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Middle East Policy Survey

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a bi-weekly report on Washington and the Middle East

EXECUTIVE BRANCH

THE US, THE SOVIET UNION AND THE MIDDLE EAST

Increasingly, US policymakers find themselves confronted with the specter of the Soviet Union when dealing with major Middle East issues. In the Persian Gulf, the prospect of having to share escort duty with the Soviets prompted the Administration to take on the full burden of the Kuwaiti reflagging effort. After the Stark incident raised public and Congressional alarms about US naval vulnerability, the Administration intensified efforts to involve the United Nations in the mediation of the Gulf War. And that, of course, provides for a major Soviet role via the Security Council.

Even on the Arab-Israeli conflict, once an exclusive US preserve, Administration policymakers now must contend with the Soviet Union. Moscow's enhanced role on this issue stems from what is generally acknowledged to be a more aggressive and able foreign policy team assembled and led by Mikhail Gorbachev. One of the first Middle East moves taken by this group was exploration of contacts with Israel, largely avoided since the break in diplomatic relations in 1967. Now with a consular delegation on extended visit to Israel, the Soviets can boast of having better contacts than the US with all parties to the conflict.

US experts also note that the Soviets have become more active in arenas traditionally closed to the US. These include internal PLO maneuverings where Moscow was instrumental in arranging for this year's Palestine National Council "unity" meeting. Moscow also scored a success in April when it was able to persuade the Syrians to meet with the Iraqis (under Jordanian auspices). Although according to informed sources, the Syrians have yet to respond to Iraq's written proposals, future meetings may be in the offering. Next on the intra-Arab agenda for the Soviets may be an even more ambitious attempt to mend fences between Syria and the PLO. PLO Chief Yassir Arafat is scheduled to visit Moscow next month and some US analysts expect the Soviets to pursue the effort at that time.

The focus of much of this Soviet maneuvering is the prospect of an international conference on the Arab-Israeli conflict. The Soviets clearly do not wish to be left out of another potential round of peace talks as they were during the Camp David process. Most recently the Soviets pursued the conference during the discussions with US officials in Geneva early this month.

US officials appear satisfied with the talks, noting they were not only relatively free of polemics, but went well beyond the usual diplomatic exchange of views. They admit that major gaps still exist, such as the question of Palestinian representation and the Soviet insistence that Israel agree in advance on the terms and extent of its eventual territorial withdrawal. But they were impressed with Soviet willingness to accept the need for direct negotiations between the Arabs and Israelis. [However, US officials did not inform their Soviet counterparts of the latest proposal from the Arab side. A joint Palestinian-Jordanian delegation expanded to include Egypt.] Said one normally skeptical US official, "The Soviets [at Geneva] took the maximum first step."

A SOVIET-ISRAELI DIALOGUE?

Beyond question the most impressive Soviet move, reiterated at Geneva, and demonstrated on the ground in Israel, is their effort, as one well-informed US official puts it, "...to set up a regular political dialogue with the Israelis." For some time a number of key Soviet officials have privately admitted that breaking diplomatic relations with Israel in 1967 was a mistake. They were aware as one US expert put it, "By cutting themselves off from one party to the dispute, they [the Soviets] left us as the only possible go-between."

However, having committed themselves to what increasingly became the extremist Arab position [no ties with Israel], the Soviets found the road back to Tel Aviv a difficult one to negotiate. Says one US expert, "This fossilized Soviet leadership was fearful of antagonizing their major Arab ally, Syria. So they did nothing - like in a lot of areas, both domestic and foreign." This all changed with Gorbachev. For example, Gorbachev chose the occasion of Syrian President Hafez Assad's visit to Moscow in April, to announce that, "It is abnormal not to have relations with Israel."

However, long before Assad's visit, Gorbachev had already set in motion a series of diplomatic steps designed to establish a regular political dialogue with Israel. First, eastern bloc allies such as Hungary and Poland were encouraged to begin consular talks with Israel. Early this year the Soviets started manipulating the flow of Soviet Jewish emigration from the Soviet Union. [In May 1987 for example, the number of Soviet arrivals in Israel exceeded the total for all of 1986. June arrivals, however, were half the May figure.] Another inducement offered by Gorbachev was the prospect of departures of Soviet Jews via Bucharest, instead of the usual stop in Vienna. By going through Rumania, the Soviets were, in effect, giving Israel one of its most sought after goals - passage to Israel without allowing the emigrants the option of going to the US. And according to Israeli sources, last month, without prior notification, a group of about 50 Soviet Jews arrived in Tel Aviv via Bucharest. "Overnight Gorbachev showed the Israelis he could solve their dropout problem," said one State Department analyst. "Pretty impressive," he added.

SLOWLY, SLOWLY

Now with a Soviet delegation in Israel ostensibly to inspect their property and tend to passport holders, Moscow has further increased its impact on the government in Jerusalem and on the Israeli people. Says one Israeli official, "The Soviet Union itself strikes a responsive chord, particularly among older Israelis. It forces the government to recognize that ultimately there are links between the two countries that must be dealt with."

Although the Soviets have made clear they are not ready to offer a reciprocal visit (as Soviet diplomats point out and Israelis acknowledge there is no Israeli property in the Soviet Union to inspect and no passport holders to care for), there is talk of the possibility of a "private visit" by an Israeli notable, such as the dovish former Defense Minister Ezer Weizman.

US and Israeli analysts conclude that this step-by-step approach has had the effect of neutralizing Arab anger. In addition, the Israelis in particular believe that long-term strategy, always a hallmark of Soviet Middle East efforts, is aptly suited for their maneuverings with Israel. Says one Israeli analyst, "The Soviets want and need to learn first-hand how Israel works. They've been away a long time." And this analyst points out, "The Soviets don't need to be in a hurry. They don't have November '88 elections."

MIDDLE EAST

SOFTLY, SOFTLY IN THE GULF

Caution has also been a hallmark of Soviet policy in the Persian Gulf. Under Gorbachev they have carefully nurtured ties with a number of Arab Gulf states. Having maintained formal diplomatic ties with Kuwait for more than twenty years and having supplied sophisticated weaponry for Kuwaiti defense, they were well-positioned to receive last autumn's request for assistance from Kuwait. [It can never be known whether the Soviets would have accepted Kuwait's offer to reflag 5 of the 11 tankers the US now has responsibility for. When Washington learned of that offer, the Kuwaitis were told that we would take all 11 under any conditions, including the ships remaining under Kuwaiti flag.]

Now the Soviets are happily taking a back seat to the highly publicized American escort operation. Says one Soviet diplomat with undisguised satisfaction, "We are watching you put yourselves in a corner. And you are heading there with the speed of a cruiser." Some US officials reluctantly concede the Soviet advantage. "They [the Soviets] are sitting pretty because we have given them an opening," says one US analyst. Or as a career US diplomat puts it, "This hard-nosed Administration is now left to petition the United Nations and request Soviet help."

USING THE UN

At Geneva, say US officials, the Soviets showed a willingness to continue to be helpful at the UN. Specifically, they take this to mean support for a follow-up resolution invoking sanctions against either of the warring parties [presumably Iran] which does not abide by the cease-fire called for in the first Security Council resolution. However, in a subsequent communication from Moscow, this time in a letter from Gorbachev to President Reagan, the Soviets, according to US officials, were not so forthcoming. The new position was characterized this way by one senior US official, "The letter didn't show opposition to another Security Council resolution."

There is both a long-term and a short-term strategy behind increased reliance on the UN, say Administration officials. In the long term, those Administration officials concerned about the open-ended nature of the US commitment to Kuwait, see an expanded UN role as a way out. They expect Kuwait to become increasingly uncomfortable with its high-profile alliance with the US. They also believe other Arab Gulf states already ill at ease with the kinds of cooperation they have been forced to undertake with the US, will press Kuwait to reconsider. "At some point, we hope that a number of forces will come together," says one high-placed US official. "At that point, if we have the UN deeply involved, we can offer Kuwait an alternative to confrontation with Iran."

But long-term planning, never one of the Administration's strongest suits, is not a primary preoccupation with US officials with responsibility for the Gulf. But for them as well the UN figures prominently. The first objective of their UN efforts is to see that the cease-fire prevents attacks on shipping for as long as possible.

KEEPING THE CEASE-FIRE

Some Administration analysts believe that Iran will not resume its attacks on neutral shipping as long as Iraq refrains from attacking Iranian shipping and the key oil terminal at Kharg Island. One analyst notes that for the 3-week period after the mistaken attack on the USS Stark, a shaken Iraqi leadership halted all air attacks on Gulf shipping. And Iran did likewise. This analyst concludes, "The Iranians are

as good as their word. They won't attack as long as they aren't attacked." Moreover, this analyst says, "The ball is now in Iraq's court."

AN UNCOMFORTABLE IRAQ

Clearly the Iraqis are uncomfortable with the perception that Gulf shipping and by extension the US Navy is safe from Iranian attack as long as Baghdad observes the cease-fire. The Iraqis fear that their insistence on observing a cease-fire only if it is comprehensive will be lost on the American public and press. They assume Iran will reject the cease-fire. - "Just as soon as we accept," said one well-informed Iraqi. But they acknowledge a point made by a number of US analysts that when Iran violates the cease-fire, it will be in a modest way and on the ground between the two opposing armies. As one US official puts it, "The Iranians will continue, probably until next year, their low-level probing." The consensus among US analysts is that another major Iranian offensive is at least 6 months away.

Further complicating the problem for Iraq is Administration prodding to observe the cease-fire for an indefinite period. As one well-placed US official puts it, "We're not telling the Iraqis unilaterally to stop. But we are pointing out that the logic of the situation requires them to do so." The "logic" this official refers to is something the Iraqis are all too well aware of - "There is political advantage to be gained and lost by how Iraq responds to the UN cease-fire resolution," as one well-placed Administration insider puts it.

