

At the same time, the Italian government-connected thinktank, Forum for Detente and Mediterranean Cooperation, has sent its top executives to Poland for extensive political and economic talks. This flanking deployment occurred while the Italian Trade Minister Rinaldo Ossola was in Poland over the past week for the signing of a \$140 million agreement for Italian participation in Polish economic development in 1978.

The Italian newspaper *Paese Sera* summarized the overall aims and implications of the current diplomacy in a front-page editorial on June 8. A very close ally of Prime Minister Andreotti, the Communist editor of the journal wrote of Belgrade that the aim of the

Mediterranean security package is to ensure that the European Economic Community is removed from subordination to "the military and economic policies of the United States." This means not only the "disarmament of Central Europe, but also the Danube area and the Balkan peninsula" in the context of a West European successful demonstration of autonomy from Carter's war policies.

A second article in the same newspaper called for the creation of \$130 billion in liquidity by the advanced sector to carry out the necessary development of the Third World, as the precondition to the successful establishment of a lasting peace.

EXCLUSIVE

The King Hassan II Affair

In a series of interviews with newspapers around the world last week, King Hassan II of Morocco called upon Israel and the Arabs to join their resources and political will in a Mediterranean alliance. "If you put together Israeli technology and Arab oil, you construct in the region a world power," declared Hassan II.

Hassan's political bombshell has the potential to immediately transform the entire political balance in the Mediterranean Sea region. It has not yet been covered in any major American newspaper.

An analysis of the background to the Hassan II affair and the political networks which intersect the Byzantine intrigues of Moroccan politics reveals that Hassan has been activated by forces outside Morocco — in Moscow, London, and Paris — with a view toward laying the groundwork for a settlement of the Middle East crisis, thus clearing the way for a triangular political-economic accord linking the USSR, Western Europe and the Middle East.

"Israel should bet on peace," said Hassan II. "Only think of what the Arab world, disposing of its immense wealth and economic resources associated with the creative genius of Israel, could do to transform the region." Hassan added that the crisis in the Middle East, unless it is defused, "could lead to economic chaos and possibly an atomic confrontation between the superpowers, with unforeseeable consequences."

The statement from Hassan, who also initiated moves toward open diplomatic contacts with Israel, is almost without precedent from an Arab head of state.

The question is: Who is behind Hassan's initiative? The preliminary answer to that question is presented below.

The origin of Hassan's initiative goes back to mid-1976, when Italian Prime Minister Giulio Andreotti came to power. Andreotti's accession opened up the possibility that the Mediterranean basin could be the scene of a new political alliance among the USSR, Western Europe and the Arabs. The goal of the projected alliance would be two-fold: the consolidation of political security in the region by resolving the outstanding regional conflicts, including the powderkeg Middle East; and a financial and economic arrangement that might establish the kernel of a new monetary system, in which Arab petrodollar resources were a central focus.

Immediately after Andreotti came to power, a flurry of diplomatic statements and contacts by the countries of the Mediterranean littoral began, in August 1976, to point the way to a "Helsinki"-style regional pact for the Mediterranean, for which Malta was repeatedly suggested as the locale. A landmark in that process was the purchase of 10 percent of FIAT's shares by Libya and its Arab Foreign Bank. That deal, which established the basis for Arab-European industrial cooperation, was mediated in part by the USSR — and opened the door for triangular financial deals in Comecon Transfer-rubles among Italy, Libya and the USSR. According to informed sources, the FIAT-Libya deal was consummated in Moscow at a meeting attended by Soviet Party Chairman Leonid Brezhnev, Libyan President Qaddafi, FIAT Chairman Gianni Agnelli, representatives of Lazard Freres in Paris and others.

The initiative from Hassan is a continuation of that process.

