

Mideast economic crisis could result in war

by Thierry Lalevée

The riots on May 15 at the University of Yarmuk in Jordan, were as significant as the tension between Israel and Syria of recent weeks. Pushing aside the talk of regional war for a few days, the Yarmuk events pointed to the fragility of the economic situation of most of the Arab States, and how easily such a situation can be manipulated. Indeed, it dramatically confirmed Israeli Premier Shimon Peres's assessment of the necessity for his proposal, a regional Marshall Plan.

At the root of the riots was the return to Jordan and the West Bank of tens of thousands of skilled workers from Gulf countries which can no longer employ them. The massive unemployment striking the Gulf region has already cost several hundred million dollars in remittances to Egypt, for example. Egyptian workers have either stopped sending remittances home or are coming home—with no prospect of employment.

Deficit in Kuwait

Though precise data are unavailable, the state of affairs in Kuwait—one of the wealthiest sheikhdoms—underlines the crisis in the region. For the first time in over 20 years, the Kuwaiti government had to withdraw several billion dollars from the reserve fund originally established for the country's development into the next century. Even after the withdrawal, Kuwait expects at least a \$5 billion deficit this year. At the beginning of May, Kuwaiti Finance Minister al Kharaji announced that the country may withdraw its funds in the West to invest them in "Third World or communist countries."

The declaration was not taken that seriously by Western bankers, but it does reflect Kuwait's deep economic crisis. The most exposed companies have been going under by the dozens since the end of last year.

As an unfortunate rule, bankruptcies in the Gulf have led to chain reactions in other countries. In Jordan, for example, one of the most prestigious banks, Bank Petra, collapsed. Hit hard are hundreds of money-changers who have financed business and trade across the West Bank, Jordan, and the Gulf. With \$54 million in debt, Saliba Rizk, one such money-changer, committed suicide in early May. His suicide led to the bankruptcy of the Amman-based Musa Qarsua money-changer company, "threatening to set off a chain reaction which may endanger the savings of thousands of West Bank residents," reported the *Jerusalem Post* May 16.

It is in this situation that Peres's Marshall Plan proposal,

Joint Arab-Israeli development projects funded by the nations of Europe, the United States, and Japan to a total of \$25 billion over 10 years, assumes its importance. Although largely blacked out of the Arab press for political reasons, it is quite clearly being closely considered in Arab capitals. The Saudis, for one, in their London-based newspaper, carried an interview with *EIR* founder LaRouche on the subject of Peres's proposal—a clear signal on the matter.

Assad and Hussein

Over a period of a year, because of both its own difficulties and the rapid decline of financial aid from the Gulf countries, Amman has been unable to meet its obligations on economic investments in the West Bank. Hence, when its university students were confronted with the simple fact that graduations and diplomas would give them no job inside the country, their rage could be easily manipulated into politically motivated riots.

Three intertwined forces were doing the organizing: the Islamic fundamentalists of the Islamic Liberation Party, who consider Yarmuk their student headquarters; the Jordanian Communist Party; and the shadowy "Committee for the Defense of Liberties and Democracy in Jordan," teleguided from Beirut by Syrian-puppet terrorists Nayef Hawatmeh and George Habash. Though some elements within the PLO and some Israelis—for different reasons—are not unhappy to see Jordan's King Hussein coming under pressure, the political message originated in Damascus, and had much to do with the tension between Syria and Israel.

According to several intelligence sources, Syria's Hafez al Assad made precise demands on King Hussein during their meeting in Amman in the first days of May. Fresh from Belgrade, where he had reportedly received assurances from a Soviet military delegation that Moscow was about to deliver ultra-modern MiG-29s as well as the advanced SS-23 medium-range missiles, Assad urged Hussein to join in any war that might erupt. Specifically, he argued that, expecting an Israeli attack against Syria across Jordan's Umm al Qis plateau, Jordan should allow Damascus to have its own radar-installations there to monitor Israeli military concentrations. Of course, it is useless to install radar without protecting it—Amman should agree to receive SAM missile batteries, too.

Whether Assad actually expected Hussein to agree to such a proposal, and transform Jordan—not Syria—into target number-one for Israel, is dubious. The proposal sent a message to the Israelis as to the extent of Syrian war readiness. Hussein, of course, refused, but diplomatically argued in favor of a reconciliation between Egypt and Syria. A week later, Syrian Defense Minister Mustafa Tlas was in Amman meeting with a low-ranking delegation from Cairo. Given Tlas's considerable loss of power and prestige within the Syrian leadership, the discussions predictably went nowhere. A few days afterward, the Yarmuk riots erupted, as a reminder of Hussein's precarious situation.

