

## Behind Oil Sabotage:

# Saudis, USSR Back PLO, Prepare Dollar Bust

The political leadership of Saudi Arabia, including Crown Prince Fahd, the regime's most powerful figure, yesterday issued a resounding denunciation of the Carter Administration's energy program and demanded that the U.S. move immediately toward a settlement of the Middle East conflict that would include the establishment of an independent Palestinian state.

The Saudi statements — by Prince Fahd, Foreign Minister Saud, and Oil Minister Zaki Yamani — placed the Saudis and their vast oil and financial resources in direct conflict with all aspects of the Carter Administration's Middle East policy.

The Saudi offensive against Carter was launched yesterday with coordinated simultaneous press conferences by Prince Fahd, Foreign Minister Saud, and Yamani, Fahd, addressing the political core of the Arab-Israeli conflict, said that the "leaders of the Palestinian people" — recognized by the Arabs as the Palestine Liberation Organization — "will be willing to accept any peaceful solution" to the conflict provided that it includes "the establishment of a Palestinian state on the West Bank and the Gaza strip," now occupied by Israeli troops.

At the same time, leaders of the Israeli Communist Party (Rakah) held a press conference in Tel Aviv to say that the PLO is prepared to recognize Israel in exchange for the creation of an independent Palestine on the West Bank. The statement by Rakah was especially authoritative because Rakah and the PLO have just concluded an unprecedented series of bilateral talks in Prague, Czechoslovakia, at which the attitude of both parties toward a negotiated peace was discussed.

In addition, the U.S. Hearst news chain reported, May 8, that Soviet Ambassador to the U.S. Dobrynin, in a meeting with Carter and National Security Council chief Zbigniew Brzezinski, reported that PLO Chairman Yasser Arafat agreed, during his recent visit to Moscow, to accept a Soviet proposal to have the PLO and Israel extend mutual recognition — provided that Israel is willing.

The Saudi statement and the backup from Dobrynin and Rakah indicate evident political coordination between the Saudis and the USSR.

A commentary in the Soviet government daily *Izvestia*, May 8, lent implicit Soviet support to the Arab oil states against Israel. The article, citing the threat of Israeli-U.S. attacks on the oil-rich states of the Gulf, warned against "the dangerous repercussions of playing with fire so near the oil of Arabia."

In combination with their Middle East policy, the Saudis also made clear their opposition to the no-energy policy of Carter and White House energy czar James Schlesinger, who in 1975 was the principal architect of the scenarios for U.S.-Israeli-Iranian military threats to the Arabs, including Saudi Arabia.

"If importing countries themselves raise the domestic price of oil, through taxation or other means," Prince

Fahd told a *New York Times* reporter in reference to Carter's plan to jack up oil prices, "then the purpose for which we moderate our prices is no longer valid and we will have to raise our prices, too." The *Times* adds that Fahd "appeared to be hinting that he might oppose some or all...of President Carter's energy proposals."

In stark contrast to NSC and CIA predictions that the Saudis intend to cut back oil production, the Saudis yesterday announced the opening of two new oil fields with a capacity of 350,000 barrels a day, rising by 1979 to 1.2 million barrels a day.

In the U.S., several observers predicted a showdown between the U.S. and Saudi Arabia, speaking on behalf of the Arab world, when Prince Fahd visits Washington later this month. One source said that the chief weapon available to the Saudis is their "money weapon" — i.e.,

## Kuwaitis: Arabs Must Mobilize With Europe Against Carter Energy Policy

"The U.S. has declared war on Europe and Japan in the field of energy and its long-term substitutes", charged Arab oil expert Faysal Al-Mazidi in the April 14 issue of the Kuwaiti newspaper *Al-Siassah*. Al-Mazidi called for all Arab oil-producing countries to align themselves with Europe to counter Carter's plan.

According to Al-Mazidi: "Last week president Jimmy Carter declared a halt to exports of enriched uranium, thereby opening a new page in the confrontation with the U.S. over energy substitutes. This confrontation will implicitly involve the oil-producing countries, whether they like or not. What is interesting is that, while there has been a rapid and strong reaction from Britain, France, West Germany, and Japan, the oil countries, including the Arab countries, so far do not seem to realize that the new large scale international war will affect them directly... Since the U.S. currently produces 70 percent of the world's consumption of uranium, halting U.S. exports means crushing Europe and Japan strategically in the matter of energy for several decades to come. Therefore, can the outside world discuss and decide on questions of energy without the Arab countries exercising their legitimate rights in this regard? The time is now very opportune for the Arab oil countries to achieve the advantage of becoming the stronger side by aligning themselves with the weaker side."

an Arab threat to pull their multi-billion dollar deposits out of the New York banks — but added that Brzezinski and Vance were planning to threaten the Saudis with an Israeli war strike should they pursue that course!

