

appointment was a blatant attempt by the Rothschilds to force Dayan into Israeli politics by fiat, to control the Likud coalition — and it was forcibly rejected.

#### *A Likud Government?*

A crucial determination of whether Begin will be able to form a government will be whether or not he can persuade the technocratic Democratic Movement for Change to join Likud in a coalition. The DMC, led by former Chief of Staff Yigal Yadin, is a patchwork body which is “run out of the U.S. Embassy.”

The second determinant is whether the Likud bloc can stay together long enough to complete negotiations. It is generally recognized that Begin is the strong central authority in Likud, and without him there is some question whether the diverse factions of the bloc could stay together. After a long meeting with the new U.S. Ambassador Samuel Lewis, Begin suddenly fell ill and was rushed to a hospital intensive care unit for observation. Speculation immediately developed — fed by the

*New York Times* — that Begin might be too ill to remain atop Likud, and that “civil war” might erupt inside Likud between Ezer Weizman, Begin’s No. 2 man in the Herut faction of Likud, and Simcha Ehrlich, the Liberal leader.

If Yadin joins the Begin government, it will signal that the Rockefeller forces are seeking to infiltrate and thereby control the next regime. But for Rockefeller, this is dangerous, because if Yadin enters the government and thereby strengthens Begin’s hand without extracting sufficient political concessions, it will push Israel further out of the control of the U.S. National Security Council. On the other hand, should Yadin not join Begin, it will force the Likud to form a narrowly based rightist regime which will probably collapse within a few weeks due to lack of political support. This option, however, is only feasible for Rockefeller provided that Peres — and not Rabin! — is in control of the Labour Party which will head the next government if Begin fails.

— Bob Dreyfus

## Saudi Confrontation With Carter Reported

In sharp contrast to the low-key U.S. press coverage of last week’s talks in Washington between Saudi Arabian Crown Prince Fahd and President Carter, the West German press reported a major “confrontation” between the two leaders. Fahd rebuffed Carter’s demands that Saudi Arabia abandon support of the Palestine Liberation Organization (PLO), and reiterated that “the Palestinian problem is the key to the Middle East.” Commenting on the Fahd-Carter talks, the West German daily *Die Welt* warned that the U.S. “cannot expect Saudi Arabia to impose on the other Arab states a solution to the Middle East that they do not want.” The Saudis also refused to bail out the bankrupt International Monetary Fund and agreed to give a mere \$2.9 billion to the Fund, according to the *Washington Post*. East German radio assessed the talks as having “no result.”

The Saudi rebuff of Carter coincides with growing indications that the Saudi ruling clique intends to use their oil and monetary resources as strategic weapons to counter Rockefeller’s manipulation of the extremist Likud Party in Israel and thereby to defuse the likelihood of a Middle East confrontation.

For such a peace push to succeed, the Saudis must move for the establishment of a new international monetary system in cooperation with Western Europe and the Soviet Union. Spurring the Saudis on is their awareness that the National Security Council’s plans for a Mideast war involve the toppling of the present Saudi regime and its replacement with more malleable leaders.

For the moment, the Saudis have defused the war situation by distancing themselves from the Likud provocation and placing full responsibility for neutralizing the Likud crazies on the shoulders of the U.S. Just before leaving for the U.S., Fahd told the French paper *Le Monde*: “The upset which took place on

the Israeli scene concerns the U.S. first of all. If they seriously want peace, they must arrange this with their eternal friends.”

#### *Saudis at the Crossroads*

During the Fahd visit, the Saudis proceeded gingerly, allowing for some U.S. face-saving by Carter. A full-page advertisement in the *New York Times* stressed the joint responsibility of the U.S. and the Saudis for peace, noting that the Saudis had \$140 billion worth of development projects that could involve every sector of U.S. industry. The Saudis also paid lip service to Carter’s energy program, although it is clear from their rejection of the so-called Witteveen proposal to bail out the IMF that they have refused to sink their money into the purpose of that energy program — keeping Rockefeller afloat.

The choices for the Saudi regime and the rest of the Arab nations, other than forcing the U.S. into a Mideast peace and a new monetary system, are all suicidal. Egyptian Foreign Minister Ismail Fahmy warned after the Likud victory that the Arabs were readying use of the “oil weapon” if the U.S. stalls efforts toward an overall Arab-Israeli peace. Short of an actual embargo, Fahmy and other Arab spokesmen have intimated that the oil weapon they have in mind would include retaliatory phased price increases and petroleum production cutbacks. These measures, instead of targeting the Rockefeller forces, would wreck advanced sector economies and weaken the factional strength of the best potential Arab allies, the anti-Rockefeller industrial-based factions in the U.S. and Western Europe.

