Labour Party member and ex-head of military intelligence Aharon Yariv.

Rabbi Schindler advised Yadin to return to the negotiating table with the Likud after Yadin pulled out when Dayan was appointed.

Schindler's role as Brzezinski's go-between is complemented by the simultaneous presence in Israel of Sen. Stone (D-Fla.).

Throughout the maneuvers for a government coalition, the NSC has operated to contain any attempt at a comeback by the Labour Party. Yitzhak Rabin, the incumbent Prime Minister, has let it be known that he intends to make a strong play to regroup the Labour Party and its left-wing allies to counteract plans of the Likud and its proposed economic advisor Milton Friedman to destroy the state enterprises of the Histradrut.

To head off such a Rabin move, Shimon Peres, incumbent Defense Minister, has decided to stay with the Labour Party rather than go with Dayan into Likud. Peres is not perturbed by Dayan's defection, as he feels that Labour will serve as "an honourable opposition — unless something very serious happens..." implying that if a war should break out, they will form a unity government.

Persian Gulf Nations, Arbiters Of World Monetary System

The nations of the Arabian Gulf — by virtue of their over $70 billion in annual oil revenue, the result of the 1973 Great Oil Hoax in which Rockefeller quintupled the price of crude — have now become the arbiters of the world monetary system. The Arab nations of the Organization of Petroleum Exporting Countries (OPEC), together with the Comecon sector, are the two principal potential sources of hard-commodity credit denominated in gold-backed currency — and, increasingly, both sectors are showing readiness to cooperate with the OECD countries on the outlines of a new monetary system.

The basis for such an arrangement is already being laid as the Arabs begin the ponderous shift from speculative ventures and dutiful bailouts of David Rockefeller's uncollectable debt to real, productive investment.

Carter Sends Saudis Into Shock

Although the primary motion in that direction by the Arabs comes from Iraq and Libya, and although the tiny sheikhdoms of Kuwait and the United Arab Emirates are also moving in the same direction, the most interesting phenomenon is the growing tendency of Saudi Arabia to stop serving as a trough for Rockefeller's pigs to grovel in. In part, the new indications of Saudi Arabia's developing an independent oil policy are the result of the trip to Washington last week by Crown Prince Fahd and Oil Minister Zaki Yamani, whose clashes with President Carter left the Saudis in a state of shock.

According to informed sources, in two days of talks with Carter Fahd and Yamani did not budge from their insistence that the U.S. move to ensure peace in the Middle East before approaching Saudi Arabia on cash assistance for the IMF and on institutionalizing the so-called U.S.-Saudi "special relationship."

Since the Saudi delegation returned home, a number of indications have emerged that the Saudis, as one observer overstated the case, "have been radicalized" by their confrontation with Carter. Most significant is the report in the *International Herald Tribune* that Saudi Arabia has successfully completed the nationalization of

Kuwait Program Of International Joint Ventures

The Kuwaiti government is now considering a farreaching proposal put forward by the Kuwaiti Oil Ministry to engage in a number of downstream joint ventures. In most cases the ventures will include third partner participation by Royal Dutch Shell, Gulf and British Petroleum. Both Shell and British Petroleum have recently begun to back the European nationalized companies in their efforts to delimit European market manipulation by Rockefeller-dominated multinational, Exxon.

According to the May 23 *OPEC Bulletin*, the Kuwaitis want to insure purchasers of their crude through setting up such ventures. Among the proposals before the government is one to expand local refinery capacity from 400,000 barrels a day to 600,000 b-d by 1980 and then 800,000 b-d by 1985. Among perspective partners for other possible joint venture in refining are South Yemen, where a British Petroleum refinery has just been nationalized and is being prepared for expansion. Similarly the Kuwaitis have been taking an active role in the Eritrean conflict with an eye to setting up a strategic refinery there. Numerous Far East countries are perspective sites for new downstream Kuwaiti investment, where already Kuwaiti owned refineries in Singapore and Kuwait are supplying fuel to the Fuel Organization of Thailand.

One of the most crucial areas for downstream development, however, is the Eastern Mediterranean. Kuwait has been engaged in contacts with Greece, Cyprus and Spain and has already finalized an enormous deal with Rumania for a petrochemical plant to be located on the Black Sea which when completed will take 170,000 b-d of Kuwaiti oil. Rumania uses most of its approximately 300,000 barrels a day of locally produced crude for petrochemical production for which it is highly skilled.

the giant Arabian-American Oil Company (Aramco), which until now has been 40 percent owned by the Rockefeller multis Exxon, Mobil, Socal, and Texaco.