The Iraqis have not yet answered. But one well-connected Iraqi diplomat this week provided a clue to Baghdad's probable strategy. "We will make it clear that it is Iran which breaks the cease-fire." And this diplomat states as a belief what may in fact be a hope that if the tanker war gets underway again it will immediately provoke Iranian-backed terrorism against the US. "And terrorism," says this diplomat, "will insure that Iraq isn't blamed."

BREAKING THE CEASE-FIRE?

In support of this Iraqi contention, most US analysts agree that terrorist attacks against individual Americans, not military action against the US fleet will in all probability be the form Iranian retaliation takes. Says one expert, "The Iranians will most likely go after a 'soft target' - a cafe in the Gulf frequented by American servicemen or 'the old 3:00 a.m. attack on Citibank.'"

These kind of attacks, note the experts, are much harder to trace back to Teheran. And these experts believe that the Iranian leadership genuinely fears US retaliation. "This isn't like Vietnam," says one US analyst, "The Iranians pay for their weapons in hard currency. They don't want to be forced to pay again for their Silkworms. [The Chinese-supplied Silkworm missiles are considered the most likely initial target for US retaliation.]

In refuting the Vietnam analogy, another analyst points out that for all their rhetoric against the US, Iran's main enemy is still Iraq. And this expert observes, "I have trouble seeing how Iran's main goal [defeating Iraq] is served by an all-out confrontation with the US." This analyst and other US officials believe the view from Teheran could be different if a power struggle developed in which one side sought to gain by fighting the US. Radicals used their approach in 1979 when they took over the US embassy in Teheran. "But now," says one analyst, "The whole gang is on a roll."

Still, few analysts will completely discount the possibility of Iranian attacks. One of the most convincing arguments put forward is that the US has laid down an irresistible challenge to Iran. As one analyst says, "They may feel compelled to confront us."

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MIDDLE EAST

A LAND-LOCKED IRAQ ?

"We may be witnessing the end of Iraq as a Persian Gulf state," commented one US analyst. With its surprise crossing of the Shatt al Arab waterway and swift capture of the strategic port city of Faw, the Iranians, in the view of a number of informed analysts, could soon be in a position to bar Iraq from the Gulf. Although Iraq has been denied effective access to the Gulf since the beginning of the war 5½ years ago, continued Iranian military presence on the Faw Peninsula would be a devastating psychological blow to Baghdad's standing in the region.

STRATEGY AND TACTICS

Military opinion is divided over whether the Iraqis will be able to dislodge the now sizeable (approximately 25,000 man) Iranian force dug in around Faw. However, there is a consensus that until now, the Iraqis have managed their efforts very poorly to say the least. Iran's tactics and strategy are, on the other hand, widely applauded.

To begin with, all observers, including American (via satellite photos) were fooled about Iranian military intentions. Although a major offensive had been expected almost anytime from the end of January, most observers predicted the attack would take place in the Marshlands considerably to the north - at the site of previous Iranian efforts. While the Iranians had massed their greatest concentration of forces in that area, they had also, according to US analysts, continually moved troops north and south along the border in order to disguise their preparations. Further complicating observation was a series of storms which obscured US satellite photography immediately prior to the attack. This bad weather also frustrated Iraqi attempts to stem the attack in its early stages, by limiting the use of their vastly superior air force, according to Arab sources.

However, US and other analysts believe that the weather was the least of Iraq's military problems. "The Iraqis were just plain lax," says one well-informed US official. A European diplomat concurs, "They were slow in getting started and made a real mess of it." Iraq's Arab allies are even harsher in their assessments. "The Iraqi military is well-trained and well-disciplined. It has the numbers and the equipment," says one Persian Gulf diplomat. "It is just that they are not free to use their force when and where they must. The problem is the Iraqi [civilian] leadership."

One reason analysts offer for the Iraqis being caught off-guard was that the Shatt al Arab waterway was expected to be a formidable barrier to the Iranians, particularly considering the weakened state of their navy and air force. In fact, subsequently, that fast-flowing waterway has prevented the Iranians from building a bridge to resupply their

forces at Faw. [Iranian military engineers managed to construct one bridge over the waterway, but its central support almost immediately collapsed.] As a result, one US analyst concludes that the elements, far from inhibiting Iraq, have proven to be a boon. "Nature," he says with some hyperbole, "is Iran's most formidable opponent."

PROSPECTS

On the ground, the Iranians are now facing a major Iraqi build-up according to some official estimates, ranging as high as 50,000 first line troops (unlike the 2,000 or so garrison soldiers the Iranians quickly overran and captured in the first days of the offensive). However, US military analysts note that with the Iranians now dug in on the defensive, Iraqi attempts to dislodge them will be costly. And it is a fear of casualties, which in the view of many observers, has so far dictated the flawed Iraqi strategy in the war.

Still Baghdad has little choice but to attempt to dislodge the Iranians. Although perhaps originally intended as merely a diversion for a more ambitious attack farther north, Iran's breakthrough at Faw has, in the view of informed analysts, turned it into this year's major offensive. Moreover, should the Iraqis allow the Iranians to consolidate their hold on the Faw Peninsula, there is the more worrisome prospect of a breakout leading to a second front being established south of Basra, the major objective of previous Iranian attacks. Finally, with the Iranians so close to Kuwaiti territory, the possibility looms of expansion of the conflict to the bordering Persian Gulf states.

So far, the Kuwaitis have remained remarkably calm, even with the occupation of Faw which has made Iran practically a next door neighbor. [If the Iranians moved west toward the Iraqi naval base of Umm Qasr, instead of north toward Basra, they would literally wind up on the Kuwaiti border.] The Kuwaitis assert, with some justification according to US analysts, that Teheran has no designs upon them. This, despite the fact Kuwait controls the strategic Bubiyan Island (west of the Faw Peninsula) and more important with Saudi Arabia has recently agreed to continue its financial aid to Iraq (by selling 300,000 barrels a day "on account" for Baghdad).

But the Emir of Kuwait moved quickly to reassure the Iranians by visiting Bubiyan last week to demonstrate Kuwaiti sovereignty (and by implication resistance to any Iraqi designs to occupy it). Moreover, the Kuwaitis argue that Iran's sole aim is to crack Iraqi morale. Specifically, they assume, and US officials agree, the major Iranian objective remains to inflict a defeat on the Iraqi armed forces that would cause political shock waves in Baghdad.

The Iranian success at Faw has not yet caused such an outcome. However, even those analysts who expect the Iraqis eventually to expel the Iranians from their territory believe Baghdad will pay the higher price. "Iraqi morale has suffered and Iranian has soared," suggests one US official. With Iraqi casualties expected to be high, even in the event of total victory, another official agrees, "It is a major blow to Iraq no matter what happens."

FOREIGN REACTION

While the Gulf states profess to be sanguine about their own short term prospects, one US official argues that continued Iranian successes will perforce cause a reassessment of support for the regime of Iraqi President Saddam Hussein. "It bolsters the perception that Saddam is as great a threat to the Gulf as Khomeini," he says. Baghdad's performance is also causing increasing political difficulties for the Reagan Administration. US officials acknowledge they anticipate "hard evidence" of renewed use of chemical weapons by Iraq. US condemnation is expected after the conclusion of United Nations debate on this latest round of fighting.

Another somewhat surprising victim of Iraqi military ineptitude has been Israeli military planning. For years the Israelis have argued that Iraqi strength had to be included in any assessment of the Arab threat. This calculation, often at odds with that of the US intelligence community, was bolstered by Iraqi participation in the 1973 Yom Kippur War. After the conflict with Iran began, the Israelis changed tack and argued that while Iraq might be temporarily distracted, the numerical expansion and battle testing of the Iraqi armed forces that resulted from the war would only add to their capabilities. Now with Iraq exposed as inadequate to deal with an underequipped Iranian adversary, it has become considerably more difficult for Israel to promote this argument. "It certainly undermines the Israeli assessment," commented one well-placed US official. Privately, even the Israelis admit as much. "We have watched the Iraqis for quite some time," said one well-connected Israeli analyst. "We are not impressed."

QADDAFI LOOKS SOUTH

Once again, demonstrating boldness and unpredictability, Libyan strongman Muammar Qaddafi last week backed a new attempt to topple the Chadian government of Hissene Habre. Although Libyan plans for a new offensive by rebel forces in Chad were reportedly in the works for several months, the timing of the military move caught US and European officials by surprise.

"Qaddafi is stretched pretty thin," said one Administration insider, referring to Libya's challenge to both the US Navy operating in the Mediterranean and France, which not only rushed military supplies to help repel the attack, but also bombed an airstrip in northern Chad used by Tripoli to supply the rebels.

FRENCH MOVES

Some analysts believe with parliamentary elections due in France next month, Qaddafi may have assumed that the Socialist government of President Francois Mitterand would be reluctant to intervene as it did in 1983. However, if the Libyans viewed the upcoming elections as a restraining influence, political considerations probably had the opposite effect, according to US officials and European diplomats. "Mitterand could not afford to look weak to his opposition," said one European source. "He had to neutralize Chad as a campaign issue." [This source pointed out that the French president is still criticized for his 1984 agreement with Qaddafi which called for the removal of both French and Libyan forces from Chad. Three days after the French withdrawal, US satellite photos discovered that the Libyans had returned and had reinforced their original positions in the northern half of the country.]

Although Administration officials credit France with "check-mating" the Libyans, they do not rule out the possibility of a new offensive by the Libyan-backed rebels. Qaddafi, they report, has urged a renewed attack. In response, the French have sent a small "deterrent force" to Chad along with fighter aircraft. They have also provided Ndjamenai airport with a sophisticated air defense system and have reinforced their 1,500-man garrison across the border in the Central African Republic.