Assad's grandeur design

The events show that Syria's Assad is committed not only to a regional war with Israel, but to asserting his leadership of the entire region. While preparing for war, he is also making the necessary diplomatic and political compromises to ensure that whenever it happens, Syria won't stand alone. After manipulating the breakdown of negotiations between the PLO and Jordan last February, Damascus has now offered a reconciliation to the PLO leadership, including Yasser Arafat. For several months, Hafez's brother and security chief, Rifaat al Assad, who has kept a pro-PLO image, has been periodically deployed to Paris to meet with such PLO officials such as Arafat's number-two, Abu Iyad.

A Syria-PLO reconciliation? At what price? Damascus makes no secret that it is offering the Kingdom of Jordan to the PLO, provided they reach a compromise with Syria's pet Palestinians. Already, Hawatmeh, Habash, and a few others have sent feelers to Arafat.

Though Arafat is considered too shrewd a politician to accept from Syria a present it cannot deliver, the breakdown of the talks with Jordan and the disastrous economic situation on the West Bank make for an explosive mixture. On May 17, the Jerusalem correspondent of *Le Figaro* quoted West bank Palestinians saying that they "didn't need Ariel Sharon" to be reminded that Hussein's "Hashemite dynasty was put in power by the British" colonial forces, and that "Jordan is Palestine," according to the motto of one Sharon-connected Israeli extremist organization.

Assad looks to the next war not because he has any chance to win it. Rather, he knows that if he were to deploy his missiles against Israel, both Washington and Moscow will have to come to the rescue to avoid a wider and more devastating conflict. Though he doesn't expect Moscow to intervene militarily, a political intervention of Moscow will be in his favor, and will give his regime political stability. Negotiations, which are certain to ensue, would at minimum confirm Syria in its present position in Lebanon.

Israel's military debate

Assad's grey cells are working so hard that they seem to have been overheard in Tel Aviv. According to observers, Israel's Peres is to be believed when he says that Israel doesn't want a war with Syria—at least for now. Indeed, Peres is above all committed to his Marshall Plan proposal, and has gone very far in trying to appease, or rather, neutralize Assad.

"They are smelling quite a trap," says one source. Even a limited Israeli strike against terrorist groups in Lebanon's Bekaa Valley could be used by Assad to unleash a regional war. Israeli officials are thus convinced that if there is to be war, its aims cannot be limited. It must drive Syria backward 10 years and create enough social and economic chaos to overthrow Assad. That's food for thought, for Assad, and his delusions of regional grandeur.

Facts Behind Terrorism

Italy loosens its ties to Libya

by Paolo Raimondi

On May 10, Italian Prime Minister Bettino Craxi, speaking at the opening ceremonies for the new airport in Genoa, stated that "Tripoli knows already our decision to react with military means against any threat to launch an attack against us." This made it clear that Italy, under the pressure of events, had decided on its own to wage a serious fight against Libyan terrorism and to reject in particular Libyan dictator Muammar Qaddafi's blackmail.

The decision came after the Tokyo summit of May 3-6, which issued a hard-hitting resolution against terrorism naming Libya by name, but Italy had made up its mind days before, when it became obvious that Italian national sovereignty was mortally threatened by the provocations and insanity of Qaddafi.

A shift in relations

Although only the beginning, these steps represent a turning point in the compromised relations between Italy and Libya—which had been an Italian colony for several decades, until the close of World War II. If Italy, under pressure from pro-Libyan Foreign Minister Giulio Andreotti and the powerful Italian Communist Party, were now to return to the old compromises, this would mean a strategic backdown to Moscow.

The government is taking a series of quick and effective measures to stop the Libyan terrorist networks by exposing an incredible network of high-level Italian accomplices. The authorities have prepared contingency plans to evacuate all Italian diplomats and workers on Libyan territory. Of 12,000 Italians working in Libya at the end of last year, only 3,000 now remain.

Economic repercussions

Qaddafi has signaled his intentions to use the workers as potential hostages; recently, he expelled 25 Italian diplomats without any motivation. As part of the decision to break with Libya, the so-called economic repercussions are also being taken into account, to the tune of approximately \$800 million that could be lost by Italian firms.

The first step to prevent Qaddafi's terrorist provocations would be the complete dismantling of the Libyan, Syrian, and Iranian terrorist networks operating on Italian territory.