

Other oil producers are feeling the pressure. Mexico, Nigeria, Iran, Kuwait, and Qatar have all had to institute price reductions in the past week or face losing customers to Saudi Arabia's much cheaper oil. Several oil companies cancelled contracts worth \$900 million with Nigeria, and Persian Gulf nations that jacked up prices with add-on "premiums" are now quietly removing those premiums to continue to sell their oil. Mexico, not an OPEC member, is finding it difficult to sell 70 percent of oil exports of the heavier Maya crude, now overpriced despite a \$3 price cut.

To intensify the pressure, the Saudis cut prices from \$36 to \$34 on the 600,000 barrels a day that it produces to make up for the loss of some Iraqi oil output. Most Saudi crude sells for \$32.

In the spot market, where the price floats free, the spot price has suddenly fallen below \$36, putting it at a level below that at which most OPEC oil is sold in long-term contracts!

### **Saudi offer to Israel**

While acting to stabilize the world oil markets, the Saudis also extended a hand of peace to Israel and to Shimon Peres, a candidate for prime minister in Israel's June 30 vote.

Yamani was quite explicit about his country's offer to deal with Israel. "The only way for the Israelis to get peace is for them to shake the hand that is offered to them" said Yamani. But he disagreed publicly with General Haig's policy of subordinating the Arab-Israeli dispute over Palestine to the "larger" issue of the Soviet threat. Instead, Yamani suggested, only by solving the Palestinian issue could the Soviet Union be stopped effectively in the region. "If you solve the Palestinian problem, you stop the Soviets," he said. "The Soviets are entering our area only through the Israeli door."

Asked about the idea of an American troop presence in the Middle East, Yamani said, "We don't think an American presence will help. We think it will invite a Russian presence somewhere in the area."

Equally interesting, Yamani declared that those forces in the United States trying to prevent Saudi acquisition of American weapons are siding with Israel's Menachem Begin in the elections. No American would oppose the sale of arms to Saudi Arabia, Yamani declared, "unless you want to help Menachem Begin win the election." With that statement, Yamani made it pretty clear that the Saudis favor Shimon Peres in the June vote.

The basic Saudi strategy, worked out in coordination with the French and West Germans, is for a moderate Arab bloc including Saudi Arabia, Iraq, Jordan, and eventually Egypt to join with a Shimon Peres-led Israel to reach an immediate preliminary accord on the basis of a Palestinian solution.

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## **THE DESTABILIZERS**

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# **Will Haig succeed in splitting Lebanon?**

by Judith Wyer

A full-scale blowup of Lebanon was narrowly averted last week when the French government interceded with the Reagan White House to restrain Israel from invading Lebanon. It is rumored that Reagan went so far as to deliver a message to Begin that should Israel invade, the United States would immediately halt all arms shipments to Israel.

For the moment, this Franco-American diplomatic effort has undercut a ploy by Secretary of State Alexander Haig to trigger a limited Syrian-Israeli showdown over Lebanon. Reliable sources confirm that during his visit to Israel in April, Haig "gave Israel the green light" to go into Lebanon in defense of the Falange forces that have been fighting Syrian troops. The same sources report that behind the scenes, Syria and Israel have been plotting a war in Lebanon that would leave the country partitioned into ministates under the control of Syria in the north and Israel in the south.

Haig sees a renewed Lebanese war as the way to keep the discredited Camp David step-by-step negotiations on track. According to Haig's scenario, a controlled Israeli-Syrian war would result in Israel's agreement to return the Golan Heights to Syria in exchange for control of southern Lebanon. This scenario is not originally Haig's; it is the work of his good friend Henry Kissinger, who contrived the 1975-76 Lebanese civil war as part of the diplomacy that led to the Egypt-Israel Camp David treaty.

### **The Jordan option**

Haig, along with National Security Adviser Richard Allen, aims to destroy the so-called Jordan option, i.e., the option of bringing Jordan into expanded peace talks that would include Palestinian representatives. France has been the strongest advocate of the Jordan option as a means of resolving the Palestinian problem, which Camp David bypasses.

Jordan's King Hussein has refused involvement in the Camp David talks and has called for a return to an

overall framework of negotiations including Palestinian representation. Pre-empting the Jordan option is the basis of a potential alliance between Syria, which has been feuding with Jordan, and Israel.

