

International Intelligence

Middle East

Iraq, Saudi Arabia move against METO

Following British Foreign Minister Lord Carrington's public call for a NATO-linked military alliance in the Middle East, both Iraq and Saudi Arabia have moved into diplomatic high gear to counter the plan.

Reports from Bonn indicate that Riyadh has submitted an arms "shopping list" to West Germany worth over \$3 billion, nearly \$1 billion more than the total value of West Germany's oil imports from Saudi Arabia last year. This follows a military agreement with France signed last month, worth nearly \$2 billion. These deals signify Riyadh's determination to solidify intelligence and security arrangements with France and Germany at the expense of the U.S. and Great Britain. Both King Khaled and Crown Prince Fahd are expected to arrive in Bonn soon.

Iraq, meanwhile, has undertaken a round of diplomacy with those countries targeted by the Anglo-Americans as potential players in a Middle East Treaty Organization (METO). Last week, much to the surprise of the entire Arab world, the Foreign Minister of Oman turned up in Baghdad for talks with the Iraqi leadership. Oman has been rivaling Iraq in the Persian Gulf around the security question, and has been seen in London as the key asset pushing a METO plan. East Germany's *Neues Deutschland* reports that Oman has assured Baghdad that it will not allow foreign—that is, U.S.—bases on its soil. Similarly, Iraq, through its generous extension of petrodollars, is thought to have dissuaded both Somalia and Kenya from their leanings toward a METO alliance with Egypt.

In addition, Iraq has announced that it will not send its foreign minister to London as planned, but will dispatch him to Bulgaria for talks with Bulgarian head of state Zhivkov. In recent weeks, the Bulgarians have sent delegations to

both Baghdad and Damascus, possibly representing the U.S.S.R. in mediating the simmering Iraq-Syria feud.

Controversy erupts over Ottoman Bank

A highly unusual confrontation has erupted between the directors of a curious institution known as the Ottoman Bank and a group of disaffected shareholders, the London *Times* reported June 1. The shareholders, who are expected to present a list of demands at the 113th annual meeting of the bank, have charged that the directors, over a period of years, have systematically understated the Ottoman Bank's assets.

It is even rumored among these dissident shareholders that the bank is sitting on 15 tons of gold, or about one ounce per share. If the rumor proves accurate, the real value per share could go as high as £600 as compared to a recent market price of £55.

The dissidents are particularly concerned that the Banque de Paris et des Pays Bas, a leading French merchant bank, has since 1974 rapidly built up its stake in the Ottoman to over 45 percent. This could indicate that the French bank has access to information on the true state of Ottoman's accounts which is not available to all shareholders.

A curious remnant of nineteenth century finance, the Ottoman was founded in 1863 in Istanbul by British and French interests, on special order of the Sultan, as the central bank of Turkey. The bank's importance in Turkey declined during the 1930s after Atatürk established a national banking system, but it built up business abroad, especially in the Middle East, Africa, London and Paris. In 1969, the Ottoman sold virtually all its non-Turkish banking business to Grindlays Bank, but, the *Times* reports, it has retained to this day offices in London and Paris from which the bank's "mysterious non-Turkish assets" are administered.

The Ottoman's chairman of the board is the former Bank of England director Michael Babington Smith. Its

other British directors sit on the boards of "such august financial institutions as Prudential Assurance, Hill Samuel, Warburgs, Coutts, Grindlays and Union Discount."

British agent Swann ends his career

Robert Swann, a leading British intelligence agent, has lost his job. Swann, the head of London's Secret Intelligence Service Middle East operations in continental Europe, with a special responsibility for the Muslim Brotherhood, has been recalled from his post in Paris. Swann was recalled when exposés by this magazine so weakened his "pro-Arab" cover that he became useless as an agent.

The mother organization for Swann's activities is the Council for the Advancement of Arab-British Understanding (CAABU). Swann currently is operating as the liaison between CAABU and the notorious Club of Rome, which later this month is holding a conference in Athens to promote a Euro-Arab dialogue. Swann has been acting as a coordinator of the conference, whose aim is to undercut and disrupt the Franco-German initiatives to mold a viable Middle East peace settlement.

Europe

Donat Cattin resigns: Cossiga next?

