW MONTHS AGO, IN NOVEMBER 1990, THE LEADERS OF 34 NATIONS FINALLY LAID THE COLD WAR TO REST AND SIGNED THE "CHARTER OF PARIS FOR A NEW EUROPE" AT THE SUMMIT OF THE CONFERENCE ON SECURITY AND COOPERATION IN EUROPE (CSCE). WILL THE "34" OF PARIS CAPTURE WHAT THE "2" OF THE "AUGUSTA" FAILED TO DO?

SOME MAY QUESTION WHETHER THE COLD WAR WAS IN FACT LAID TO REST AND MAY CONCEDE JUST A "MELLOWING" IN RELATIONS BETWEEN EAST AND WEST. BUT OF MORE RELEVANCE IS THE REMARKS OF THE SECRETARY GENERAL OF THE UNITED NATIONS AT THE PARIS SUMMIT ABOUT THE INDIVISIBILITY OF PEACE AND JUSTICE. MR. JAVIER PEREZ DE CUELLAR REMINDED WORLD LEADERS AT THE PARIS SUMMIT THAT PEACE AND JUSTICE ARE INDIVISIBLE. HE STRESSED THE REALITY OF LINKAGES BETWEEN EUROPE AND OTHER REGIONS OF THE GLOBE WHERE CURRENT CONFLICTS

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"HAVE THEIR ORIGIN IN ACTIONS AND CIRCUMSTANCES GOING BACK TO THE COLONIAL ERA." HE ADDED THAT "THE NORTH WILL CONTINUE TO BE SEATED ON A BASE OF CLAY AS LONG AS THE SOUTH DOES NOT ENJOY MINIMUM OF WELL BEING."

THESE WORDS COULD HARDLY RING MORE TRUE THAN IN THE CASE OF THE MIDDLE EAST. IT TOOK FIFTY YEARS TO EXTEND THE SPIRIT OF PEACE, SECURITY AND JUSTICE FROM THE "2" TO THE "34". HOW LONG WILL IT BE BEFORE WE REALIZE A "CHARTER FOR A NEW MIDDLE EAST" FOR THE "27" IN OUR REGION: THE 22 ARAB STATES PLUS THE 5 NON-ARAB STATES (IRAN, TURKEY, MALTA, CYPRUS AND ISRAEL)? THIS REMAINS AN OPEN QUESTION. BUT WHAT CAN BE SAID WITH CERTAINTY IS THAT NOBODY CAN AFFORD TO WASTE ANOTHER HALF A CENTURY.

MR. CHAIRMAN,
DISTINGUISHED GUESTS,

PERHAPS A FIRST BOLD STEP TOWARDS NEW THINKING IN OUR REGION IS THE NEED TO "RETHINK SECURITY." THE QUESTIONS OF WAR AND PEACE ARE INSEPARABLE FROM THE QUESTIONS OF DEMOGRAPHY, ENVIRONMENT AND IDEOLOGY. EXTENSIVE LINKAGES EXIST BETWEEN SECURITY, OR RATHER INSECURITY, AND THE DEGRADATION OF PEOPLE, ENVIRONMENT AND CULTURAL IDENTITY. THE ABUSE OF HUMAN AND POLITICAL RIGHTS, ECOCIDE AND THE LOSS OF CULTURAL IDENTITY ARE ALL TOO READILY APPARENT IN THE MIDDLE EAST. A BROADLY DEFINED SECURITY CONCEPT, MEANS TACKLING THE ROOT CAUSES OF CONFLICT.

IN RETHINKING THE MEANING OF SECURITY, A NUMBER OF POSTULATES HAVE TO BE QUESTIONED AND RE-EXAMINED. MY AIM HERE IS NOT TO THEORIZE, BUT RATHER TO IDENTIFY A WAY FOR BREAKING OUT FROM THE PREVIOUS WELL-TRODDEN PATHS OF CUL-DE-SACS. NOT ONLY THE MILITARY, BUT ALSO THE POLITICAL AND ECONOMIC ROUTE MAPS MUST BE CAREFULLY SURVEYED TO IDENTIFY AN APPROPRIATE NEW PATH THROUGH THE EXISTING REGIONAL MAZE.

MANY OF THE ROAD-BLOCKS ON OUR JOURNEY ARE TRANS-NATIONAL IN THEIR ESSENCE. EMPHASIZING THE POLITICAL AND ECONOMIC DIMENSIONS OF SECURITY CAN HELP PROVIDE A REMEDIAL EXPANSION OF THE TOOLS AVAILABLE TO DEAL WITH THOSE TRANS-NATIONAL ISSUES OR ROAD-BLOCKS. AUTHORITARIAN REGIMES AND AN APPARENT NEGLECT OF FESTERING PROBLEMS HAVE CONTRIBUTED TO THE EMERGENCE OF WHAT HAS BEEN TERMED AS THE "POLITICS OF DESPAIR." DEMOGRAPHIC TRENDS AND THE WIDENING GAP BETWEEN THE "HAVES" AND "HAVE-NOTS" HAVE SPARKED OFF THE "ECONOMICS OF DESPAIR." THIS POLITICAL ECONOMY OF DESPAIR HAS LED THE ENTIRE REGION TO AN EXTREMELY PRECARIOUS AND INSECURE SITUATION.

