

of such nation states to react to economic, technological and societal innovations that have taken root in other parts of the world.

A case example of this bad governance and aversion to progress is the Palestinian authority. With the election of a new Palestinian Prime Minister the hopes are that the Palestinian Liberation Authority [PLA] will be reformed, and peace will be concluded with Israel. A resolution of the Palestinian-Israeli issue is a vital step to pacify the Arab world. The Muslim nations and terrorists like Bin Laden typically employ the plight of the Palestinians as proof of Western and Zionist immorality, imperialist desires and intractability. The 'Arab street' routinely denounces Israel and its American funded aggression against the Palestinians. The Israeli occupation of territory to secure its national borders is viewed by the Arab world, as an atrocity against civilisation both religious and secular. Neither the Arab world nor the PLO has stated that Israel has a right to exist.

The Arab refusal to recognise Israel's legitimacy is the crux of the problem. Without this recognition it is doubtful that peace can be obtained. Since 1948 the Arab nations have repeatedly tried to invade, conquer or violate Israel's national territory. Hussein and other Arab leaders have regularly denounced the Zionist state and called on an Arab coalition to crush Israel. With the exception of Egypt, very few Arab nations have made conciliatory gestures of peace. They also overtly support the PLA, headed by Arafat who is an avowed terrorist with links to Iraq, Iran, Syria and various terrorist groups. The Islamic militant groups Hamas and Islamic Jihad are both based in Gaza and have killed over 1000 people over the past 30 months. Until such groups are dismantled peace will be impossible to obtain. Each act of Palestinian violence has to be met with Israeli force, there can be no other expectation.

A peaceful solution to the area's difficulties will only transpire with the establishment of a legitimate and broadly based Palestinian government. The recently deposed PLA Prime Minister Mazan while offering some hope of regime change within the PLA was not elected by the Palestinian people but by back room brokers. As such his eventual ouster over power and control of the PLA by Arafat, was inevitable. His ideas according to Israeli analysts were very similar to

those of Arafat's with the exception that Mazan apparently did not back the use of violence. While this was a positive divergence from Arafat's terrorist tactics, there was in reality very little to choose from between Mazan and Arafat. The US 'Roadmap' to peace in the area clearly outlines that terrorist attacks, terrorist funding and terrorist network support against Israel must cease. Given that Syria and Saudi Arabia both fund Hamas and Hezbollah and that anti-Jewish sentiment is strong in the region, such prerequisites while necessary, will take many years to implement. Sham Prime Ministers such as Mazan do little to inspire confidence that the PLA or the Palestinian people are serious about peace.

Peace will only be achieved through acts of political will and change. Currently there is scant evidence that either the PLA or the Palestinian people desire peace or political-institutional reform. Cutting off PLA funding might be the only resort to enforce change. US, EU and UN funding should be withheld from the PLA leadership until a new PLA leadership with no ties to militant Islam and terror is forced into being, and if need be coerced into the establishment of a viable peace plan with Israel. Without such measures it should not be expected that peace or Israeli compliance will be forthcoming given the legitimate national security concerns of Israel.

This general intransigence to change, dialogue and peace and entrenched political corruption within the Arab world ensures its continuing poverty. The only exception might be a renewed Iraq. It is not to be expected that the Muslim world will at any point in the near future experience an economic and political reformation. This is especially true given new US inspired protectionist trends and a slower, more limited transfer of technology from the industrialised countries to those NICs that have been successful in implementing economic reform programmes and shifting to an open market economy. This entails that the terms of trade are deteriorating, and the economies of the least developed countries are being marginalized. Western technological and financial transfers so important in the development of the NICs will not be transferred to unstable, fundamentalist regimes, outside of the resource sectors. This is primarily due to the fact that the Arabs have failed to derive any positive lessons from calls