

U.S. Groups Back Mideast Development Plan With Saudis

It became evident last week that a U.S. group including both government officials and private circles has drawn up a development policy for the Middle East that could break the currently deadlocked peace process and provide the basis for breaking Israel forcibly out of its "Masada" stance.

The first public sign of the initiative came at Secretary of State Cyrus Vance's March 24 press conference. Vance stated that a Mideast regional "economic and development program is essential to overall peace," adding that the Carter Administration has already done a "great deal of work on specific proposals and discussed those with other nations." The Secretary of State also reaffirmed the "sound principles" behind the October 1977 U.S.-Soviet joint Mideast communiqué.

In the same context, former Vice-President Nelson Rockefeller this week made public his plans to establish a New York City-based development corporation which would bring billions of Saudi Arabian petrodollars into both the U.S. and underdeveloped economies.

Such intentions epitomize the importance of the U.S.-Saudi alliance as the keystone for international economic prosperity. The growing needs of the developing world can only be met if the powerful U.S. economy is geared to a massive expansion of high-technology exports, and such a gear-up of U.S. industry in turn requires the level of financial input only the Saudis currently can provide — in what Rockefeller termed "productive" outlets for their accumulated liquidity. In fact the peace-through-development initiatives coincided with the emergence here of a drive for expanding exports this past week, centered in the U.S. State Department and Export-Import Bank (see National Report).

Both the Vance statement and the Rockefeller announcement were virtually ignored in the major U.S. press. However, the *Daily Telegraph* of London did print a brief report March 27 that as part of a U.S. peace plan for the Mideast, President Carter is including an "economic support program" backed up jointly by Saudi Arabia, France and West Germany to go in effect immediately after a negotiated settlement is reached. According to French sources, Nelson Rockefeller personally offered the Israeli government a proposal late last year whereby large support would be extended for a West Bank development program in the event of a peace settlement.

An executive for the European American Bank emphasized that there is a "realization occurring" in the U.S. that Saudi Arabia is the United States' most valuable

ally, and that for that reason in the future Washington will begin "to squeeze" the Zionist Lobby.

Saudis Solid Behind Dollar

The Saudi Arabians are working closely with these prodevelopment U.S. networks to silence the forces against the dollar both within and outside of the Organization of Petroleum Exporting Countries (OPEC). On March 28, Saudi Crown Prince Fahd assured a touring group of U.S. businessmen that "his country would use only the dollar in international transactions. Others may have their views on the matter, but the Kingdom stands firm." Fahd was pointedly referring directly to a contingent within OPEC led by Kuwait and Iraq which has been pushing for either a break with the dollar as a means of pricing oil in favor of the International Monetary Fund's paper, the Special Drawing Right (SDR), or raising the price of oil.

Just before Fahd's statement, the OPEC directorate in Vienna announced a postponement of an extraordinary meeting of OPEC set for April 3 to May 4. The *Wall Street Journal* noted that the postponement was a breathing space "for the dollar." The meeting had been called by Kuwait in order to discuss breaking with the dollar. Saudi Oil Minister Sheikh Ahmed Zaki Yamani, moreover, announced days before the Fahd statement that the Saudis had no intention of abandoning their policy of enforcing an oil price freeze throughout 1978. Hence, the Saudis with quiet support from the Shah of Iran have again asserted their powerful voice within OPEC and have quashed the antidollar block which has been acting on behalf of the City of London.

The Saudis are furthermore gearing up to win critical Congressional support for the sale of 60 F-15 fighter jets. The Zionist Lobby and a number of members of the Senate Foreign Relations Committee with City of London allegiances have launched a major campaign to block the sale, calculating that this will undermine U.S.-Saudi relations.

But Saudi Defense Minister Prince Sultan, according to *Middle East Economic Survey*, strongly hinted that failure of the F-15 sales would not prompt the Saudis to go for a price rise. But even on this front Riyadh is employing the good services of the U.S. industrial establishment. The *Washington Post* reports that a personal friend of U.S. Ambassador to Saudi Arabia John West will now coordinate the activities of the "Saudi Lobby" through a Public Relations firm with ties to the California aerospace industry's McDonnell Douglas.