To counter the powerful effects of the Arab and Soviet peace initiative, the Carter regime has developed a tactic whose sole purpose is to set up the Arabs for an Israeli blitzkrieg á la 1967, according to the “breakaway ally” mode developed by the Rand Corporation. That tactic is Carter’s silly call for a “Palestinian homeland.”

The policy, first pronounced several weeks ago by Carter in a Washington press conference, was reiterated in Geneva after a meeting between Carter and Syrian President Hafez Assad. Said Carter, the U.S. favors “a resolution of the Palestinian problem and a homeland for the Palestinians.”

In the Middle East, and among all informed observers, it is well known that what Carter means by a “homeland” is exactly the opposite of an “independent Palestinian state,” demanded by the Arabs. Carter’s proposal, as developed by the Brookings Institution, would create a puppet state — like South Africa’s bantustans — on the West Bank, under direct Israeli-Jordanian military control. The PLO would be excluded from such a state, which under the Carter plan would be administered by the feudal leadership of the West Bank’s sheikhs and mukhtars and selected “camp police” from the non-PLO community.

That policy requires the physical and political extermination of the PLO in the region, an eventuality which is wholly unacceptable to the vast majority of the Arab world. Carter intends, in the coming weeks, to hand the Arabs an ultimatum: either accept the U.S.-dictated solution, including the destruction of the PLO or prepare for war.

#### *Arab Options*

At this point, there are only three options open to the Arabs.

*First*, the Arabs can capitulate to the U.S. dictate and fall to Vance’s armtwisting. This would involve the

Arabs’ rejection of the Geneva Conference (favored by the USSR) and their acceptance of a U.S.-sponsored “settlement” between Israel and Jordan *excluding the PLO*. However, such a move by Egypt, Syria and Jordan would incur the wrath of the Arab left — including Iraq, Libya, and Algeria — and, overwhelmingly, the Arab population. So far, there is no sign that they will buckle.

*Second*, the Arabs can go to war. This is not an unlikely possibility. Already, Saudi Arabia, Egypt and Syria have threatened to launch another round of warfare if the peace process is stalled. Prince Fahd, in his statement yesterday, said, ominously, that unless there is peace, “disturbances and tensions” will result, with the crisis “making one willing to resort to a military solution to solve the simplest of problems.”

As a warning, Egypt this week staged the biggest war maneuvers since the 1973 war in the Sinai peninsula. President Anwar Sadat personally watched over the war games, and said that the Arabs would go to war if need be to regain their rights. Assad said the same after his meeting with Carter in Geneva May 9.

But an Arab military option is foolhardy, since the well-armed Israelis are waiting to launch a lightning preemptive strike the moment the sign of an Arab buildup emerges — including attacks on Saudi Arabia and possibly Iraq and Libya.

*Third*, the Arabs can bust the New York banks and form an alliance with Western Europe’s anti-Atlanticists. This option, the Euro-Arab trade and development option, is a real possibility only if the Europeans act forcefully to back up the Arab-Soviet peace initiatives and with enough guts to challenge Rockefeller and Co. The withdrawal of Arab funds from New York would promptly dismantle the political control of Lower Manhattan over the U.S. Cabinet and NSC and giving impetus to the Cartergating process already begun.

A hint of this possibility was raised with the report that Assad, after seeing Carter, held a series of closed meetings with Swiss bankers in Zurich.

## Carter Calls For ‘Special Relationship’ With Israel

In a May 13 editorial from Washington, *New York Times* columnist James Reston defines the Carter policy for the Mideast as “the policy of confusion,” a “masterpiece of imprecision” in which “nobody quite knows what it means, and everybody is vaguely suspicious.” While Carter “may be right” in such a policy, Reston suggests, a great deal of unclarity could be done away with if Carter followed the suggestions of the U.S. Congress’ pro-Israel bloc and committed the U.S. “by treaty to the defense of Israel within its pre-1967 boundaries.”

Following the spirit of Reston’s advice, the Carter Administration this week showed definite signs of shifting from its “breakaway ally” tactic with Israel and replacing it with a straightforward “special relation-

ship” extremely provocative to Arab nations. Meanwhile, enough confusion has been sown to maintain the “breakaway” mode intact, bringing the Israelis closer to a preemptive strike posture.

In response to strident appeals from U.S. Senators Case, Jackson, and Humphrey, Jimmy Carter twice on May 12, once in a closed door special session and again in a news conference, committed the U.S. to give Israel “special treatment” in regard to purchasing and acquiring super-sophisticated weaponry. In a letter to U.S. Congressmen, Carter affirmed that “it goes without saying that the U.S. will do everything necessary to ensure Israel’s security,” including giving “particular consideration ... to our military arms and coproduction arrangements with Israel.” Carter’s statement put