US POSTURE

US officials are clearly pleased with the swift and decisive French action since, in the words of one Administration source, "it adds credibility to the US position" against Qaddafi. These officials were particularly complimentary about Mitterand's decision to bomb the Libyan-built airfield at Ouadi Doum and impressed with the precision of the military operation. While Washington will accelerate delivery of \$6 million in military aid to Chad, US officials insist that the Administration will "not get out in front" of the French. This "supportive" role is justified, in part, on the grounds that the Administration does not want to be accused of looking for an excuse for further moves against Qaddafi. Moreover, in the effort to gain international support for American

sanctions against Libya, it would not be to the US advantage to take the lead. "We don't want to turn Chad into a US-Libyan issue," said one official.

Should a US confrontation with Libya occur, US sources predict it may come next month when a third aircraft carrier, the USS America, joins the Coral Sea and the Saratoga in naval and flight operations north of Libya. While the Pentagon opposed the crossing of US forces into the Gulf of Sidra (Qaddafi's so-called "line of death") during the last two maneuvers, some Administration sources expect an incursion this time. "We would look pretty foolish if we didn't cross," conceded one Defense Department official. However, this official anticipates initial operations along the northern edge of the Gulf line to determine whether Qaddafi would engage in combat before the ships actually entered the disputed waters. "It will be a game to see how close we can get before drawing him in," he said.

HUSSEIN CALLS IT QUILTS

By announcing that Jordan was breaking off a year-long effort to reach a joint diplomatic strategy with the PLO, King Hussein publicly confirmed what many Administration officials had predicted weeks ago - an end of the ill-fated peace process. US and Arab officials were told of Hussein's impending speech earlier in the week. And Osama el-Baz, Egyptian President Hosni Mubarak's senior adviser, was dispatched to Amman in an effort to dissuade Hussein. "Mubarak still thinks he has a prize in Arafat," noted one Arab analyst sourly.

Well-placed diplomatic sources assert that Arafat's latest rejection of UN Security Council Resolution 242 was foreshadowed three months ago when the PLO held its last Executive Committee meeting in Baghdad. According to one informed source, Arafat and his senior aides opposed the resolution and reaffirmed their demand for "self-determination." Moreover, Arafat emphasized the importance of coordinating strategy with the Soviets who ultimately urged the PLO to reject US and Jordanian formulas. Much of the meeting reportedly involved discussion of the political situation in South Yemen and the PLO's role in promoting relations between Moscow and Abu Dhabi. "The PLO is interested in everything except its own problems," said one frustrated Arab diplomat.

Administration officials were surprised and dismayed when Hussein revealed the details of an important US concession. They now acknowledge that the Administration agreed not to oppose an invitation by the UN Secretary General for the PLO to participate in an international conference once Arafat endorsed 242 and renounced terrorism. Some Administration officials admit that this concession could be considered a serious erosion of the US position. However, they note that Assistant Secretary of State Richard Murphy, was under strict instructions not to compromise on the more important issues of 242 and self-determination.

FUTURE OPTIONS

US officials and diplomatic sources, while noting that Hussein's speech was welcomed in Damascus, rule out a major strategic shift by Jordan toward Syria. However, they also dismiss the possibility of Hussein joining a peace process with West Bank Palestinians, a move characterized by the King as a "separate settlement."

Noting that Hussein's speech, in the words of one US official, "foreclosed no options," a number of well-placed analysts believe that eventually the Jordanians and the PLO will resume their dialogue. "Nothing in the Middle East is ever concluded," said one Administration official. However, in the view of Arab sources, time will not favor Arafat. Although the PLO leadership is now expected to "close ranks" behind its chairman, Arafat is still left with a dwindling number of allies in the region. "The PLO, including Arafat, could be forced back to Syria," concluded one diplomat.

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CONGRESS

CONGRESS TO SET A PRECEDENT

Next week, both Houses of Congress will, for the first time, vote resolutions of disapproval against an arms sales package. The sale of \$354 million in military equipment to Saudi Arabia is expected to be rejected by an overwhelming majority of the Senate on Tuesday and by a similarly wide margin in the House of Representatives the following day. In fact, Congressional sources in both chambers predict a greater than two-thirds majority.

Senate Democrats confidently expect more than 70 votes against the sale. And they note such an outcome would represent the widest margin against the President on any single issue since 1981.

Republicans and Democrats agree that this "severe thrashing" is the result of a conscious Administration decision to adopt a "veto strategy." "They left it [the sale] up here to get kicked around," says one key Senate aide. In so doing, Hill sources say the Administration is relying on the persuasive powers of the President to line up 34 Senators to sustain a veto.

Administration officials, in acknowledging the veto strategy, further allow they will mount no more than a token effort in the House. "It's too hard to work the House," says one senior State Department official. "We just don't have the manpower." Instead this official asserts, "It's easier to get the '6 year guys' to turn around."

However, some sale proponents in the Congress and the Administration are increasingly worried that the strategy may backfire. "We've never let anything go this far before," said one worried Administration official. An angry Congressional supporter of the sale criticizes Administration "arrogance." "They assume they can 'walk it back' from 75 votes. They could be wrong."

THE JEPSEN PRECEDENT

Sale opponents chime in with a number of arguments that lend credence to these concerns. To begin with, they note that any Senator who changes his vote to sustain a Presidential veto runs the risk of losing all the political benefits gained in the first place. A number of Congressional sources cite the example of former Senator Roger Jepsen (R-Iowa), who in 1981, after opposing the AWACS sale reversed himself and in so doing, helped provide the Administration with its narrow margin of victory. "The ghost of Roger Jepsen is walking the corridors," says one sale opponent.

Jepsen's subsequent defeat, argues another sale opponent, also shows that the political damage caused by an abrupt turnabout goes well beyond the Middle East as a campaign

issue. "Most people don't care about the vote, per se, but rather the cynical and two-faced image a Senator projects by changing his position overnight," he says. Senators who have recently joined the opposition cite their unwillingness to get caught like Jepsen as reason for their delay, according to Congressional sources. [Opponents now have 65 public co-sponsors and they say the private backing of two additional Senators.]

Senate opponents also threaten to make life difficult for any Senator who changes his vote by reviving the issue as an amendment to other important pending legislation such as the Contra vote. "If a Senator wants to 'give one' to the President, he may have to be prepared to give again and again," says a Senate opponent.

State Department officials scoff at these threats. "Nobody wants to vote on Saudi arms 38 times," says a State Department insider. "And everyone knows the first time around, this is the cheapest vote in town." The justification is put somewhat more delicately by one Congressional sale proponent. "I voted my conscience and then gave one to the President."

Lost in the legislative maneuverings is much of the substance of the debate. "We know we can't change single vote on substantive grounds, laments one State Department official. "And we have a good case." This official argues that at a time of increasing polarization in the Arab world over US actions against terrorism, it is important for the Congress to "differentiate between radicals like Libya and moderates like Saudi Arabia." But even this official concedes, "We don't want [the Senators'] hearts and minds, just their votes."

UNHAPPY SAUDIS

The absence of serious debate, and for the time being serious politicking, is also not lost on the Saudis. Saudi Ambassador Prince Bandar, a fixture in previous arms sales fights, has been notably absent from Washington this time around. This has led to some speculation about Saudi disenchantment not only with the course of the arms sale fight, but the entire relationship with the US. At the very least, State Department officials assert that Bandar does not want to be personally associated with an embarrassing setback.

Another irritant for the Saudis is the obvious lack of enthusiasm for the sale on the part of key US officials. Last week Secretary of State Shultz had to urge National Security Adviser John Poindexter for a greater White House effort, according to State Department officials. And these officials assert that Shultz himself has never been one of the leading proponents of the sale. "I guess it's hard for anybody to get excited," said one sale supporter. "The President is on his way to Tokyo and the Secretary of State has a lot of other issues on his mind."

But because of the President's undoubted persuasive skills, the conventional wisdom among supporters and opponents alike is that the Administration will be able to pull off its "veto strategy." Some observers believe the President can change even ten Republican Senate votes, if necessary. However, considering the formidable opposition which one reliable vote-counter says is "approaching a critical mass," both sides are now prepared to be impressed.

EXECUTIVE BRANCH

LIBYA: STILL TALKING TOUGH

With the President preparing to take his case against Libya and terrorism to the Tokyo summit, the threat of military action has receded temporarily. This has led some observers and foreign diplomats to conclude that the Administration is prepared to give the allies time to implement sanctions against the Qaddafi regime.

While US officials acknowledge their desire for allied cooperation, they insist no option has been ruled out - even temporarily - in what amounts to an all-out fight against the Libyan strongman. For example, these officials note that a planned attack on a US officers' club, foiled by Turkish authorities, included among its intended victims American women and children. If the attack had succeeded, the US almost certainly would have launched a military retaliation, they say.

Should military action be undertaken, it is now assumed that cooperation from the British will not be sought. If, however, Administration officials are aware of Prime Minister Thatcher's political difficulties, they show no similar sympathy for French sensibilities. One US official states categorically that the Mitterand government last December agreed in principle to US overflights against Qaddafi. [This official allows that with the election of a conservative prime minister, Mitterand for domestic political reasons may have decided to go back on his promise.] US officials also dismiss Paris-based reports that the French government would have been prepared to go along with a more ambitious attack against Qaddafi.

The French respond that it is not in their "tradition" to offer a "blank check" for any American military action. Moreover, they assert that reports of Mitterand's willingness to assist in stronger measures against Qaddafi was meant to convey a French desire for what they consider more effective covert operations against Libya.

MILITARY PLANS

Although Secretary Shultz has called for increased covert activity against Qaddafi, overt military operations continue to be studied. One apparently attractive option is for an attack against Libyan oil facilities. While some American military experts assert that such attacks are ineffectual, ["It just provides extra work for Libyan plumbers," said one skeptical military planner], others insist that strikes against oil pumping stations could cause the collapse of the Libyan oil industry. Adding to the likelihood of Libyan oil facilities being targeted in any future US raid is the prospect of the withdrawal of American-based companies from Libya, which US officials say is "imminent."