DEAR FRIENDS,

DEMOCRATIZATION, FREEDOM OF EXPRESSION, HUMAN RIGHTS AND THE ACCOUNTABILITY OF RULERS PROVIDE A ROUTE TOWARDS AN ALTERNATIVE

POLITICAL ECONOMY OF PEACE AND PROGRESS. I BELIEVE THIS IS THE BEST ALTERNATIVE ROUTE TOWARDS WHAT I HAVE TERMED AS THE THREE R'S: REHABILITATION, RECONSTRUCTION AND RECONCILIATION.

BEFORE MOVING INTO FURTHER DETAILS, IT SHOULD BE STRESSED AGAIN THAT THESE LONG-FESTERING CONFLICTS MUST BE TACKLED BY THE WORLD COMMUNITY WITH THE SAME DETERMINATION AND ON THE SAME BASIS AS IN THE CASE OF THE RECENT GULF CRISIS. OTHERWISE HOW CAN REHABILITATION, RECONSTRUCTION AND RECONCILIATION SUCCEED IF THE CURRENT SITUATION IN PALESTINE OR THE LEBANON FOR EXAMPLE, CONTINUES? HOW CAN WE SUSTAIN CREDIBILITY AND WORK TOGETHER, IF THE POLITICAL RIGHTS AND THE RIGHTS OF SELF-DETERMINATION CONTINUE TO BE DENIED TO THE PALESTINIANS?

A NUMBER OF PROPOSALS HAVE BEEN MADE FOR A HELSINKI-TYPE APPROACH FOR THE MIDDLE EAST. MY PURPOSE HERE IS NOT TO GO INTO THEIR DETAILS, BUT ONLY TO OBSERVE THAT ALL THESE PROPOSALS FOR A CSCME (CONFERENCE ON SECURITY AND COOPERATION IN THE MIDDLE EAST) EMPHASIZE THAT THEIR AIM IS NEITHER TO CONTRADICT PARTICULAR SCHEMES FOR REGIONAL SECURITY NOR TO DIVERT ATTENTION FROM SOLVING LONG-STANDING CONFLICTS. THEY RATHER REPRESENT AN ATTEMPT TO PROVIDE A FRAMEWORK AND AN ENVIRONMENT CONDUCIVE TO DIPLOMATIC OR POLITICAL INITIATIVES FOR DEALING WITH SPECIFIC PROBLEMS. IT IS WITHIN THE FRAMEWORK OF SUCH AN APPROACH THAT I BELIEVE WE CAN IDENTIFY COMMON GROUND FOR THE THREE R'S.

MR. CHAIRMAN,
LADIES AND GENTLEMEN,

A NUMBER OF COMMON PROBLEMS CONFRONT REGIONAL ADVERSARIES IN THE MIDDLE EAST. ENERGY, ARMS AND EXTERNAL DEBTS ARE CHALLENGES FACING NOT ONLY A COUNTRY SUCH AS JORDAN, BUT OTHERS LIKE TURKEY, EGYPT AND ISRAEL. THIS ENERGY/ARMS/DEBT TRIANGLE ALSO LINKS THE MIDDLE EAST TO THE 34 STATES OF HELSINKI. THIS GROUP OF STATES IS THE MAIN CONSUMER OF MIDDLE EAST ENERGY, ITS MAIN-SUPPLIER OR ARMAMENTS AND ITS MAJOR CREDITOR (WITH FEW EXCEPTIONS SUCH AS CHINA, JAPAN AND BRAZIL).

THE MORAL WEIGHT OF THE HELSINKI PROCESS CAN IN THIS WAY BE BROUGHT TO BEAR ON ITS NEIGHBOURS IN THE MIDDLE EAST. SUCH PARADOXICAL SIDE EFFECTS AS THE TRANSFER OF ARMAMENTS FROM EUROPE TO THE MIDDLE EAST IN THE WAKE OF THE CFE TREATY (CONVENTIONAL FORCES IN EUROPE) MUST BE EFFECTIVELY TACKLED. OTHERWISE HOW CAN THE INTEGRITY OF THE WHOLE PROCESS IN THE MIDDLE EAST BE SAFEGUARDED?

