

But Lebanese President Amin Gemayel has publicly rejected any bilateral peace treaty with Israel and has categorically asserted that he would not tolerate any role in southern Lebanon for Major Haddad, as Israel has been insisting.

At the same time, Egyptian President Hosni Mubarak told reporters that the Palestine Liberation Organization (PLO) is the sole representative of the Palestinian people. Mubarak's words fly in the face of Shultz's recent assertion that the PLO has "forfeited" its mandate to speak for the Palestinians.

The first stop on Shultz's shuttle was Egypt, where he met for four hours instead of the scheduled one hour with President Mubarak. "The meeting with Mubarak was tense," said one Israeli intelligence source. "There is a good chance that the United States may lose Egypt."

Shultz's then traveled on to Jerusalem and Beirut. In Israel, Shultz's talks centered not around Lebanon or the Reagan plan, but around reviving the strategic memorandum of understanding between Israel and the United States on joint security arrangements for Lebanon. Shultz also promised to lift U.S. congressional opposition to increased aid to Israel, and pledged that the Palestine Liberation Organization will never be allowed to come to the negotiating table.

Lebanon's chief negotiator in the troop withdrawal talks has accused Israel of deliberately stalling the negotiations "in order to hold the United States hostage" in the Middle East. Shultz's collusion with Arens and his clique makes the secretary of state a witting perpetrator of this hostage scenario.

Reagan's problems in the Middle East are compounded by the April 18 bombing of the U.S. embassy in Beirut, which wiped out the CIA's most crucial Middle East personnel and substantially disrupted all U.S. operations in the area. Intelligence sources report that the CIA's loss was not accidental but was part of an operation run by a faction in the Israeli intelligence service Mossad to undermine U.S. capabilities in the region on the eve of a new Middle East war and to increase the CIA's dependence on the Mossad at this critical time.

Meanwhile, Israel and Syria are digging in for war. Israel, which recently held military exercises in the Golan Heights, has built several bases along the western edge of the Bekaa valley in Lebanon. At one location, a base has been constructed to handle tank transporters, and the main road toward Syrian positions has been widened for tank movements. In addition, a major logistics base with a sophisticated radio-communications system has been built outside Marjayoun, Israel's headquarters in southern Lebanon and the home base for Major Haddad. A half-mile-long air strip has been constructed by Israel near Damur, south of Beirut.

At the same time, there have been significant Syrian troop movements in the Bekaa Valley. The Soviet Union has reportedly set up an integrated air defense system for the whole of Syria. Large numbers of Soviet advisers are said to be manning most of the new air defense sites, raising the possibility of direct Soviet involvement should war between Israel and Syria break out.

Interview: Saudi Foreign Minister

'Third World needs funds, not conditionalities'

At a press conference attended by EIR correspondents Hartmut and Ortrun Cramer during the March Non-Aligned summit meeting in New Delhi, Saudi Foreign Minister Saud al-Faisal spoke on North-South relations. Below is an excerpted transcript of that press conference.

Philadelphia Inquirer: One of the topics being discussed here is the question of a new bank for South-South cooperation. What is your position on this? What especially is the contribution of Saudi Arabia?

Al-Faisal: Well, there are two sides in the economics of global negotiations with other than member countries. So the conclusions of any one side has to reflect the willingness of the other countries. But as far as the basic directions of global negotiations are concerned, the Non-Aligned countries are pursuing them from the basis of cooperation rather than confrontation.

They have contributed positively during the United Nations discussions, and we are hopeful that the Paris conference of the industrialized countries will make a political decision to go through with the global negotiations. Again, we hope that this conference, given the statement that is coming out on the global negotiations, will serve as an entrance to the industrialized countries to begin global negotiations which will deal with the economic problems.

On the status of the international economy, our attitude is likely to establish a relationship on the international scale that would resolve many of the outstanding issues. Not just for the benefit for the industrialized countries, but for the benefit of all, since a booming economy is good for everybody. In fact, if the world can develop as a whole, to the extent that it provides expanding markets, this can also be to the benefit of the industrialized countries. Some basic decision has to come, to transfer wealth from these countries, so that the base of the international economy is expanding, which therefore benefits all the industrialized countries. The

decision would be, of course, announced at the conference, but I hope it will be understood, that it needs to be positively enlarged by the industrialized countries.