Further US military strikes against Libya would again be designed to avoid hitting regular military units. American planners are still convinced that if opposition is to surface against Qaddafi, it will almost certainly come from the professional military. And, say these analysts, Qaddafi apparently agrees. His long-time concern about the loyalty of his air force (plus perhaps its dismal performance against the US), led to the execution of the air force chief of staff after the latest American attacks, according to informed Administration sources.

Barring a terrorist attack against Americans in Britain, US officials say the F-111s there will remain grounded. That leaves the Navy as the main instrument for a military strike. It is a role, key US officials assert, that delights the senior service. The previous two encounters with Libya have improved the Navy's image and increased its knowledge of a "hostile Soviet environment" say these sources.

The Navy was also fortunate in being able to arrange passage through the Suez Canal for the nuclear powered aircraft carrier Enterprise before the nuclear power plant disaster in the Soviet Union. The Egyptians were nervous about what they euphemistically call "safety measures," and "Chernobyl certainly would have tipped the balance," said one US official.

US officials say the Mubarak government anguished over the decision. However, Cairo's primary concern at the time was not safety, but the prospect as one US official put it, "of some missiles on the Enterprise finding their way to Libya." But according to Egyptian diplomats, it was decided to take the risk since "the prospect of action [against Libya] wasn't imminent."

QUIET ARABS AND HELPFUL EUROPEANS?

Also buttressing Cairo's decision was the only modest degree of popular clamor against the US action not only in Egypt, but throughout the Arab world. State Department analysts, already aware that, in one expert's phrase, "Qaddafi's appeal disappears at a certain level of sophistication," were nevertheless surprised and pleased to find a degree of public support for American policy in a number of countries, including Tunisia and Jordan. Although most of the popular press has expressed what one US official calls "the standard amount of outrage," some mass circulation dailies, including Egypt's Al Akbar, have gone the other way stating, in effect, Qaddafi "got what he deserved."

Moreover, say US officials, the leadership in some Arab countries has been impressed with the US show of resolve. One State Department official cited reports of senior Saudi air force officers delighting in the performance of American pilots and aircraft. In Washington, the Secretary General of the Algerian foreign ministry went ahead with his planned meetings this week with US counterparts.

But one State Department official warns that future US attacks on Libya could force some Arab governments into making what he calls "symbolic" moves against the US. These could begin with harsher rhetoric at the United Nations and lead to the recall of Ambassadors from Washington and even withdrawal of investments in the US (a move already demanded by some members of the Kuwaiti parliament).

Therefore, this official and others are pressing for allied support. They argue that because of Europe's stature in the Arab world, concerted action is a lot less controversial. "The Arabs are more likely to conclude that Qaddafi is doing them a disservice if instead of taking on the US like David versus Goliath, he is perceived to be harming European friends."

Administration insiders believe the European governments may indeed be coming around. In addition to the expulsion of Libyan diplomats, they profess to see the first signs of a move to cut back on the purchase of Libyan oil.

They attribute the new European resolve less to the fear of new American military strikes than to an increasing awareness of the extent of Libyan involvement in terrorist attacks. Says one US official, "Because of their parliamentary system, the European intelligence services in the past have been reluctant to part with sensitive information about Middle East-based terrorism. But after we provided it, the political leadership began demanding and getting the facts."

OTHER TERRORISM

According to Administration sources, the President last week purposefully placed Iran and Syria "on notice" that they too will be held accountable for state-supported terrorism. However, these officials say privately that US intelligence which uncovered the increase in Libyan involvement has also shown a marked diminution in Syrian and Iranian-backed activity. "The Syrians have kept their hands pretty clean," said one senior US official. The explanation offered by a key US analyst: The Assad regime is preoccupied with a wave of its own domestic terrorism related either to its involvement in Lebanon or its long-standing feud with Iraq.

Iraq and Lebanon also figure into the calculation about Iran's lower profile. Iranian financial reserves are stretched thin by its continuing offensive in Faw coupled with greatly diminished oil income, say US analysts. This, they believe, has led Teheran to concentrate its support on terrorist organizations operating in Lebanon's Bekaa Valley, where a highly developed infrastructure already exists.

MEPS SURVEY

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EXECUTIVE BRANCH

THE RAID ON LIBYA

Despite the overwhelming public support displayed for President Reagan's decision to launch air strikes against Libya, senior Administration officials have few illusions about the difficult task ahead. "We believe it was a fundamentally unpopular decision," said one senior Administration official. "This will become clear once the short term euphoria wears off."

With the uncertainty over Qaddafi's condition apparently resolved, Administration strategists reluctantly concede the loss of their long shot chance of his speedy demise. Not that the raid was designed to eliminate the Libyan strongman. "If we had wanted to kill Qaddafi," said one Administration planner, "we would have also hit his residences in Sirte, Benghazi and in the desert." Still, this official admits, eliminating Qaddafi would have been a highly desirable "bonus."

Although some State Department officials hope that Qaddafi has been "sobered" by the attack, most expect him to redouble his efforts to strike at the US. With this in mind, senior US officials expect to engage in additional military operations against Libya.

THE ADMINISTRATION HANGS TOGETHER

In undertaking a long-term confrontation with Qaddafi, the Administration is unified as rarely before. Senior officials at the State Department and the National Security Council have long urged use of the military option against Libya. However, after the evidence of Libyan complicity in the Berlin attack, evidence one senior official termed "pervasive and persuasive," the rest of the Administration quickly fell into line. Although some State Department officials suspect the Pentagon demanded the use of the British-based F-111s in the hope that Prime Minister Margaret Thatcher would turn them down (thereby possibly aborting the entire mission), White House aides insist that Defense Secretary Weinberger was not going to oppose the President this time. "Somewhere along the line Cap put his finger in the air and detected a hurricane," observed one senior aide.

White House sources also say Vice President Bush strongly supported the military strike. They note that Bush, while on his tour of the Gulf, publicly expressed his frustration that during the March encounter in the Gulf of Sidra Qaddafi hadn't put up more of a defense, so the US could have struck back harder, instead of only sinking a few missile boats.

WHAT THEY HOPE TO ACHIEVE

In striking militarily at Qaddafi, Administration officials are in the first instance demonstrating US resolve. "Too many people were saying our words did not match our deeds," said one senior US official. "Considering the magnitude of the challenge, and

the unwillingness of our European friends to help, we had to do what we did," argued another.

Leading advocates of military action also believe the attacks contribute to the destabilization of the Qaddafi regime. For this reason, the military barracks in Tripoli in particular were singled out. "It was the home of Qaddafi's 'Praetorian Guard,' the bastion of his regime," said one Administration planner. "We don't believe Qaddafi can stand this kind of pressure."

For a while this week when Qaddafi's whereabouts and condition were still unknown, even Administration skeptics were prepared to concede this point. "If Qaddafi is overthrown," said one State Department official on Wednesday, "it sure makes monkeys out of us experts."

But by week's end, the doubts along with Qaddafi had resurfaced. To begin with, State Department experts noted that attacks on Qaddafi's "Praetorian Guard" had to be devastating enough to provoke outside opposition. Said one State Department analyst, "The folks around Qaddafi will not become disloyal because of our attacks. On the contrary. Their status depends on Qaddafi's survival. They are like Haiti's Ton Ton Macute. They have nowhere to go without their leader." This analyst speculates Qaddafi "went to ground" in order to "smoke out" the opposition and eliminate it."

Still a number of US and foreign analysts believe Qaddafi has been thrown off balance at home. "His situation is fragile," says one senior US official. "I don't believe he can sustain this kind of pressure." In addition to the admittedly conflicting reports about gunfire in Tripoli, US analysts also point to Qaddafi's one public speech since the attack. "It was conciliatory - by Qaddafi's standards," said one US expert. "He could be frightened by what he has unleashed."

A foreign anti-terrorism expert argues that the most effective way to "cripple" Qaddafi is by "taking out his oil fields or mining his harbors." However, the next best thing is "to keep him off balance," he says. And key US officials assert they have "good options" to do just that. "We are ready to do it again. We haven't hit all the terrorist infrastructure," said one well-placed Administration official.

STRONG OVERSEAS REACTION

It is precisely the potential for future attacks that have US friends and allies deeply concerned. Even the British government, which went furthest in support of the US action, insisted it has given the Administration no blank check. "It was a carefully defined measure of support," said one British expert. Future actions, says this expert, ~~must be~~ "carefully tailored" with economic and political actions in the forefront.

The French government, which banned the overflight of the F-111s, is determined to go its independent course. "We have our own policy in fighting terrorism," said a French observer. "It is discrete and precise."

Lack of American precision was clearly a concern of a number of Arab diplomats and US analysts. "If the goal is to eliminate Qaddafi," said one US expert, "There are better ways than trying to drop a bomb with his name on it."

Clearly, many moderate Arab governments wish to see Qaddafi's demise. But despite repeated explanations that US law forbids the assassination of foreign leaders, many Arab leaders continue to argue for what one diplomat calls "the silent but deadly approach." During his trip to the region, Vice President Bush repeatedly heard complaints about the heavy-handed US approach to Qaddafi and intimations that assassination was the most effective approach.

Says one American expert, "[The Arabs are telling us] we must address it to Qadadfi personally not to the French Embassy in Tripoli." This expert, aware of the legal constraints, calls for "left-handed" cooperation - whereby the US assists other countries in eliminating Qaddafi.

Arab concerns also focus on the precedent of the US publicly "gunning" for an Arab leader. "It is a very severe move when you strike at the leadership of an Arab country," said one Egyptian diplomat. Another Middle Eastern diplomat agreed, adding, "You Americans are setting an uncomfortable precedent for deposing a leader. In effect, you are justifying Syrian attacks on Jordan and Iranian attacks on the Gulf States."