AS FAR AS ENERGY IS CONCERNED, THE PURPOSE IS NOT TO SUBJECTIVELY REFER TO "CHEAP OIL" OR "EXPENSIVE OIL." RATHER IT IS TO EVOLVE AN ALTERNATIVE TO THE HIGHLY POLITICIZED CONFRONTATION BETWEEN SELLERS AND BUYERS. "ENERGY" IS CONSPICUOUSLY ABSENT FROM THE 1992 OBJECTIVES IN EUROPE. THE CHARTER OF PARIS HAS IMPLICITLY RECOGNIZED THIS SERIOUS GAP IN STATING "WE WELCOME, IN PARTICULAR, PRACTICAL STEPS TO CREATE OPTIMAL CONDITIONS FOR THE

ECONOMIC AND RATIONAL DEVELOPMENT OF ENERGY RESOURCES, WITH DUE REGARD FOR ENVIRONMENTAL CONSIDERATION." IN FACT, THE NETHERLANDS PROPOSED AT THE PARIS SUMMIT A "EUROPEAN ENERGY CHARTER" TO EVOLVE A COOPERATIVE FRAMEWORK THAT ASSURES STABLE SUPPLIES, STIMULATES CENTRAL AND EAST EUROPEAN PRODUCTION AND SAFEGUARDS THE ENVIRONMENT. IT ONLY MAKES SENSE THAT THE MIDDLE EAST (THE GULF AS WELL AS THE MAGHREB) SHOULD BE INCLUDED IN SUCH A FRAMEWORK. APART FROM THE DEPENDENCE OF EUROPE ON OIL FROM THE GULF, THERE IS AN INCREASING LEVEL OF IMPORTATION OF GAS FROM THE MAGHREB. GAS PIPELINES ACROSS THE MEDITERRANEAN ALREADY LINK MAGHREB PRODUCERS WITH ITALY AND SOON SPAIN, PORTUGAL AND POSSIBLY FRANCE AND GERMANY.

CONCERNING DEBT, IT IS WORTH NOTING THAT ALL THE NON-OIL PRODUCING COUNTRIES IN THE MIDDLE EAST SUFFER FROM MAJOR EXTERNAL DEBT PROBLEMS. THESE PROBLEMS ARE LINKED IN NO SMALL WAY TO THE PRECEDING ISSUE OF ARMAMENTS. UNLIKE EASTERN EUROPE, SO FAR NO CONCEPT OF REGIONAL ECONOMIC STABILIZATION HAS EMERGED FOR THE MIDDLE EAST. DEBT-RIDDEN COUNTRIES DEPEND ON HANDOUTS AND SUBSIDIES COUPLED WITH IMF STRUCTURAL-ADJUSTMENTS AND AUSTERITY PROGRAMMES. THIS APPROACH HAS INCREASED TENSIONS BETWEEN THE HAVES AND HAVE-NOTS IN THE REGION AND HAS PROVIDED A FERTILE SOCIO-ECONOMIC ENVIRONMENT FOR RADICALISM. A CORNERSTONE OF A NEW DEBT STRATEGY IS ARMS CONTROL. THE SUCCESSFUL IMPLEMENTATION OF ARMS CONTROL AND ARMS REDUCTION WILL RELEASE SUBSTANTIAL FUNDS THAT WERE PREVIOUSLY WASTED ON ARMAMENTS. COUNTRIES ABIDING BY SUCH A PROCESS WILL QUALIFY FOR THE SYSTEMATIC AND MEASURED REDUCTION OF EXISTING DEBTS (MOST OF WHICH WERE ACCUMULATED THROUGH ARMS PURCHASES IN THE FIRST PLACE). A CURSORY LOOK AT MOST INDEBTED NATIONS IN THE MIDDLE EAST REVEALS THAT MOST, IF NOT ALL, WOULD NO LONGER NEED CONTINUOUS SUBSIDIES IF THE EXISTING DEBT OVERHANG IS REMOVED (THIS INCLUDES TURKEY, ISRAEL AND IRAQ). THE KEY ISSUE HOWEVER IS NOT THE WRITE-OFF OF DEBTS IN A VACUUM. IT SHOULD BE PART OF AN ARMS CONTROL AND REDUCTION PACKAGE COUPLED WITH APPROPRIATE ECONOMIC ADJUSTMENT POLICY (STABILIZATION AND STRUCTURAL ADJUSTMENTS).

TO ASSIST IN THIS PROCESS, A REGIONAL DEBT-SINKING FUND CAN BE SET UP BY THE OIL RICH COUNTRIES IN THE AREA TO SHARE THE BURDEN IN THE DEBT REDUCTION PROCESS. THE APPLICATION OF THE ARMS CONTROL PROCESS ON THE OIL COUNTRIES THEMSELVES WILL HELP RELEASE SIGNIFICANT RESOURCES FROM THEIR DEFENSE BUDGETS.