The takeover of Aramco, a longstanding goal of Yamani, will free the entirety of Saudi oil production from the stranglehold of the Rockefeller "Seven Sisters," and thus allow the Saudis to strike up state-to-state oil sales with Western Europe and Japan, bypassing the Rockefeller bottleneck. If the Saudis indeed are pushing through the nationalization of Aramco, it is in direct defiance of overt pressures from Carter's National Security Council, which upon Carter's inauguration declared oil supplies to be a "matter of national security."

In addition, yesterday the official Saudi radio station declared that all foreign banks in Saudi Arabia, including Rockefeller's Citibank, must sell a controlling share to Saudi citizens, effectively purging the domestic banking scene of old-time Rockefeller and Rothschild interests.

There are also indications that the forced "Saudi-ization" of foreign-owned banks is part of a Saudi effort to clean up the Saudi currency, the riyal, in preparation for linking that currency to an already existing bloc that includes such other Arab countries as Kuwait and the UAE — which, in turn, could create the preconditions for the establishment of an Arab currency bloc. Citibank, Rockefeller's biggest, is resisting the Saudi takeover, according to the *International Herald Tribune*, and instead is insisting — say informed sources — on completing a scheme for isolating the Saudi currency under Citibank control and using it for floating bailout loans for bad Citibank-held debt!

This is merely a sign of bigger things to come. The Italian daily *Repubblica* reported that the IMF was becoming "desperate" over the Saudi refusal to hand over more than a token contribution to the nonexistent IMF "special facility." *Repubblica* quoted the Saudi finance minister Abu Khail — who reportedly will authorize at most only a piddling $2 billion of the $7 billion the IMF has requested — saying, "We will not give more because it is not for productive investment."

Abu Khail continued to say that Saudi Arabia "is not a wealthy country" despite its immense financial resources, since wealth lies only in real means of production and labor. "We must use every cent for economic development," he said, pledging Saudi liquidity to investment in "real things."

Kuwait, UAE Lead the Gulf

The signs of motion from Saudi Arabia, the lumbering giant of the Gulf, are much less developed there than in neighboring Kuwait and the UAE, two statelets with huge oil revenue surpluses.

From Kuwait, there are reports that the sheikhs have established a full-fledged capital market for investment in industrial shares that already has reportedly dealt in more daily volume than the centuries-old London Stock Exchange.

"The Kuwait government has been trying to lure investors away from land investment (i.e., real estate speculation) and into industrial investments," said the *Baltimore Sun*. For that reason, the Kuwaitis have clamped strict regulations on the flows of capital into the market to ensure that Kuwaiti petrodollars are channeled into "industry and natural resources."

Kuwait has been a leading force in the establishment of the new "Arab Monetary Fund" (AMF) which, according to Arab diplomatic sources, is a direct attempt by the Arabs to create an alternate money market opposed to the dominance of New York and London in the Gulf. This is part of Arab moves to foster a Gulf Dinar, a common Arab currency linked to gold that already is in operation among Kuwait, the UAE, Qatar, Oman, and Bahrain. All 20 Arab states and the PLO are members of the AMF, and the Dinar Bloc countries are planning to expand to include several North African countries and perhaps Saudi Arabia as well.

According to Arab sources, both Kuwait and the UAE are working together — undoubtedly with some British backing — to bring the USSR into the Gulf as a "balance" to U.S. influence in the region. Kuwait has recently signed unprecedented arms deals with the USSR, and has made major economic overtures to the Comecon sector, including loan agreements and pipeline construction and oil sales.

The Arab "Ruble Bloc"

The moves by the Kuwaitis and the UAE have done much to shape the climate around Saudi Arabia and to propel the Saudis, slowly but surely, in the direction of a break with Rockefeller's banks. This activity, in turn, is itself generated by the fast-developing triangular moves by the USSR, Italy, and the Arab states of Iraq and Libya toward the establishment of a Ruble Zone.

A pattern of diplomacy since late May points in the direction of such a potential. Italy's Prime Minister Giulio Andreotti is scheduled to visit both Libya and Iraq in a few weeks, amid speculation that Italy may sign a preliminary agreement on trade in transfer rubles. Czech Prime Minister Husak left today for Iraq, and in mid-May Libyan Prime Minister Jalloud visited both Italy and then Czechoslovakia for talks with Andreotti and Husak.

During a visit to Greece and Rumania last week, Andreotti engaged in intense discussions that centered, in part, on the situation in the Middle East, especially with Rumania's President Ceausescu, who had just returned from a visit to Cairo, Egypt.

What this indicates is that the possibility of an emergent bloc of Italy, Iraq, Libya, and the socialist countries for triangular trade in rubles may not be farfetched, and might win the support of other Arab states such as Kuwait.

— Bob Dreyfuss