AMERICAN REBUTTAL

US officials counter that the Arabs already have ample precedents for attacking each other. More important, they consider the overall Arab reaction to be relatively mild. One State Department official considers the Arab world's response so far to be "somewhere in between" the reaction to America's two forays into the Gulf of Sidra. "It is certainly more than last month's but less than the reaction to the first time we shot down two Libyan planes in 1981," says this official.

Another State Department expert agrees that the reaction so far is "containable." "The good colonel is not that popular on the street," he argues. While admitting "some hot heads are beating the drum," the reaction to the Israeli raid on Tunis last October "carried more problems for us," he says. This official also advises ignoring the local press - not only in the Arab world. "It's just one more excuse to whip up anti-Americanism," he says.

Arab diplomats also admit there has been a relatively restrained reaction on the part of their governments. The Saudis for example "deplored" but avoided "condemning" the US raid - a fact commented upon by Arab practitioners of diplomatic parlance. In addition, at least three other moderate Arab states have instructed their Ambassadors in Washington to avoid participating in any formal protest to the State Department, according to informed Arab sources. Regardless of the reaction, for the time being, the Administration is willing to go it alone. "We have been and are aware of the unwillingness of our friends to assist us," says one senior US official. Argues another, "We made an effort in January ... we sent [Deputy Secretary of State John] Whitehead and gave the Europeans 'fair warning.'" And while these officials expected some anti-Americanism to result, it was considered, in the words of one key US official, "Just some flapping around."

More important, according to State Department insiders, it is an "article of faith" that public opinion in Europe is much tougher on terrorism than the respective governments. Some Europeans acknowledge this view and add that their governments have been moving towards a confrontation with states that support terrorism, particularly Libya. Predicts one European diplomat, "Maybe not tomorrow or the next day or next month, but eventually the Europeans themselves will be forced to take military action."

CONGRESS

A FORGOTTEN ARMS SALE

Lost in the uproar over the military strike against Libya was the Administration's foundering attempts to provide \$354 million in military equipment to Saudi Arabia. "The problem here is that the Administration can only handle 1 1/2 crises at a time," commented a well-placed observer.

Further distracting the Administration were last week's parliamentary maneuvers over aid to the Nicaraguan contras. Senior Administration officials, however, promised Congressional supporters of the sale their undivided attention next week.

OPPOSITION MOUNTS

This assistance may not come a moment too soon. Already Senate sale opponents led by Senator Alan Cranston (D-Calif.) have lined up 63 co-sponsors and in the House eleven leading opponents, including California's Rep. Mel Levine, have garnered more than 200 co-sponsors for a similar resolution of disapproval.

Since in both Houses majority opposition is already assured, the question now is whether sale supporters can prevent a veto-proof 2/3 majority from emerging. The first test will come next week when Senate Foreign Relations Chairman Richard Lugar (R-Ind.), a sale proponent, decides whether to risk a committee vote or merely discharge responsibility to the full Senate. Capitol Hill observers consider the latter course more likely if Lugar cannot prevent sale opponents from gaining a 2/3 majority (12-5) in the committee.

LOST OPPORTUNITY

The confrontation with Libya and over contra aid has also prevented the Administration from taking advantage of the opportunity provided by the decision of the pro-Israel lobby, AIPAC, to mount only token opposition to the sale. "We didn't make use of the AIPAC-provided pause - Cranston did," said one State Department official.

Since AIPAC effectively dropped out of the contest, sale opponents in the Senate have added 12 more names to their resolution. Their list now includes 41 Democrats and 22 Republicans.

While some observers conclude that AIPAC's influence has been undermined ("This shows AIPAC doesn't determine what US Senators do," says one sale booster), a number of Congressional sources insist the sale has never been an issue between the US and supporters of Israel. "You can have a sustained debate without mentioning Israel," says one key Senate aide. Adds a House opponent, "It is not the worst sale from Israel's standpoint."

THE DEBATE

If the debate, as opponents insist, revolves around US-Saudi relations, two recent events, the Libyan attack and Vice President George Bush's visit to the Gulf are of primary importance.

The Libyan issue, according to a number of observers, could cut both ways. On the one hand, sale proponents argue now is the time to demonstrate the US may be anti-Qaddafi, but not anti-Arab. "It is time to end the ghostly silence on this," says one Senate sale proponent. On the other hand, the Saudis, if only "deploring" the US action, have nevertheless given additional ammunition to sale opponents at a time when support for the US action around the world has taken on crucial political significance at home.

The Bush trip, in the view of most observers, is an unalloyed boon to sale opponents. His remarks about Saudi oil pricing and his visit there seemingly as a supplicant, is gleefully cited by opponents to the sale. "Bush reminded all Americans how the Saudis have jerked us around," said one Senate opponent. "And he didn't come back with anything."

Most observers believe the key vote will occur in the Senate. There the magic number is 67. Less than 67, in the view of the most determined opponents, means a veto override may not even be attempted. Even 67 may not insure defeat. Some Senators, Hill sources believe, will vote against the Administration only once.

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EXECUTIVE BRANCH

GOOD NEWS FOR THE ADMINISTRATION

Shortly after suffering a major setback in its attempt to provide aid to the Nicaraguan contras, the Administration received some good news. The pro-Israeli community, Secretary of State Shultz was told, would not mount an all out fight against the sale of American weaponry to Saudi Arabia.

Prior to learning this dramatic bit of news, Shultz and other US officials thought they were going to be forced to wage another uphill political battle. Already a letter of opposition circulated by Senators Alan Cranston (D-Calif.) and Robert Packwood (R-Oregon), had garnered more than 50 co-sponsors, according to Capitol Hill sources.

Administration supporters led by Senate Foreign Relations Committee Chairman Richard Lugar (R-Ind.) and Sen. John Chaffee (R-R.I.) had countered with a "wait and see" letter of their own, but most observers conceded that with strong pro-Israeli opposition, the Saudi package as presently constituted would be rejected by the Senate. Some Congressional supporters of the sale were candidly admitting that their strategy rested on the willingness of the President to veto a Congressional resolution and their own ability to enlist sufficient support to sustain a veto.

RELUCTANT COMBATANTS

Caught in the middle of the pending fight was the Israel government and the major pro-Israel lobbying organizations. "AIPAC (the American Israel Public Affairs Committee) doesn't think this one is worth fighting," said one Senate proponent of the sale. Confirming this view, one leading pro-Israel activist declared, "This is not the issue on which to break your sword."

The Israeli government was, if anything, less anxious to do battle with what they regard as the most sympathetic US Administration in memory. Moreover, the Israelis admit after the embarrassment of the Pollard spy affair and their firm opposition to a Jordanian arms package, Jerusalem, in the words of one well-placed Israeli, "...is just not looking for a fight."

Prime Minister Shimon Peres, who has developed a warm personal relationship with Secretary of State Shultz, and is held in high regard among a wide spectrum of US Middle East experts, has been trying to distance himself from the fight. Although he has repeated the standard Israeli line of opposition to the US providing arms to Arab countries not at peace with Israel, privately he and other Israeli officials have let it be known they wish to abstain from the dispute.

This position has led the Administration to conclude that the Israelis did not consider the arms sale a major security concern. Said one Pentagon official, "It is just

plain wrong to argue that the Israelis believe this package impacts on their security." Apparently the pro-Israeli lobbying groups in Washington reached the same conclusion. "It's a marginal sale," admitted one leading pro-Israel activist. "And the Israelis judged it not to be a threat."

THE NEW ARGUMENTS

However, the pro-Israeli groups will continue to attempt to frame the debate in purely US-Saudi terms. "We consider the arms sale to be bad US foreign policy," says one pro-Israeli activist. "What have the Saudis done for us lately?" he asks rhetorically. A parallel argument offered by Senate critics focuses on the contents of the \$354 million package, Stinger, Harpoon and Sidewinder missiles. "The Saudis don't need weapons against planes, but against hordes," says one Senate opponent referring to Iran, which is painfully weak in the air, but has deployed massive ground forces. This opponent therefore concludes, "The Administration has seized the moment" to promote a long-intended sale.

Administration officials counter that the Stingers, in particular, have a symbolic value to the Saudis, concerned about recent Iranian military victories. "They are the 'magic carpet' in that part of the world," says one US official. Downplaying the charge of opportunism, this official notes the proposed sale of 800 Stingers is the balance of an offer of 1200 Stingers first made in 1983, 400 of which were delivered under the President's emergency powers during the mid-1984 "tanker war" in the Gulf. Finally, State Department officials argue that the Stingers would have practical military value should a Gulf expeditionary force be required for the defense of Kuwait. The Saudis, it is asserted, would carry the mobile Stingers with them into battle.

PRACTICAL IMPACT

After learning of the decision by pro-Israel groups to back away from the fray, Administration officials were talking of an easy victory. While Democratic opponents were still bravely predicting they could muster 51 votes, some informed observers believe the issue now will never come to a vote.

If this is indeed the case, it will be welcome news to a number of Administration officials who did not relish the prospect of once again trying to devise a workable strategy. With their abrupt withdrawal of the Jordanian arms package and their botched attempt to initially provide a wider range of arms for the Saudis (aircraft, tanks and helicopters), a number of Administration insiders acknowledge they have laid the groundwork for substantial opposition.

Some officials argue the Administration should have proposed a larger Saudi package and then compromised - "preemptive capitulation" in one official's words. Instead, this official comments, "We capitulate, but never preempt." Congressional opponents acknowledge such a strategy could have been viable and the flat refusal to compromise undercut the Administration position. Finally, Administration political strategists were worried about the timing of the presentation. The statutory 30-day period of Congressional consideration begins on April 8, the day hundreds of AIPAC political activists descend on Capitol Hill for their annual lobbying campaign. "At the very least, we could have forced them (AIPAC members) to make two trips to Washington," said one bemused Administration official.