A Wall Street analyst specializing in the Middle East noted with optimism that there is at present an awakening within the Saudi royal family that industrialization is the "only" viable future course for Saudi Arabia and the entire world. The emerging ties between U.S. industry and Riyadh underscore such thinking.

—Judith Wyer

The following are excerpts from an interview with the Saudi Prime Minister Prince Fahd given to the Kuwaiti daily al-Rai-al-Amm published March 9:

Q: If the peace efforts failed completely and war with Israel became unavoidable in order to obtain Arab rights by force of arms, does your Highness envisage that the oil battle would be as effective this time as it was in the war of 1973?

A: At this particular juncture, we ought to talk about peace, not war. We have always been advocating peace and the entire world is looking toward peace at the present. In these circumstances we do not like to invoke the other grim alternative. This does not mean to say that we dismiss such a possibility, but we are now concerned with promoting the appropriate climate for the Middle East peace. A great deal of nonsense has been put about regarding oil. We wish to reaffirm our desire to place oil at all times at the service of humanity and the development and prosperity of the world. We have always realized the importance of this. But if we show concern for the wellbeing of humanity, we would in return wish civilized people everywhere to show concern for our just causes. The Arabs pursue justice in order to be able to play a constructive role in the world community.

Q: In some of your most recent statements, you in-

dicated that the Kingdom would be prepared to recognize Israel if the other Arab states did so and the Arabs' just demands were met. Would it be enough for just some Arab states to recognize Israel or should all of them do so including the rejectionist states?

A: As you know major and decisive positions are not always taken individually but stem from collective decisions adopted at summit meetings or within the framework of the Arab League. If the comprehensive settlement we are advocating is reached, ensuring the withdrawal of Israel from all occupied territories and restoring the legitimate rights of the Palestinian people in their homeland, thereby enabling them to establish their own state, it would be possible then to look into the question of according recognition to Israel within the framework of a united stand by all the Arab states.

Rockefeller Development Policy

The following are excerpts of statements by former Vice-President Nelson Rockefeller as released to the New York Daily News on March 29:

To the Synagogue Council of America, last May Rockefeller said:

... (it is) important to the OPEC countries and to all of us that ways be found for the investment of these funds on a long-term basis to add to the productive capacity, social progress and political stability of the world.

Asked by the Daily News of his activities he said:

"I have had a deep concern about the importance of recirculating excess oil monies into productive enterprise, particularly in the fields of new sources of energy and the production and distribution of food."

Carter, State Department Prepare Middle East Development Policy

Exclusive from Washington, D.C.

In the wake of the meeting between President Carter and Prime Minister Begin, the White House is now engaged in an intensive discussion of the next phase of Middle East diplomacy. And, in the process, a faction of "developmentalists" is emerging into the open in support of a public American commitment to massive industrial and agricultural development in the Middle East, drawing especially on American exports of capital and technology.

In an article in the London *Daily Telegraph*, the scope of the debated American policy was described as follows: the United States, West Germany, France, and Saudi Arabia have agreed to underwrite an economic development program for the area as a "sweetener" to the Israelis, in the context of a peace settlement. This has been confirmed by discussions in Washington with State

Department and Defense Department officials, former intelligence specialists, and highly placed U.S. Middle East analysts.

More and more, the program for Middle East development first formulated by the U.S. Labor Party, developed in detail at the conference on the Mideast held by the Fusion Energy Foundation in New York on January 24, 1978, is becoming the focus of official attention in Washington.

The policy is viewed as virtually the only way of exerting the necessary pressure on Israel to make concessions while avoiding, as far as possible, the ever-present danger of a sudden Israeli preemptive war in panicked response to a belief, however unfounded, that the U.S. has "switched sides." Said a former U.S. Middle East ambassador: "If it were done in a dramatic way, where the President would announce that America was