According to Georgetown University Prof. Edward Luttwak, the concept of an agreement between Israel and Syria against Jordan is now being actively considered in Israel. Luttwak remarked: "There's a body of opinion in Israel that thinks that the Jordan option is foolish. This school thinks that when the Syrians come around to make peace, Jordan will follow. They think that the key now is a deal with Syria. They think it is the right moment. . . . Syria is beleaguered, isolated, so now's the time to move in."

Luttwak identified one faction favoring this "concept" as centered around former Ambassador to Washington Simcha Dinitz, a long-time Kissinger confidant. Dinitz is leading a hawkish faction of the Israeli Labour Party in opposition to the pro-Jordan overtures by its chairman, Shimon Peres, who is challenging Begin for prime minister in the June elections.

Luttwak himself was charged with writing a position paper for Richard Allen on the strategic implications of partitioning Lebanon not long before Haig's departure for the Middle East.

France's motive for support of the Jordan option is to resolve the Palestinian problem, which Paris sees as the main roadblock to stronger Euro-Arab economic relations. This is one reason France so aggressively exercised its influence to halt a Lebanese war. French sources confirm that during his visit to France, Haig intervened to sabotage delicate French diplomacy with the Soviets and certain Arab states to bring about the removal of Syrian troops from Lebanon.

### **The Israeli wild card**

The Israeli government is reportedly worried that the potential French-American rapprochement might seriously hobble Israel in future Middle East negotiations, if the French position should gain capital with the White House. A Washington source who is close to Begin circles complained that "there is pressure on the White House to veto Haig's granting to Israel a 'free hand' in Lebanon. France is the key to this. . . . French-American relations are direct now right up to the top."

With Haig's setback and this week's announcement from the White House that it intends to sell Saudi Arabia a full package of arms over the strenuous objections of Israel and Haig, the danger intensifies that Israel may defiantly pursue its invasion scheme.

Since the announcement of that White House decision, fighting in Lebanon has dangerously sharpened. For its own part, Syria is adding fuel to the simmering Lebanese fire. One day after the worst fighting since the imposition of last week's ceasefire, Syria's *Al Baath*, a

daily of the ruling Baath Party, editorialized that the Lebanese government should call in Syria to liquidate the Lebanese Falange sect, since "the Falangist link to the Israeli enemy no longer needs proof."

At the same time, fighting flared again between the Falange and Syria in Beirut and the eastern city of Zahle, last month the site of the worst fighting in three years.

Israel, meanwhile, has intensified its warnings that it is prepared to come to the military aid of the "besieged" Falange. Moshe Arens, the head of the powerful Israeli parliamentary committee on security and intelligence, last week called upon Begin to intervene if Syrian-Falangist hostilities continued.

Arens was echoed by Israeli Deputy Defense Minister Mordechai Zippori, who publicly warned that Israel is now prepared to take "vigorous action" in pursuing Palestinian terrorists in southern Lebanon. Less than 24 hours later, Israel conducted a sea raid on the port of Tyre, a southern Lebanese town with a heavy Palestinian presence.

An Israeli source observed that if the administration continues its policy of arms sales to Saudi Arabia, it will "be tit for tat. The Israelis will push in Lebanon." He cynically concluded that the "strategic consensus" between France and the United States that had pre-empted Israel "will go nowhere, like all the past dreams of a comprehensive settlement." The source estimated, "It would take three days to clean out the goddamned PLO—let the world scream."

Extremist elements within the PLO itself are providing Israel with every excuse to invade Lebanon. Palestinian shelling from Lebanon into northern Israel resumed the week after Easter, following a Palestinian National Council meeting in Damascus where both Syrian President Assad and the more moderate PLO leaders took an unusually hard line toward Israel and the United States for heating up the Lebanon crisis. It is no secret in the Middle East that Israeli intelligence covertly controls elements of Palestinian terrorist cells.

The question is whether the divided Reagan administration will be able to restrain Israel. Last week, Lebanese Major Saad Haddad, the Israeli stooge who heads a Christian militia in southern Lebanon, led a bloody bombing raid against the southern Lebanese port town of Sidon, killing scores of civilians. But immediately after the raid, Haddad was suddenly taken ill and whisked to Israel. It is believed that Begin may have reined in Haddad following stern warnings from Washington not to escalate the Lebanese warfare.

French sources are worried that Israel will nevertheless intensify its intervention into Lebanon. *Le Matin* this week reported that Israel will now step up its "pursuit" of Palestinian terrorists in southern Lebanon, a move that could get out of control dangerously fast.