Some Congressional opponents and pro-Israel activists had hoped for compromise. But Administration officials flatly ruled it out. Two suggestions, restrictions on Saudi use of the Stingers by prepositioning them at American bases in Europe or eliminating the Stingers entirely were rejected out-of-hand.

Some Congressional sources remain skeptical about the ability of the pro-Israel lobbyists to remain non-combatants. Moreover, they argue that the pro-Israel forces cannot

control their most fervent supporters. "AIPAC can't deliver on a compromise if one Senator introduces a resolution of disapproval," asserts a well-placed Senate source.

And in fact, leading pro-Israel activists admit they are still opposed "in principle" to the sale. But with Peres, who is scheduled to visit Washington during the first week of April and AIPAC, both privately pledging not to "fight all out," it is difficult to envision the once expected major confrontation.

MIDDLE EAST

SHOWING THE FLAG IN THE GULF

"The Bush visit is more significant than thousands of Stinger missiles," said one Gulf state diplomat in referring to the Vice President's trip early next month to Saudi Arabia, Bahrain, Oman and North Yemen. Although described by US sources as merely a "showing of the American flag," the Bush mission reflects mounting concern both in Washington and the region over Teheran's recent military successes and threatening rhetoric against Gulf states supporting Iraq. "It's helpful to have a little hand holding," said one informed analyst. "And Bush does it well."

According to well-placed US officials, plans for two separate trips to the region by the Vice President have been in the works for more than a year. Originally, however, Bush was to have visited Israel, Egypt and possibly Jordan. But with the collapse of an Arab-Israeli peace process and the flare-up in the Iran-Iraq war, the travel plans were reversed. These sources, also recognizing the potential political cost of visiting Saudi Arabia as Congress begins debate on the missile package, report the Vice President's "intent" to visit Israel, Egypt, and perhaps Jordan, within the next six months.

KUWAIT AND NORTH YEMEN

Notably absent from Bush's present itinerary is Kuwait, which has been the major, and most vulnerable, target of Iranian verbal attacks. According to reliable sources, Kuwait was excluded at the recommendation of Secretary of State Shultz. These sources point out that a major purpose of the mission is to reaffirm support for those Gulf countries which maintain the closest of relations with the US. "It's a question of priorities," said one State Department insider. Another official was more blunt, arguing that Kuwait should not be "rewarded" for its nonaligned foreign policy and past efforts to undermine strategic cooperation between Washington and Gulf sheikdoms.

At the same time, US and diplomatic sources assert that the Kuwaitis themselves had not requested a Bush stopover and most likely are relieved that the Vice President is bypassing their country. "A Bush visit would be more of a provocation [to Iran] than reassurance for Kuwait," said one State Department expert. US officials report, however, that the Administration is still planning a gesture of support, albeit less dramatic and visible. Assistant Secretary of State Richard Murphy will stop in Kuwait before joining the Vice President in Riyadh.

If Kuwait is conspicuous by its absence on the Bush trip, the decision to add the more remote Sana to a Gulf tour is equally noticeable to a number of US and Arab analysts. Several observers have raised Bush's Texas oil connections. [The Hunt Oil Co., headquartered in the Vice President's home state, maintains exploration rights in North Yemen.] But several Administration officials offer more substantive reasons for the visit, including North Yemen's recent "drift" toward the US and its concern over the civil war in Marxist South Yemen.

THE IRANIAN THREAT

US and diplomatic sources, repeating what they call the "conventional wisdom," still contend Iran is unlikely to launch a military operation against one or more Gulf states.

By so doing, they argue, Teheran not only risks direct participation in the war by the Gulf Cooperation Council (GCC), but possible Western intervention. "It's not in Iran's interest to widen the war, particularly when they are already succeeding against Iraq," said one US analyst.

Nevertheless, several informed Administration officials are not dismissing Iranian threats against Kuwait. [In a "confidential" letter last month to UN Secretary General Perez de Cuellar, Iranian Foreign Minister Ali Akbar Velayati warned that continued Kuwaiti support for Iraq would lead to "appropriate reactions" by Iran.] "The Iranians are laying out markers and building a case should they decide to attack," said one informed analyst. One well-placed Arab diplomat concurred. "The Iranians are using Faw as a base to intimidate the Gulf," he said, referring to Teheran's surprise capture last month of Iraq's strategic port city.

But for the time being, well-placed analysts believe that Iran will only gradually escalate pressure on the Gulf states, a likely first step being the resumption of ship searches.

However, several US and diplomatic sources believe if the Saudis maintain their current oil production levels, which have significantly reduced Iranian oil sales and income, the Khomeini regime may eventually pursue what one Administration official called a "go for broke" strategy. "The Iranian war effort needs more than just Islamic zeal," said one Arab diplomat.

One possible target is Kuwait's Bubiyan Island, southwest of the Faw Peninsula. [Velayati, in his letter to Perez de Cuellar, specifically warned Kuwait against any Iraqi use of the strategic island.] Using Baghdad's historic designs on Bubiyan as a pretext, the Iranians, in the view of informed US analysts, could preempt and quickly occupy the island. Once in control of Kuwaiti territory, the Iranians would be in a stronger position, in the words of one US official, "to force the Gulf states to 'tow the line.'"

Although the Saudi-led GCC has pledged forces to defend the Gulf states, US officials and Arab diplomats doubt that Riyadh would commit aircraft and untested troops in an attempt to recapture Bubiyan. One official, however, raised the possibility of a more prolonged battle for the island, which in his view could draw in the GCC and, if requested, American tactical air support. "A number of US officials would like nothing better than to clobber the Iranians," he said. [Arab sources assert that if outside support were requested, the Kuwaitis, in particular, would first turn to the British who, ironically, dispatched troops in 1961 to defend them against a threatened takeover by Iraq.]

THE IRAN-IRAQ FRONT

US and Arab sources now report a military "stalemate" between Iraqi and Iranian forces on the Faw Peninsula. While still offering pessimistic assessments of Iraq's long-term military position, these sources note that Baghdad has weathered a crucial period. Despite suffering a major military blow, the Iraqi army has not shown signs of collapse. At the same time, the Iranians have been unable to break out from the Faw area or mount major attacks farther north against Basra.

While the Iranians are threatening escalation in the Gulf, the Iraqis may have begun to carry out their threat against Iran's economic infrastructure. After unsuccessful efforts to dislodge Iranian forces from Faw, Baghdad has turned its attention to targets inside Iran. During the past week, squadrons of Iraqi planes have attacked an oil refinery at Isfahan, a bridge linking Iran to Turkey as well as a major military plant near Ahwaz. Informed analysts have long believed that Iran's Achilles' heel is its economy. However, noting Iraq's previous short-lived aerial offensives, they still question whether Baghdad has the political will to sustain such attacks.

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MIDDLE EAST

EGYPT: THE FIRE NEXT TIME?

Well-placed US and diplomatic sources have begun to raise questions about the long-term stability of the Egyptian government in the aftermath of last week's riots by members of the security police in Cairo. "These units are supposed to defend the regime," said one diplomatic analyst. "Instead they attacked it." While these sources give high marks to Egyptian President Hosni Mubarak for acting decisively to quash the revolt, they express concern that the deteriorating economic situation that sparked the violence could lead to more serious challenges to his regime.

Despite Egyptian claims of infiltration of the security force by subversive elements, informed US sources assert that the riots were in fact spontaneous. "The Egyptians will want to find a foreign devil," said one senior State Department official. "But there is no evidence." These sources argue that if such a major riot had been planned by what Mubarak called "deviationist elements," the regime's vast security apparatus would surely have uncovered the plot.

US officials readily admit they were surprised by the degree of discontent within the Central Security Force. However, they point out there is little if any American interaction with the policemen, most of whom are illiterate and live what one official calls a "hopeless existence." In hindsight, one Administration analyst characterized the security force as a "natural breeding ground for seditious influences" since its members lack the esprit and the housing of their army counterparts. "Unlike the army, they don't have a stake in the system," added another official.

US officials took some comfort in the willingness of the military forces to rally round Mubarak and, more important, to use their weapons against the mutineers. And Egyptian officials point to the support Mubarak received from all six opposition parties, including the ultra-leftist Unionist Progressives. Several informed analysts, however, argue that the opposition may have backed the government simply out of fear that Mubarak could have used the crisis as a pretext to move against them. Moreover, while these analysts offer praise for the performance of the Egyptian army, they note the rioters not only ransacked and burned hotels, nightclubs and luxury apartments, but were also willing to use arms against superior forces.

MUBARAK'S PROBLEMS

Although Mubarak receives kudos for his ability to handle the immediate crisis, informed US sources express deep concern over Egypt's seemingly insoluble economic problems that have been exacerbated by plummeting foreign exchange revenues from tourism, oil exports, Suez Canal dues and remittances from Egyptians working in the Gulf. "All the economic indicators are negative," said one US expert. Administration sources had credited former Prime Minister Kamal Hassan Ali with instituting important reforms, but contend that the new government, appointed last September, under Prime Minister Ali Lotfy, has slowed their pace.

At the same time, US officials note Mubarak has hardly been rewarded for his recent handling of foreign policy which has been characterized by a series of major mishaps (the Achille Lauro affair and the storming of the Egyptian airliner hijacked to Malta) and failures (the breakdown of the Jordanian-PLO dialogue). "Mubarak has been hit all at once," commented one State Department official. "He is trying to run in place, but he is losing ground."

A number of well-placed US officials lay part of the blame on Mubarak himself, who, while dealing effectively with security threats, lacks both "leadership and charisma." "His training for 25 years was in dropping bombs," said one senior State Department official in reference to Mubarak's career in the air force. "He is not a politician who can balance [political] forces."

