

*Economic confidence-building* -- the creation of a regional development bank, for example. We are not talking of redistributing other countries' wealth -- Saudi Arabia and Kuwait are already generous ODA (official development assistance) donors -- we are talking of support for efforts to encourage region-wide investment and co-operation on the bases of shared goals. *Environmental confidence-building* through co-operation in maintenance of the fragile arid ecology. All of these efforts could make everyone in the region a shareholder in continued stability.

One area which cries out for such co-operation is fresh water. This is a resource as precious as oil representing the prospect of real cooperation. The people of the Middle East need irrigation trenches, not military trenches. This might be their equivalent of Jean Monnet's coal and steel community which first bonded post-war Germany and France in a common cause.

Finally, I believe it is imperative that the world declare that there be no Middle East arms bazaar. Ninety-five per cent of the weapons in the hands of Saddam Hussein came from the five permanent members of the UN Security Council, the same Council which has had to respond to Saddam Hussein's aggression. During the Iran-Iraq war, 28 countries supplied both sides of the conflict, a situation which we must now see either as greed run rampant or as a short-sighted attempt to manipulate a region where control is impossible and where alliances can shift with remarkable speed. Our men and women now face weapons the Coalition provided Iraq. And surely, the financial costs of this conflict -- leaving aside the terrible human suffering -- outweigh by several orders of magnitude the commercial benefits arising from a decade of the arms trade.

Every country is entitled to defend itself, every country has an obligation to ensure that prudent defence does not become destabilizing offence. And it is time to act not by helping the weaker states, but by limiting the stronger. We must seek to build down, not build up.

The practical problems here are considerable. What weapons are defensive and what weapons are offensive? How much is enough? How can arsenals be controlled when political conflict persists and how can political conflict be brought to an end when arsenals continue to threaten? How can countries which have developed economies so dependent on the arms trade with the Middle East accept tighter controls which will cost jobs and profits? And what efforts can be mounted to bring all countries into a control effort, so that restraint on the part of some does not simply lead to a bonanza for others?

The problem of the conventional arms trade is coupled with the challenge of the proliferation of weapons of mass