According to sources close to the U.S. Defense Intelligence Agency, the origin of the Hassan II proposal to Israel came from Crown Prince Fahd and Oil Minister Zaki Yamani of Saudi Arabia during their May 26 visit to the U.S. Fahd reportedly told Carter that Saudi Arabia was seeking some country to serve as a bridge between the Arabs and Israel, and was seeking U.S. support — which was not forthcoming! The sources said that Carter did not respond to the Saudi suggestion and ignored the potential impact of an Arab leader offering to work with Israel; another source said that the Saudi proposal "is sitting on (National Security Council chief) Brzezinski's desk untouched."

William Quandt, Brzezinski's top Middle East aide, flatly denies to reporters that the U.S. is involved in any way with the Moroccan initiative. Several other U.S. sources, who would be informed if the U.S. were in any way involved in the King Hassan move, also denied knowledge of the affair.

A U.S. Nasserist source, with close Gulf contacts, added to this picture that it was in fact the Kuwaitis who pulled Saudi Arabia into the Moroccan move. The Kuwaitis, he said, are quite unhappy with the Carter Administration, and are angry with the Saudis for refusing to move more strongly against Carter after

months of U.S. diplomatic insults to the Arabs. The source added that the Kuwaitis suggested King Hassan because he is close both to King Khaled of Saudi Arabia and to important circles inside Israeli Intelligence, and in addition, Israel's large Oriental Jewish community — which is heavily pro-Likud — comes from Morocco and maintains political links there.

Who Runs Morocco?

But the Arabs are obviously not the prime movers in the Hassan affair. The strings attached to King Hassan primarily run to London, Paris and Madrid, and represent a leading West European banking faction centered in Great Britain that might consider a deal with the USSR over the Middle East that would exclude Rockefeller and Co.

The leading banks operating in Morocco and the region are the Banque de Paris et des Pays Bas and the Banque de Suez et de l'Indochine, with influence in North Africa, Malta and the Persian Gulf. These banks are linked mainly to the Lazard Freres interests (FIAT-Libya deal) and especially to Pierre Mendes-France, who is presently staging a comeback in French politics. Mendes-France is widely known as a "British" agent in Paris — he maintains close links to leading financial circles in the City of London — and he is also close to leading Gaullists like Michel Jobert, Michel Debré and others. One of Debré's closest friends is the former chairman of the Banque de Paris et des Pays Bas. Other leading banks in Morocco include the Investment Company of Kuwait and the Arab International Bank of Investment, according to the Algerian newspaper *El Moudjahid*, along with "high finance of the Zionist diaspora."

The networks in Morocco, Tunisia and West Africa maintained by Mendes-France are extensive. He is known as the "political godfather" of both Moroccan and Tunisian independence, since, when he was prime minister of France in the 1950s, he arranged the transfer of power for both former French colonies.

There has been a steady stream of Israeli and Zionist visitors to Morocco since February 1977, which indicates a long-term effort to build up contacts between the two countries. In February, Nahum Goldmann of the maverick World Jewish Congress spent a week in Morocco. Then, in March, Andre Chouraqui, a North African Arab who was formerly Deputy Mayor of Jerusalem and an aide to Ben-Gurion, Israeli ex-prime minister, visited Morocco in a move that was arranged by the brother-in-law of Mendes-France. Then, in May, Israeli journalist Amos Kenan visited Morocco on an Israeli passport, which was without precedent, and met with an official of the Palestine Liberation Organization. Kenan, a "leftist" with links to the so-called Israel Council on Israeli-Palestine Peace, is himself involved in a network of Rockefeller and Rothschild circles that recently participated in the round of semi-secret talks between the PLO and Israeli "doves" in Paris, some of which were arranged by Mendes-France.

A Histadrut (Israeli labor federation) official, Shaul Ben-Shimon, also spent a few days in Morocco last week, and a Moroccan delegation went to Israel at the invitation of Israeli Agriculture Minister Uzan.

