

Syrian aircraft did come to blows ... The whole thrust of his article should be viewed as perhaps the clearest public exposition of Israel's "Eastern Front" strategy. UNIFIL officials take it seriously.

Schiff wrote, "Israel began a new kind of warfare against the Palestinians, forsaking the old policy of reprisals for one of relentless attacks, anytime, anyplace. It is certain the Israelis will continue these methods, although it may resort to others, such as sending in land forces as in the Litani operation (the March 1978 invasion) but on a bigger scale.

"Even if Syria does not swallow such an operation, Israel should not be afraid of a collision with Syria...."

What Israel will do is keeping everyone guessing, but that it will be something on a big scale—what the Russians and others call "Litani II"—is a belief which has taken deep root....

The Syrian press warns regularly that it will stand by its patriotic obligation to protect Lebanese and Palestinians. Even more alarming would be a Litani II that brought Israeli forces up to the territorial Red Line. This would jeopardize Syria's whole military presence. It would also, Beirut observers believe, carry the following Israeli message: "Fight us if you dare. But you are on your own. Your Army would be completely destroyed. We advise you to negotiate. ... But this one would be entirely on our terms—Pax Israelica, not Pax Americana.

French initiatives in

Reaching advanced stages, French plans to build a "Euro-Arab coprosperity zone" broke into the front pages of the country's press this week, provoking an immediate reaction from Washington.

President Carter's National Security Council under Zbigniew Brzezinski has reacted by launching a secret investigation focusing on French diplomacy in the Persian Gulf, according to the daily Kuwaiti newspaper *Al Qabas*. For the first time since 1945, the investigation—which is said to place particular emphasis on oil-for-technology exchanges and French military cooperation with the states in the region—identifies a Western European nation as a potential "security threat" to the United States.

The "Euro-Arab coprosperity zone" is only the tip of the iceberg of an overall plan that includes major technology transfers, including nuclear plants, industrial development reaching into the entire Third World sector and the institution of "Phase II" of the European Monetary System, which calls for setting up a fund based on the gold-backed European Currency Unit (ECU). This plan comes under the general heading of French President Giscard d'Estaing's call for a "Euro-Arab-African dialogue."

The first major break in this story occurred on Aug. 1 with the publication of a front page article in *Le Matin de Paris*. The information in the article was, according to its authors Henri Laurent and Jean Leclerc, confirmed by "Arab diplomatic circles as well as by French political and industrial circles." *Le Matin* reported that

... For several months we have witnessed a deployment of efforts for the constitution of a Paris-Baghdad-Riyadh axis, the beginnings of a possible Euro-Arab "coprosperity zone." Coprosperity based on an objective convergence of interests....

Giscard is seeking to institute a Euro-Arab consultation mechanism which would form the first pole of the Euro-Arab-African rapprochement whose concept he launched in the beginning of the year ... The European countries which, led by France, maintained a chilly reserve towards the Israeli-Egypt peace treaty would, in this "Giscard plan," take a favorable position toward the search

Mideast viewed as threat by Washington

for a global settlement of the Middle East crisis ... The Nine [members of the European Community] are playing their ace cards to sell their nuclear plants and other equipment goods. And why not one day pay their oil bill in ECUs, that currency born out of the constitution of the European Monetary System?

Following this article, the dam broke, with a series of articles in the French and other European press appearing each day, describing the steps taken towards realizing these proposals. Concretely, a proposal was made by Kuwait and transmitted by letter to Giscard proposing the convening of a conference this fall between the oil ministers of six Arab countries (Saudi Arabia, the United Arab Emirates, Kuwait, Bahrein, Iraq and Qatar) and the ministers of industry of the EC member nations.

By Aug. 7 *Le Matin* was able to report:

Mana Al-Oteiba, Oil and Mine Resources Minister of the United Arab Emirates and current president of OPEC, confirmed yesterday that "the energy ministers of the member states of the EEC and those of the Gulf will be meeting soon." He did not give a date or place for this meeting which, according to him "must not be limited to energy problems alone, but must be extended to the political and economic areas of joint interest."...

Further details were provided by *Les Echos* Aug. 7, which points out how the Irish are moving in favor of the French proposal:

The Irish presidency of the European Economic Community will do everything possible to facilitate France's task in its contacts with Kuwait for the preparation of [the] conference this fall... The French government is tirelessly pursuing its efforts in view of concretizing the "Euro-Afro-Arab" rapprochement called for by the President of the Republic. After the success of Paris's diplomatic offensive vis-à-vis Baghdad, the different contacts with Saudi Arabia; and Giscard d'Estaing's stop-over in Abu Dabi, the center of

gravity now seems to be in Kuwait. The Oil Minister of this country was recently in Paris, and last week the Emirate press gave great publicity to a joint Franco-Kuwaiti initiative for Euro-Arab cooperation....

Chancellor Schmidt's West Germany has also been active in this drive. Over the past two months, Foreign Affairs Minister Hans Dietrich Genscher made official trips to half a dozen Middle East and Gulf states, following the footsteps of earlier French diplomacy in the region. More recently, however, concern has been expressed in the French press that West Germany may be unwilling to get involved in the front lines of a battle with Washington.

According to Arab sources in Paris who spoke with this news service, President Giscard has received the go-ahead from the Arab countries to work out the remaining details for a Euro-Arab Monetary Fund. According to the same source, who reported that this plan would be made public soon, the new system will incorporate Islamic humanist principles which prohibit usurious interest rates on credit. The system, he said, would have some amount of gold backing. All available evidence points to the institution of a new monetary system, which would directly undercut the monetary and financial hegemony of the International Monetary Fund and World Bank controlled by the City of London and Wall Street, and has been left on the back burner for months following threats from Washington to European officials that any attempt to buck the IMF would be interpreted as a "security threat" to NATO. This is exactly what the National Security Council's new "investigation" implies, but this time, Europe appears not to be deterred.

President Giscard himself is planning an official trip to the Arab Gulf, notably the United Arab Emirates and Kuwait by the end of the year. This would lock up a region which until now was tightly secured by the British. But London's deployment of the Muslim Brotherhood in Iran and neighboring states has made these traditional British bastions think twice about who are their allies and enemies.

—D. Sloan