

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

prepared to support a huge expansion of Middle East development, then this might have a significant impact on the Israeli population. They would see that they could have not only peace and security, but prosperity as well."

Another State Department official said that several U.S. departments have worked on a set of concrete plans for regional development, with a concentration on the problem of the economy of the West Bank, locale of an expected Palestinian state. The American Enterprise Institute, in a project headed by former Treasury official Richard Erb, is working on a similar project for the West Bank, in coordination with the State Department.

Too Slow?

The Carter Administration timetable for the Middle East leaves something to be desired. According to officials, Carter is expected to wait until after the Panama Canal treaty passes the Senate before making a major push on the Middle East; even the U.S. arms package, including the controversial proposal to sell F-15s to Saudi Arabia, will not be introduced until then. Afterwards, however, it is expected that Carter will begin a national drive to put across the American position on the Middle East, in what would become a showdown with the Zionist lobby.

Despite these politically motivated delays, however, there is a clear understanding of the urgent dangers of the situation. The war in Lebanon, officials agree, could easily spill over into Syria and turn into a conflagration. An official at the Defense Intelligence Agency said that such a danger could be dealt with most directly by "imposing" development.

"Israel," he said, is "not entirely a rational place. There is always a tendency in the general staff for the inherent Masada complex to trigger an Israeli strike at the Arabs, even if they have nothing to gain." The Israelis calculate, he said, that under certain circumstances they might be able to deal a crushing blow at Syria to cripple Syria militarily for years — though ignoring the consequences in terms of possible Soviet military intervention. "We've told them that we won't support their military adventures," he added. "But maybe they won't listen, or won't believe us. I've always thought that the answer lies in calming Israel's fears by setting up joint development zones with the Arabs. The West Bank is especially crucial. I think what we ought to do is what we did in Germany after World War II: go into the West Bank and impose development — build it up!"

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Energy Department Threatens Saudi-U.S. Relations

Just at the time good political relations between the United States and Saudi Arabia are most crucial for the health of the dollar, officials with the Energy Department are doing their best to disrupt the Saudi-U.S. alliance. The foremost point for applying pressure on the Saudis centers on oil supply interruption, the theme of an article in the current issue of *Foreign Policy* magazine, titled "OPEC's Threat to the West." The magazine was formerly run by the National Security Council Advisor Zbigniew Brzezinski and Trilateral Commission member

Rockefeller Development Corp. Eyes Turkey

Former Vice-President Nelson Rockefeller is reportedly eyeing Turkey as one of the main beneficiaries of his soon-to-be-established development corporation. According to a State Department official, Rockefeller will leave soon for Ankara where he will discuss with Turkish government and business leaders his plans. His initiative is expected to clear the way for massive investment in Turkey by U.S. private interests eager to involve themselves in long-term development projects there. Such investment will place the U.S. in direct cooperation with the Soviets, who have recently signed an economic development agreement with the Turks aimed at developing the country's industrial and energy capacity.

The revived interest in Turkey reflects the growing recognition on the part of U.S. businessmen that economic development is the key to stabilizing the entire region, both economically and politically. In the case of Turkey, the understanding is especially crucial. Faced with a \$14 billion debt, most of which is short-term, a \$4 billion trade deficit, and a cutoff of credits by Western banks, the Turkish economy has been staggering for more than a year, defaulting repeatedly and closing down entire branches of industry to generate cash for debt repayment.

The unraveling of the economy has left the country a prime target for internal destabilization. Bloody clashes between leftists and rightists have left 150 dead this year, twice the number of deaths as occurred during the same period last year. In addition, the military is restive as a result of the U.S. arms embargo imposed after the 1974 Cyprus affair.

Last week, Prime Minister Ecevit warned the U.S. that Turkey will reconsider redefining its relations with the U.S. and NATO. With U.S. interests and the delicate balance of power in the region jeopardized, President Carter this week dispatched three high level State Department officials, led by Assistant Secretary of State Warren Christopher, to Turkey carrying new proposals from Carter.

Samuel Huntington, now in the Department of Defense as security advisor, and is now under the editorial direction of Kissinger crony and former NSC member Morton Halperin. Predicting that "another kind of crisis — an oil embargo or OPEC production cutback could occur quite easily," the article discusses at length "supply interruption" scenarios. It continues, specifying that "political events — such as another Mideast war, the destruction of oil-producing facilities by terrorists, or the overthrow of one of the key OPEC governments — might lead to a production cutback..."

The potential for such an interruption was underscored this week when an Israeli military official announced earlier last week that a major terrorist explosion had damaged the Saudi Arabian Tapline running into southern Lebanon.