The Soviet Angle

There is little doubt that the USSR was involved in the Moroccan affair from the start. Two weeks ago, Morocco announced that the USSR and Morocco had signed a huge, multi-billion dollar trade deal exchanging Moroccan phosphates for Soviet oil. This deal —, in turn, was reportedly part of an arrangement whereby Morocco agreed to withdraw its troops from Zaire, where they had been threatening Angola, a close Soviet ally in Africa. The deal followed the visit to Morocco of a top Soviet foreign ministry official.

The ownership of Morocco's phosphates is itself linked to a complex web of Arab and Spanish interests which includes the Spanish state-owned INI combine and the Libyan Arab Foreign Bank, whose chairman, now a member of FIAT's board, lives in Madrid at the headquarters of the Banco Arabe-Espanol. In turn, the Libyan, Kuwaiti and possibly United Arab Emirates interests are tied to London and Paris circles, including the Rothschilds — but for the most part not the New York banks and the Rockefeller faction, which is based, ever more shakily, in Saudi Arabia.

Also important in this connection is Rumania, which has been serving in the recent period as a Soviet bridge to the Middle East, including Israel, with which Rumania has diplomatic ties that the USSR lacks. For instance, Agriculture Minister Uzan of Israel recently visited Rumania and Portugal.

The pattern of the Morocco affair follows a possible precedent set in 1956 by Habib Bourguiba, then and now the President of Tunisia and a close friend of King Hassan and Senegal's President Senghor. At that time, Bourguiba launched a similar diplomatic initiative toward Israel that was rebuffed, but a book written on that affair by Samuel Merlin, an ex-Irgun veteran, claims that the forces behind Bourguiba then — likely the same as those behind Hassan today — are the following:

* Harold Wilson and other members of the British Labour Party, who met at Wilson's home in 1965 with Israelis and with members of the West German SPD. An SPD delegation, not from the faction associated with Willy Brandt, then visited Tunisia and Israel, including Hans Jahn, Hans Dingels and Hans Wishevsky.

* Nahum Goldmann and the World Jewish Congress, whose London representative A.L. Easterman maintained close contact with Habib Bourguiba.

* Pierre Mendes-France, whose Israeli contact was Foreign Minister Abba Eban.

* Malta Prime Minister Dom Mintoff, who in 1965 tried to mediate between Egypt's Nasser and the Israelis. Today Mintoff is a leading spokesman for the concept of a Mediterranean Pact.

It is to this group, backed by the Lazard interests and other bankers of West Europe, that the Soviets are proposing to strike a deal over the Mediterranean and a new financial system. Two important diplomatic visits may signal that the pace of that initiative is stepping up. First, Yasser Arafat suddenly flew down to Senegal to meet Senghor, who is close to Hassan, and who — according to Israeli radio — offered to mediate between the Arabs and Israel. Second, a 12-man Soviet delegation of scientists arrived in Israel this week for meetings with Israelis as part of a symposium underway in Tel Aviv.

Rockefeller Sabotage

There are some indications that Rockefeller and the Carter regime have set into motion a number of counter-operations to block and confuse the impact of the King Hassan move.

The networks that have been activated include the Willy Brandt wing of the West German SPD and Second International, and the liberal-radical magazine *Le Nouvel Observateur* in France. According to informed sources, Brandt is seeking to move into the Moroccan-Israeli rapprochement to chair a meeting on Arab-

Jewish affairs with Mendes-France. Yesterday Brandt went to Zurich to address "Jewish leaders" there on Arab-Israeli ties. Reportedly, Brandt is working alongside *Le Nouvel Observateur*, the French weekly heavily controlled by Rockefeller and the Institute for Policy Studies.

Both Brandt and *Le Nouvel Observateur* may now attempt to attach themselves onto the overall Mediterranean process like parasites to weaken the momentum of what has been set into motion.