Senator Carlo Donat Cattin, vice president of the ruling Italian Christian Democratic Party (DC), was forced to resign his party position this past week after charges against him were reviewed by the parliament's Commission of Inquiry. Donat Cattin was accused of having warned his terrorist son to flee the country because he was about to be arrested by the police in connection to the Aldo Moro kidnap-murder. The in-

dividual through whom Donat Cattin had communicated with his son was subsequently arrested and revealed the information.

But the scandal did not end there. Prime Minister Francesco Cossiga, a close ally of Donat Cattin, is himself under accusation as the individual who tipped off the senator about the impending arrest of his son. Although charges against Cossiga were dropped by the Parliamentary Commission, his resignation is being strenuously demanded by the leaders of the major political parties, including the Communists, Liberals, Social Democrats, and even some Socialists, who share in his coalition government. Thus far, the Prime Minister has refused to tender his resignation, arguing that his presence at the upcoming Venice summit is too important.

However, most press and Italian political sources expect that Cossiga will not be able to hold out too long against the immense pressure being brought to bear against him.

Pope backs Giscard diplomacy

Pope John Paul II, recently making his first trip to France, announced his support for President Giscard's diplomatic initiatives in the Middle East and his recent extraordinary meeting with Brezhnev. One particularly acerbic source connected with the French Socialist Party, the weekly *Le Nouvel Observateur*, accuses the Pope of having arranged the emergency Giscard-Brezhnev meeting that took place in Poland, the Pope's home country.

The same source reports that on Oct. 22 of last year, when NATO was nearing its decision to deploy the Pershing missiles in Western Europe, the Vatican's "foreign policy" expert Cardinal Casaroli called in all the Pontifical diplomats in Western Europe and gave them a warning from the Pope: "take heed of the consequences for world peace of the installation of American missiles on your territory."

Latin America

Mexican political group asks Castañeda's resignation

The Mexican Labor Party (PLM), a nationwide political group that promotes industrialization, called last week for the immediate resignation of Mexican Foreign Minister Jorge Castañeda.

The PLM distributed to all the press and official institutions a statement by the Party's National Executive Committee denouncing Castañeda's collaboration with the "One World" international networks which would like to see the rule by supranational U.N.-type institutions. The release states Castañeda is a long time collaborator of Ervin Laszlo, the head of UNITAR and one of the most prominent "philosophers" for the Club of Rome's zero-growth international economic program.

The PLM's campaign against Castañeda was immediately picked up by *Ovaciones*, a major Mexico City newspaper. "A very critical situation is closing in on Foreign Minister Castañeda forged by a political faction which works in Mexico," Abraham Mohamed wrote June 3. The columnist added that the "political faction" has targeted "the next meeting of the New York Council on Foreign Relations June 6 as a 'seminar to update the aggressions and the destabilization campaigns against our country'—a seminar where our Foreign Minister will be the main speaker."

He ends by warning Castañeda to "take the appropriate measures in order to turn around the plans drawn against him whose aim is to force his resignation."

The columnist fails to mention the name of the "political faction." His warning that there is a "plan" to force Castañeda's resignation is believed indicative of the PLM's spreading influence against the vulnerable foreign minister.

Briefly

● **RAMSEY CLARK** is a "vile American agent," according to Iranian radio broadcasts at the close of a conference in Teheran on "U.S. intervention in Iran." Clark attended the conference with Episcopalian priests and others invited by the Iranian government. President Bani-Sadr and foreign minister Gotbzadeh defended the American against the charge—the radio is controlled by Bani-Sadr's factional opponents in the clergy, who implied that they, too, are "vile American agents."

● **WHAT A CHOICE!** So reads the headline over a long editorial in this week's edition of *The Spectator*, a British Tory weekly. The editorial concerns the prospects of an American presidential race between Jimmy Carter and Ronald Reagan. "By no stretch of anybody's intelligent and informed imagination can the choice the American electoral system has ended up offering the American electorate be regarded as inspired, generous, broad or satisfactory," the piece reads. *Spectator* editors are most vitriolic in attacking the American electoral system itself, calling it "insanely complex." FEMA for President, anyone?

● **THE GOLD PRICE** rose past the \$600 an ounce level June 7—bringing it close to the price at which it is believed an impending French initiative for a gold-backed monetary system will propose to peg it. Part of the purpose in the initiative for monetary reform would be the capacity of the system to offer gold-guarantees to OPEC nations like Saudi Arabia for petrodollar deposits. Notably, one of the "rumors" cited as a cause of the price's surge over \$600 was that the Saudis had contracted to buy 200 tons a year of Soviet-produced gold at \$600 an ounce.