On March 27, the Saudi Arabian government officially complained to the U.S. State Department that Israel has been flying "mock raids" into northern Saudi Arabia. Comment by an Israeli military official intimated that this serious provocation was a warning to the Saudis and the U.S. of Israel's response to the Administration's proposed sale of F-15 jets to Saudi Arabia.

Sen. Henry Jackson (D-Wash.) of the Senate Foreign Relations Committee also bellowed that Israel would be provoked by conclusion of the jet sale. Last week Jackson called for cancellation of the controversial deal; subsequently his committee produced a "classified" memorandum issued only to select Senators, the White House, and the *New York Times*. According to a think tank source, that report will "seriously complicate the situation in Congress" surrounding passage of the jet sales agreement. The source reported firsthand

knowledge that the classified report was leaked by a member of the Senate Foreign Relations Committee to the *Times* in order to pressure the Administration to cancel the Saudi deal.

The classified report, according to the source, states that there are two likely results from the actual delivery (not due for two years) of U.S. F-15s to Saudi Arabia: (1) if the planes are delivered, that will invite a preemptive strike from Israel against Saudi oil fields in the event of another Mideast war; or (2) if the sale does not go through, it will prompt the Saudi government to fully nationalize Aramco. He added that failure of the sale to go through will seriously weaken the internal strength of the most "pro-American" political faction within the Saudi leadership, that is, Oil Minister Zaki Yamani, Prince Fahd, and Khalid. The shift, the source added, will go from this faction which has staked enormous internal political prestige on their American ties, to the "pro-British" faction around Abdullah, head of the Saudi Royal Guard. Abdullah has sought to raise oil prices and cut Saudi production.

—W. Engdahl

Mideast Development Chances Held Hostage To Israel's 'Masada'

American and Western European policy-makers who are concerned with stabilizing the Middle East and bringing that region under the sway of extended development programs and expanded trade are currently being held hostage to a utopian Israeli strategic outlook generally known as the "Masada" or "breakaway ally" stance. This is the view that Israel, if it perceives itself to be "abandoned" by its American ally, will launch massive preemptive strikes against its Arab neighbors and risk national suicide in a direct showdown with forces of the Warsaw Pact.

In interviews, leading U.S. strategic analysts have privately expressed grave concern about the threat that this utopian doctrine poses to the ability of the U.S. to develop a coherent Middle East policy. According to one strategist, "Israel will launch a war instantly if it perceives the U.S.-Saudi or U.S.-Arab relations to have advanced beyond a certain point that threatens the unique historical U.S.-Israel relation." Said another: "Israel is prepared to throw everything it's got at Syria, knocking that country's capacities out for a decade in one to two weeks of combat. A minority group in the Israeli military wants to do this now, but this viewpoint will accelerate if Israel becomes convinced that the U.S. is abandoning Israel to its fate."

Since the "breakaway" operation risks not only Israel's real abandonment by a U.S. not willing to be dragged into a showdown with the Soviets, but also Israel's actual destruction as a state—whether by losing a war or by the inevitable ostracism it would face from the entire international community — this operation is not uniformly supported by Israeli strategists, but is

rather the subject of ongoing debate. One of the supporters of the breakaway outlook is the country's current Defense Minister, Ezer Weizman — the man singly most responsible for Israel's Lebanon invasion, a military adventure that since its inception has risked provoking a much larger regional war and that has become such a messy quagmire for the Israelis that new escalations are an ongoing threat. It is Israel's actions in Lebanon that have brought the concern with "Masada" to the fore in American policy considerations.

The breakaway aspects of Israel's Lebanon adventure were advertised in the March 25-31 London *Economist*. In a feature titled "Why Begin Didn't Stop," the *Economist* analyzes why Begin decided to "send the Israeli forces hurtling onward to one of their biggest war operations instead of turning back home," after having completed a more limited foray six miles deep into Lebanese territory. Begin's defiance of the U.S., the *Economist* stresses, was the reason for the move: after the U.S. insisted that Israel not advance beyond six miles and instead began an immediate retreat, "the Begin government suddenly found itself confronted with ... the United States standing between it and victory. Mr. Begin, who for 30 years as opposition leader had thundered that the government was spineless and should stand up to the Americans, decided to take action ... He ordered the campaign expanded instead of stopped ... Since Israel was in the middle of a vital showdown with President Carter's administration over the whole range of Middle East peace negotiations, it must show itself tough over Lebanon. If it crumbled on that, its position on larger issues would be weakened."