—Bob Dreyfuss

Arabs Move Toward 'Unified Political Plan'

Egyptian Foreign Minister Ismail Fahmy completed two days of talks with the Soviet leadership June 10, including a meeting with Soviet Communist Party Chairman and Premier Leonid Brezhnev. Reversing months of deteriorating bilateral relations, the two parties agreed to strive for a Geneva Mideast conference early this autumn, and to establish closer coordination of positions over the coming months. According to the British Broadcasting Corporation, the Egyptians and Soviets agreed to take "certain concrete measures" to improve bilateral ties, which undoubtedly involve the renewal of Soviet shipments of military spare parts to Egypt and means for ironing out the thorny problem of Egyptian debt owed to the Soviet Union.

These crucial bilateral talks were the highlight item in a week of numerous key steps taken by Arab leaders toward the formation of what the Cairo press is calling a "unified political plan" by the Arabs. Catalyzed by the Soviets, the Iraqis, and leading North African states, this diplomacy is oriented toward securing an effective Arab sector voice at the June 15 Belgrade CSCE talks.

The overriding short-term focus of the momentum toward political unification is to work out solutions for the many regional intra-Arab quarrels which have detracted from an effective Arab sector move toward formation of a new non-dollar-based new world economic order. As this process is unfolding, the vanguard Arab forces in Iraq, Libya, and elsewhere, and their backers in Western Europe and the Soviet Union, will have a powerful voice in influencing the strategic decisions of the Saudi Arabian ruling family in monetary and related affairs.

Before Fahmy left for Moscow — itself a change in site from earlier plans to hold the meeting in a "neutral European city," as per Egyptian urging — an aura of expectation was building in Arab circles that the talks would be taken *very seriously* by the Egyptians.

On the eve of the talks, Egyptian President Anwar Sadat made the highly irregular gesture of publicly praising the Soviet leadership for the recent dismissal of Soviet President Podgornyi. "Thank God the Soviet leaders discovered the reality of this man and removed him from power," Sadat told Cairo's Middle East News Agency. According to sources in the U.S. intelligence community, Podgornyi had been originally removed in part because of his failed policy toward the Mideast in general and toward Egypt in particular.

Egyptian economic czar Abdel-Moneim Kaissouny, who has been very close to International Monetary Fund and New York banking circles for the past decade, this week warmly praised the Soviets in public. Kaissouny was trying to lay the groundwork for a forthcoming attitude on the Soviets' part in regard to Egypt's debt repayments to the Comecon sector.

For the first time in months, contacts were renewed this week between leading Egyptian and Libyan circles, something that the Soviets have been striving for for many months. A meeting between Sadat and Bachir Rabeti, the Libyan head of the until now moribund United Arab Republic of Egypt, Libya, and Syria, was favorably publicized in the government run Egyptian press, which had previously been a conduit for wild attacks against Libyan leader Muammar Qaddafi.

During the following days, Egyptian Prime Minister Mamdouh Salem will meet with Libyan Foreign Minister Oteibi, BBC reported June 5. On June 9, the Iraq News Agency reported that Qaddafi and Sadat will meet this weekend in Tobruk, Libya.

Qaddafi is also trying to resolve an ongoing controversy between his country and neighboring Tunisia involving control over disputed oil resources. Meetings between the two countries' leaderships, possibly through the mediation of the pro-Libyan ex-Prime Minister of Tunisia Mohammed Masmoudi, are being arranged, and one high ranking official in the ruling Tunisian Destour Party declared that "the process of reconciliation is ongoing." Qaddafi received extensive praise in the Soviet military newspaper *Red Star* for his gestures toward Tunisia.

Libya was the location of recent efforts to mediate the bitter dispute between Iraq and Syria. At a late May Islamic Conference in Tripoli, Syrian Foreign Minister Abdul-Halib Khaddam made a sudden appearance, giving Qaddafi a basis for arranging Iraq-Syria contacts. Since that time, the *Christian Science Monitor* reported June 6, Syria has begun to tone down its attacks on Iraq.

The paper also reports that Syria has begun to supply Soviet-supplied arms to the Egyptians via the port of Tartus.

Iraq and Gulf Security

Iraq has been a prime motivating force for regional Arab political and military coordination and for the establishment of Persian Gulf security arrangements.