The other important aspect of it is the collaboration between the countries of the Third World. And particularly because this deals with the members of the conference, we hope some positive decisions will be taken. In the area of finance we had to tell to everybody that there has to be a broader concept of investment, since the development of the Third World requires more than just the investment itself. The decision amongst the G-77 is that they will do that.

There were some ideas about establishing a new institution for that. In Saudi Arabia, our position on this was and is that the problem is really not developing new institutions; there already are institutions. The problem is the amount of resources these institutions have. Our inclination is that the resources have to be increased, but establishing new institutions is not necessarily the issue. The point is that those institutions dealing with development, like the funds that exist in many of the developing countries, one of them being my own country, open up channels between themselves, so that they can work together and cooperate in the various aspects of development projects.

This is then the trend that we hope, in the final analysis, will be established by this conference. On the one hand, there is the need to expand the financial resources for these institutions. My country is committed to do that, and also to open the channels between these institutions to facilitate cooperation in development.

The other issue that has impact on this is the technical and scientific cooperation, the transfer of other than financial resources, also amongst the developing countries. These issues have a tremendous importance and we hope that finally new directions will be established during this conference. Basic steps are being established in the scientific field.

EIR: Can you elaborate a bit on the financial implications? You have said that there is no need for new institutions; however, there have been a lot of complaints during this conference about the IMF conditionalities that have been put on countries which have been claimed to be and in fact are unjust. It seems obvious, that this international financial policy needs to be changed dramatically, which I think would put into question the very existence of the IMF as an institution. What is your stand on the IMF and also in respect to the financial crisis worldwide?

Al Faisal: I did not talk about international institutions, but more on the cooperation among the Third World countries. Among the Third World countries it is not the matter of establishing a bank or a fund, but it is a matter of operating and increasing the financial resources of the existing institutions.

Now, when you come to the international institutions like the IMF, I do agree with you completely. It has to be responsive to the problems in the developing countries. If it puts

conditions which, in the final analysis, do more harm to these countries than good, then it just doesn't work. The financial resources have to be equated with conditions that can be supported by these countries. There is a difference between ordinary budgetary practices that have to be enacted and those concerning a country that is poor. If you impose restrictions on some countries, which cannot support these restrictions, not because of bad budgetary practices, but because of the social conditions, then, for instance if the food or bread is no longer subsidized, people starve. How can you impose a condition like this? Especially on a country that cannot bear it on a much more important thing than just debt recycling? So these institutions have to be responsive.

The other issue of it is that in many instances, the IMF sends more money into better-to-do countries, whereas the need is more in some less-developed countries. This is another aspect. Something has to be done concerning the conditionalities of the IMF to make it more responsive. The decisions concerning these institutions lie in the hands not only of the developing world. We worked toward this goal, but we do not, however, take the position that either an agreement comes out or they are finished. We are trying to work harder to improve the responsiveness of the IMF. There is more of a presence by the Arab countries in the IMF now. We hope that this trend will at least cause some change in these institutions.

EIR: It appears that this conference will come up with a proposal for a comprehensive universal monetary system.

Al-Faisal: Yes, we had a specific proposal that we have come out with here. The monetary situation created in the developing world through the international institutions is a tremendous problem and this is where we think it is to the interest of both the developing and the industrialized world to work together to achieve a solution. The conference accepted a concept presented by Sri Lanka to make contacts for this particular problem, which is so large, so important, and where the interests of both sides are so clear, to perhaps reach an understanding between the industrialized countries and the Third World.

EIR: Your country presently is an oil-exporting country. I would like to know something about your plans for the future, and in particular what you think about using the profit of the existing energy technology, i.e., oil, in order to buy, develop and build the technology of the next century, i.e., nuclear technology?

Al-Faisal: Investment into alternative energy sources including nuclear energy is a necessity for everybody, since the energy picture for the future is not so bright. Oil is a finite resource, and in the future something new will be necessary to meet the expanding demand for energy. We in Saudi Arabia are investing primarily in solar energy, but we are also interested in nuclear. Going into nuclear energy is definitely a good investment.