In addition, the Egyptian president, unlike his two predecessors has not surrounded himself with a group of visible and forceful advisers who can both implement policy and deflect criticism. "Mubarak is the lightning rod," said one US official. In the view of this official, aspects of the government's liberalization policy have compounded the problem by permitting the opposition press to openly attack the president. [Several analysts believe that, following the latest crisis, Mubarak may conclude the government has been "too soft" and move to curtail certain liberalization programs.]

US officials, while pointing out Mubarak's deficiencies, are quick to argue that there exists no immediate threat to the regime. "No one has extra legal ambitions," said one Administration insider. "Nor is there a seething mass of instability." Nevertheless, informed analysts point out that Egypt's social-economic problems (described by one State Department insider as "two societies and two economies living side-by-side") naturally create major political problems for Mubarak. And the president's inability to manage these problems only increases the chances for further, more serious challenges to the regime.

US OPTIONS

Leading State Department experts, by a number of accounts, vacillate between "despair and hope" in their assessments. Their concerns, however, are reportedly not shared by more senior Administration officials, in part because these assessments are not accompanied by specific US policy recommendations. "This is an Egyptian problem," said one frustrated Administration official. "There is very little we can do." Budgetary constraints prevent the Administration from proposing a debt forgiveness package (an outstanding Egyptian request) on top of the more than \$2 billion in annual American aid. And draconian economic reforms, recommended by the International Monetary Fund, pose unacceptable risks, particularly in the wake of last week's events.

IRAQ IN TROUBLE

"If the Iraqis continue their present strategy, they will lose the war," asserted one key State Department official this week. This official's remarks reflected a heightened concern among a number of US analysts and foreign diplomats that the continued battering the Iraqi army is suffering could precipitate a military collapse.

One analyst likened Iraq's predicament to that of Germany during the last months of the First World War. After four years of virtual stalemate, this analyst noted, the end came for the Germans, not so much as a result of an allied breakthrough, but rather because of the total collapse of the German army.

First World War analogies abound in this conflict, from the use of chemical weapons to the prevalence of trench warfare. The destruction of an elite Iraqi brigade near Faw last week brought forth another such analogy as one US analyst likened Iraqi generalship to some of the worst British commanders. "They [the Iraqis] were fed into a

sausage machine," commented this analyst. "They were attacked on all sides by [Iranian] Revolutionary Guards."

Iraq's static defense has clearly given Iranian commanders wide latitude in planning their offensives, say US experts. The Iranians last week again demonstrated their own flexibility and initiative by attacking and overrunning Iraqi positions in the northern Kurdistan region. Although employing little more than a reinforced brigade (3,000+ men), the Iranians, according to one well-informed observer, got to within "one ridge line" of shelling Sulaymaniyah, the most important town in the region. Should Sulaymaniyah be threatened, US analysts believe the Iraqis would be forced to rush reinforcements north, further weakening their already thinly stretched reserves.

Meanwhile, in the central sector, the Iranians were showing signs of reinforcing their troops concentrations opposing the Iraqi III Corps, which defends the approaches to Basra. However, US analysts do not believe the Iranians are now capable of mounting a major attack there.

Still, what one foreign analyst calls these repeated "stab wounds" are taking their toll in Iraqi morale. For the first time, foreign diplomats talk of "serious rumors" about replacing Iraqi strongman Saddam Hussein. Some analysts believe the replacement of Saddam (in what one observer wryly describes "as a new election in Baghdad - which often proves fatal.") could improve Iraq's battlefield performance. US analysts, however, say that top Iraqi generals also need to be replaced if Baghdad is going to be able to construct a successful military strategy.

HELP FROM THE ARABS?

Perhaps the only positive development for Baghdad stemming from their latest military setbacks has been increased support from the Arab Gulf states. This week, the Gulf Cooperation Council (GCC) issued a strong statement of support for Iraq which for the first time alluded to the commitment of Arab armed forces to defend the Gulf.

US officials believe for the time being, Iran poses no direct military threat to the Gulf. "The Iranians aren't about to go marching down to Ras Tanura," is the way one Administration official puts it. But Teheran's threatening rhetoric and military moves against Kuwait [most recently, two Iranian helicopters harassed a Kuwaiti gunship in the Gulf] have obviously galvanized the Gulf States. "I think the GCC members have suddenly discovered they are parties to a mutual security pact," says one State Department official.

Saudi Arabia's new oil policy has also indirectly assisted Baghdad by forcing down Iranian oil sales and income. "A number of foreign customers are understandably looking elsewhere when the Iranians keep insisting on \$20 a barrel for their oil," commented one State Department official. US officials estimate that Iranian exports are down roughly 50% from last year's level of 1.6 million barrels a day.

HELP FROM THE US?

State Department officials are also looking at ways of indirectly assisting Iraq, the Survey has learned. These officials believe that "Operation Staunch," the long-term US effort to cut off Western military supplies to Iran, has achieved about all it can. Now some officials are exploring the possibility of approaching the Soviet Union with an eye toward curbing the flow of eastern bloc arms shipments - which now constitute the vast majority of supplies reaching Iran.

To discuss this objective a number of inter-agency meetings ("igs") have been held at State Department's request. While the results were inconclusive, State Department officials suggest they will continue to pursue the issue. They argue that an approach to Moscow on the Iran-Iraq war would be in accord with President Reagan's stated willingness to discuss regional issues of mutual interest. While officials acknowledge US and Soviet

goals in the conflict are not identical, neither super power, they say, wishes to see the destruction of the secular, Bathist regime in Baghdad. "The Soviets have been positioning themselves for the post-Khomeini Iran," says one State Department specialist. "But after recent events, they may be more interested in making sure that such an Iran doesn't have a provincial capital in Baghdad."

CONGRESS

SAUDI ARMS: SQUARING OFF FOR ANOTHER FIGHT

Gulf states jitters have prompted a new Saudi request for American weaponry and an Administration decision to seek Congressional approval for a \$350 million package of missiles. "The Saudis changed their position," said one State Department official who noted that until last month Riyadh had not pressed for an early announcement of the long-awaited arms package. While the missiles would not be available for delivery until 1989, the Saudis view their timely approval as a "symbol of deterrence" against Iran.

Fearing a bruising Congressional battle, the missile sale was split off from a more controversial package that was to include 12 Black Hawk helicopters and a \$450 million program to upgrade the Saudi F-15 aircraft. "We were scared," said one well-placed official. "We expect AIPAC [the pro-Israel lobby] to go after a Saudi sale as hard as they did against the Jordan package."

President Reagan, having reluctantly agreed to suspend the \$1.9 billion arms sale to Jordan last month, is reportedly determined to proceed with this package. "He will go down rather than back down," said one official. Administration strategists also point to the backing of Sen. Richard Lugar, the influential chairman of the Foreign Relations Committee, who had vigorously lobbied the White House against the Jordanian arms.

Despite these signs of support, the Administration bowed to opponents of the sale last week when it agreed to postpone the proposal until March 11. While AIPAC and Capitol Hill critics remain opposed to the package, a number of Congressional offices were hoping for a compromise that could satisfy both sides. One formula would be to reduce the numbers of missiles. At week's end, however, there was no indication that an accommodation could be reached.

The only other concession the Administration is so far willing to make is a pledge that no additional weapons would be proposed this year. "We've already compromised," said one Administration insider. "Where are the F-15s? Where are the helicopters?" Another official was more graphic. "If we give the Saudis less, we go from playing with ping pong balls to mirrors," he said. "At that price, it isn't worth winning."

While the Saudi need for such a large number of missiles will be contested on Capitol Hill, the debate is likely to focus on less technical issues. "This is primarily a political sale," admitted one Administration proponent. For a number of Administration officials, the package has come to symbolize the ability of the US to maintain military relationships with conservative Arab regimes. Congressional opponents, led by Sen. Alan Cranston (D-Calif.), plan to challenge the lack of Saudi support for US peace and anti-terrorism efforts in the region. "The issue is not what's in the package," said one Senate critic. "The issue is Riyadh."

Administration officials express even greater concern about Congressional threats to halt the delivery of the AWACS aircraft this summer. "It would destroy our entire relationship [with Saudi Arabia]," said one official. "And become the symbol of US policy in full retreat." Privately, Congressional sources say that Congress is unlikely to block delivery of the planes, if only because the US government would be forced to pay billions of dollars to US companies should the contracts be rescinded.

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MIDDLE EAST

THE US AND LIBYA

"There was always the danger Qaddafi wouldn't fire," quipped one Administration official. But the Libyan strongman fell into a well-laid trap that had been in preparation since January.

The timing of the confrontation was the result of the US decision that three aircraft carriers had to be deployed off the Gulf of Sidra. Although there was agreement within the Administration on the need for three carriers to protect against the threat of a massive Libyan air attack, a number of US officials complained about the timing of the action being dependent upon the Navy's rotation schedule. Said one State Department official, "Nothing short of World War III is sufficient to cause the Navy to disrupt its schedule."

A more serious charge leveled by Administration officials was over the Pentagon's repeated attempts to hamstring the entire operation. "They are masters in the art of delay," complained one State Department insider. Other officials assert that the Pentagon consistently tried to restrain the White House and when on March 14 a final go-ahead was given, they were successful in limiting military actions in the Gulf to what was called "proportional responses." [However, in allowing local commanders to respond to "hostile intent," the Pentagon, in effect, unleashed the attacks on Libyan naval craft.] Finally, Administration insiders contend, Defense Secretary Weinberger cut short the naval maneuvers.

Despite this grumbling, most US officials were elated over the confrontation. "We have crossed a threshold and shown we are willing to take opprobrium from the handwringers," declared one Administration insider. Even normally placid US officials were pleased with the results. They consider the action flawless, indeed as it had to be, since in their view, even one US aircraft loss would have been seen as a victory for Qaddafi.

MIXED REACTION ABROAD

European allies too privately offered their qualified endorsements. They appeared particularly relieved that the US had used its right of free passage in international waters as a pretext for taking on Qaddafi.