Significantly Saudi Oil Minister Zaki Yamani countered the oil threat by emphasizing that the Arabs will not use the oil weapon, according to the May 27 *Journal of Commerce*.

Even more catastrophic than the oil weapon would be an activation of an Arab military option against Israel.

Such a war could not *possibly* be contained regionally and would quickly precipitate general thermonuclear war.

#### *Rockefeller Primes Flashpoints*

The regional situation, meanwhile, remains extremely tense and constitutes a potential flashpoint for provoking the Arabs to war. In the wake of last week's inflammatory statements by Begin that Israel considered the West Bank territories "liberated" and would set up scores of new Jewish settlements there, unrest has spread throughout the area. The mayor of one Arab-populated West Bank town has warned that "it will be a

hot summer" and that "extremism breeds extremism."

Simultaneously, the volatile southern Lebanon situation is also heating up, with heavy shelling reported between Palestinian-leftist forces and Israeli-backed right-wing units, and Israeli overflights into Lebanon, according to the Soviet sector press. PLO leader Yasser Arafat warned that a Begin prime ministership would result in direct Palestinian-Israeli confrontations in southern Lebanon.

Sources close to Brzezinski report that a primary fear of the National Security Council is that the Arabs will make direct overtures to Israeli forces, "circumventing the U.S. bridge" in order to cool the region down.

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## Kuwait Urges Persian Gulf Security Pact

The Arab states of the Persian Gulf are continuing their diplomatic efforts to reach a general consensus on a formula for a Persian Gulf Security Pact. Quoted in the United Arab Emirates newspaper *Al Ittihad*, Kuwaiti diplomatic sources underscored the need for such an agreement, "the intensive contacts currently underway among the Gulf states are aimed at working out a strategy, perhaps for the next 20 years, to achieve some kind of cooperation, coordination and complete understanding among the states in the area." The papers emphasized that Kuwait and other regional governments recognize "that it is not to their advantage to continue to let various regional disputes go unresolved at a time when some foreign elements and quarters are trying to exploit these superficial disputes."

In this connection, Kuwait and Iraq, according to the authoritative weekly *Arabia and the Gulf* are very near to settling a longstanding dispute over the Shatt al Arab at the mouth of the Tigris. At the same time strenuous efforts are underway between the two states to reach an agreement on the volatile border dispute involving drilling rights to oil reserves spanning the still poorly defined joint border. Normalization of relations between Iraq and Kuwait represent a significant step in lining up an alliance of all the Arab Gulf states around a Gulf Security formula, one which is already shaping up to be pro-Soviet.

A major feature of the unification of the Gulf states around such a perspective is the acceptance of a unified

Arab currency, the gold-backed "Arab Dinar." According to a United Arab Emirates (UAE) diplomatic source both the UAE and Kuwait are putting maximal pressure on Saudi Arabia to back the institutionalization of the Dinar, which would eventually extend to the Arab states of North Africa as the underpinning of an "Arab Common Market." For Saudi Arabia to back the Arab Dinar would mean a break with the dollar and Riyadh's continued willingness to bail out Wall Street banks. With Saudi Crown Prince Fahd having returned from meeting with Carter in Washington with nothing tangible to show his Arab brethren, the Saudis can expect even more pressure from their neighbors Kuwait and the UAE to break with their pro-U.S. position.

Kuwait has allocated over \$1 billion for the next three years to build up a strong military to help insure regional security. Aside from numerous purchases from western countries, the Kuwaitis recently concluded their first large scale purchase of arms from the Soviets and are considering a second purchase of Soviet built patrol boats. Similarly, the UAE Commander in Chief of the armed forces concluded a large arms deal with the French earlier this month.

In an interview with the Egyptian press, the Sultan of Oman, who recently joined the bloc of five Gulf countries behind the formation of the Dinar, warned of "designs of the big powers in the area," while calling for more balanced relations between the U.S. and the Soviets. The tiny Gulf Emirate of Bahrain has acted on this perspective by terminating the U.S. base established there since World War II. After three years of squabbles with the U.S. over the issue, Bahrain's Foreign Minister announced last week that the base from now on will only be used as a "supply station."