THE SECOND PILLAR OF THE PROPOSED DEBT REDUCTION STRATEGY IS A REGIONAL SOCIO-ECONOMIC PACKAGE. A REGIONAL DEVELOPMENT FUND SHOULD BE ESTABLISHED TO PROVIDE INVESTMENT CAPITAL FOR THOSE COUNTRIES IMPLEMENTING STABILIZATION AND ADJUSTMENT PROGRAMMES. NATIONAL AND REGIONAL INFRASTRUCTURAL PROGRAMMES SHOULD BE INTEGRATED TO THE EXTENT POSSIBLE. WATER, ENERGY, TRANSPORT AND TELECOMMUNICATIONS REGIONAL SECTORAL PLANS SHOULD BE EVOLVED. THESE CAN BECOME THE LEADING SECTORS IN THE ECONOMIC REVITALIZATION OF THE POST-WAR MIDDLE EAST. WATER, ENERGY AND TRANSPORT CAN BE VIEWED AS THE "STEEL AND COAL" OF A NEW MIDDLE EAST COMMUNITY INCLUDING THE NON-ARAB STATES OF THE REGION. A

STUDY BY THE WORLD BANK HAS SHOWN THAT IN THE PAST, ONLY FIVE PER CENT OF THE FINANCIAL SURPLUS OF THE OIL RICH COUNTRIES WAS INVESTED IN THE FINANCIAL SURPLUS OF THE OIL RICH COUNTRIES WAS INVESTED IN THE REGION. THERE IS A NEED TO EVOLVE A NEW INVESTMENT CRITERIA AND A NEW BASIS FOR CALCULATING RATES OF RETURN, TO HELP CHANNEL PART OF THE REMAINING NINETY FIVE PERCENT INTO THE REGION.

TO AVOID DISASTER FOR ITSELF AND THE WORLD, THE MIDDLE EAST URGENTLY NEEDS A REMEDIAL EXPANSION OF THE TOOLS AVAILABLE TO PROMOTE INTERDEPENDENCE BOTH INTRA- AND INTER-REGIONALLY. A UTILITARIAN "WORKED-OUT RIGHTS" APPROACH HAS TO REPLACE THE ETHICAL "INTRINSIC RIGHTS" APPROACH BEFORE A MEANINGFUL COOPERATIVE STRATEGY CAN EMERGE. WHAT IS NEEDED IS TO INSTITUTIONALIZE A NEW REGIONAL DEVELOPMENT THINKING BASED ON MUTUAL GAINS AND INTERESTS (BOTH ECONOMIC AND SOCIAL). APPROPRIATE COST-BENEFIT CRITERIA AT THE REGIONAL LEVEL HAVE TO BE EVOLVED AND APPLIED TO SECTORAL PROJECTS SUCH AS WATER, ENERGY AND TRANSPORTATION. WELFARE ECONOMICS HAS EXTENSIVE TOOLS RELATING TO SOCIAL COST-BENEFIT ANALYSIS THAT CAN BE EXTENDED TO AN INTRAREGIONAL CONTEXT. TO USE ECONOMIC JARGON, WHAT IS NEEDED IS TO IDENTIFY "EXTERNALITIES" (I.E. EXTERNAL SOCIO-ECONOMIC BENEFITS TO THE REGION FROM PARTICULAR INVESTMENTS) AND TO "INTERNALIZE" THEIR EFFECTS (BY TRANSFORMING THE INCIDENTAL BENEFIT INTO A PRODUCT FOR WHICH A PRICE IS CHARGED). THIS CAN APPLY NOT ONLY TO WATER, ENERGY AND TRANSPORTATION, BUT ALSO TO EDUCATION AND MANPOWER MIGRATION. A NUMBER OF MULTILATERAL AGENCIES (SUCH AS THE WORLD BANK) CAN EASILY PROVIDE THE TECHNICAL EXPERTISE NEEDED TO EVOLVE A NEW INVESTMENT CRITERIA FOR THE REGION. CREATIVE INVESTMENT PLANS CAN, ON THE BASIS OF SUCH A NEW INVESTMENT CRITERIA, TRANSFORM THE EXISTING REGIONAL ZERO-SUM GAME INTO A SCENARIO OF MUTUAL GAMES AND MOVE US TOGETHER TOWARDS REHABILITATION, RECONSTRUCTION AND RECONCILIATION.

IN CONCLUSION, LADIES AND GENTLEMEN, I CAN ONLY SAY THAT DEMOCRACY/SECURITY/PROSPERITY PROVIDE THE MOST SOLID FOUNDATION FOR A NEW STABLE MIDDLE EAST.

THANK YOU.

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