Arab governmental reaction was not so upbeat. Fearing Qaddafi's appeal to radical opinion throughout the Arab world, even long-time Libyan adversaries were critical of the US show of force. To many, it was the "half-way" measures embodied in the use of proportional responses that were most ill-advised. "The US allowed Qaddafi to determine the level of action," said one Arab diplomat. This diplomat also noted caustically, "The US destroyed two Libyan planes in 1981 and two boats now. By the year 2000 Qaddafi may begin to run out of sophisticated weapons."

Still US officials note that Arab anger was relatively muted. A Soviet attempt to condemn the US action at the UN Security Council fell two votes short of the nine necessary to force a US veto, State Department officials noted. Only Libya, Syria, Algeria and Kuwait spoke out against the US in the Council. Even one Arab diplomat unhappy with the US action acknowledged, "Qaddafi is such a pariah most of the Arab world only gave lip service to him."

There may have been more resentment than anger in the reaction of some Arab governments. Said one Arab diplomat, "The US gained by muscle flexing, but we moderates will have to pay any bill." Such a reaction was shared by at least some European diplomats whose countries are geographically closest to Libya. Said one, "It is easy for the US to engage Libya and then go home 6,000 miles away. We have to live with the consequences."

However, a number of US Middle East analysts do not see any problems for US friends or allies resulting from the confrontation. One Administration expert asserts Qaddafi will gain nothing. His options to make trouble in Sudan, Chad or Tunisia remain essentially unchanged. And, as for his threats to increase terrorist attacks, says one US official, "We have seen no evidence yet of new moves." In fact, one Administration expert believes Libya's deteriorating economic situation may force Qaddafi to cut back or delay his subsidies to international terrorist organizations.

OUTLOOK

Libya's economic troubles also give hope to some Administration officials that the US economic sanctions may have added effect. In their view, with the fleet departing Libyan waters, a return to economic measures is clearly the best option left for keeping the pressure on Qaddafi. Barring a major act of terrorism explicitly linked to Libya, there are no plans for provocative US military moves in the near future. [Another set of naval maneuvers may be held in the Gulf of Sidra at the end of 1986, say Administration insiders.]

Even in the event of a major Libyan-backed terrorist attack, the Administration will probably face the same kind of internal debates that have raged for years. Says one Administration insider, "We have a list of targets, but terrorists are hard to segregate. Every target includes part of 'downtown something.'" And the relatively "cost-free" nature of the recent confrontation will inhibit future US moves, according to some officials. Says one State Department insider, "We are aware that the next time if international law isn't on our side and we have the increased possibility of sustaining US casualties, we may be in deep trouble."

QADDAFI SCORES IN THE SUDAN

While Qaddafi may have been checked in the Gulf of Sidra, Administration officials concede that the Libyan strongman has been far more successful in challenging the US, as well as Egyptian interests farther south. Taking advantage of the political turmoil in Khartoum ("government workers don't even show up at their offices," commented one US official) and rebel advances in southern Sudan, Libya has expanded its role and influence in the strategically important sub-Saharan country.

US officials are anxiously awaiting the results of this week's multi-party elections, the first since 1968. Not that they expect a pro-Western regime to emerge - the leading candidate, former Prime Minister Sadiq el-Mahdi is a strong advocate of nonalignment. Rather, these officials hope that a new government will pursue more coherent policies.

Since Jaafar Nimeri was overthrown a year ago, the "undisciplined" nature of the transitional military and civilian authorities has led to a power vacuum. "We don't know who is making decisions," said one exasperated Administration official. "The government is not functioning." Another analyst was even more blunt, calling Prime Minister al-Gazouly Dafallah a "tour guide," an allusion to his frequent travels outside the

country. Defense Minister Osman Abdullah Mohammed, he added, is considered in some Khartoum circles to be on Tripoli's "payroll."

SOUTHERN REVOLT

Crucial to Libyan inroads, in the view of US and diplomatic sources, have been the military gains of the rebel Sudanese People's Liberation Army which has recently seized additional territory in southern Sudan. "The government panicked," said one Administration official.

Qaddafi, once a supporter of the insurgents, last month sent two Tupolev 22 bombers on air strikes against rebel-held towns. [It was, ironically, the same Libyan pilots who made a bombing attack two years ago on the main Sudanese radio station outside Khartoum, according to one US official.] In addition to the bombing raids, 300 Libyan army trucks arrived in western Sudan carrying fresh military supplies.

Qaddafi was quickly rewarded for his bold intervention. The Sudanese Cabinet endorsed Libya's claim to sovereignty over the Gulf of Sidra and, more significantly, abrogated the so-called "integration agreement" with Egypt. Several US officials now also express concern that Sudan will permit Tripoli to use its territory for the resupply of Libyan-backed forces in neighboring Chad.

These officials believe, and have informed Khartoum, that Libyan military support will do little to curb the southern insurgents. "At most it will marginally help the morale of the government troops," said one expert. In addition to advice, Washington has also delivered stern warnings about the Libyan connection. US aid, which has totaled more than \$200 million annually, Khartoum was told, may be in jeopardy.

PROSPECTS

The Administration is hoping the new government will steer a more moderate course. Administration officials say that the US established good relations with el-Mahdi when he served as prime minister and that as president he will likely form a coalition with the traditionally pro-Egyptian Unionist Party.

On the other hand, these officials are far from confident. They note that el-Mahdi lived in Libya during his years in exile and while there developed close ties. Moreover, the southern guerrilla movement and fundamentalist political elements pose serious threats to the stability of the fragile regime. Finally, in the words of one Administration official, "The army will always be lurking in the background." This official raises the possibility of a coup attempt by ambitious military officers who have received support from Libya.

ISRAEL AND SYRIA

Despite concern in Washington and Jerusalem over growing tensions between Israel and Syria, US and Israeli sources downplay the likelihood of an imminent clash. "The objective facts haven't changed," said one US analyst. "Syria is not ready for an all out fight."

Israeli warnings to Syria were prompted by President Hafez Assad's speech before the People's Assembly on February 27. In an otherwise routine address devoted to Syria's economic problems and the dangers of "Zionist and imperialist plots," Assad raised the prospect that the Golan Heights would be "in the heart of Syria and not on its borders." Some Israeli analysts viewed the belligerent rhetoric as reminiscent of Assad's statements before the outbreak of the 1973 Yom Kippur War. However, other Israeli sources as well as US officials doubt that the politically astute Syrian leader would risk the consequences of war, particularly in the wake of his recent foreign and domestic "successes." Having crushed the Moslem Brotherhood opposition, Assad, in the words of

one US source, "has never been more secure at home." In foreign affairs, he can take credit for the Israeli withdrawal from Lebanon and the collapse of the Arab-Israeli peace process. "The last thing Assad needs is a humiliation," said one Israeli.

Unlike 1973, Syria now would have to fight alone. "And this time," commented one observer, "Israel won't be caught napping." Despite Assad's ambitious and costly efforts to achieve "strategic parity" with Israel by expanding the army and upgrading weaponry, US and Israeli sources maintain that the Syrian armed forces must still draw from a small pool of technical personnel.

This leaves two equally unattractive military options for the Syrians, according to one analyst. The first, a major military offensive, would be quickly detected by the Israelis. The alternative "cold start" option promises an element of surprise but, in this analysts view, would only achieve "fitful and temporary gains."

Another analyst argued that a Syrian attempt at a quick "land grab" could only succeed if its forces completely overran the Golan Heights and carried the major battle deep into the Galilee. Under this scenario, Israel would be compelled to counterattack within its own territory while Syria reinforced its positions on the Golan. However, he considers Israeli units more than capable of defending the Heights themselves until sufficient reserves are mobilized to repel the attack.

LEBANON

While the Syrians are not seen as mobilizing for hostile action, US and Israeli officials assert that Damascus will continue to test Israel's "red lines" in southern Lebanon. "Assad will try to constantly test the waters without creating a casus belli," said one Israeli. "The danger is that the accumulation of his tactical moves could eventually have strategic implications."

Under the banner of what Assad has called the "glories of martyrdom," Syria, in the view of these officials, will pursue its proxy war of attrition against Israel. "The next major hot spot is southern Lebanon," predicted one State Department insider.

The Israelis are particularly concerned about the growing strength of the pro-Iranian Hezbollah movement. "Hezbollah is not just a terrorist organization but also a political entity," said one Israeli analyst. "It has arms, money and is indoctrinating the south." Moreover, by joining forces with the PLO, whose members are returning in large numbers to the Beirut area, the Hezbollah has successfully challenged AMAL, the mainstream Shiite movement.

By using the Hezbollah, the more radical elements of AMAL and members of the Syrian Social Nationalist Party (SSNP), a number of US officials believe Damascus has put Israel on the defensive inside its designated buffer zone. As attrition increases, the first casualty will be the Israeli-backed South Lebanon Army (SLA), assert US analysts.

Well-placed Lebanese and Israeli sources disagree, arguing the SLA should not be underestimated. While the SLA suffered defections after the Israeli withdrawal from Sidon, it distinguished itself last year in defending the Christian town of Jezzine. "Jezzine proved to the Christians that the SLA was not just mercenaries defending Israel," said one well-informed Lebanese source. In fact, according to this source, a Lebanese parliamentary delegation (comprised of three Shiites and two Maronite Christians) which is scheduled to visit Washington later this month, will press for Israel's total withdrawal but will studiously avoid criticizing the SLA.

Israeli analysts, while acknowledging their options are limited, claim that they have the staying power to maintain a presence in southern Lebanon and the will to exact a heavy price for terrorist attacks. Moreover, in their view, the Hezbollah may eventually pose a greater threat to Syria than to Israel. "A secular Alawite regime in Damascus can hardly afford a major religious force and ideological competitor on its border," said one analyst.

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MIDDLE EAST

STOKING THE FIRES AT KHARG

For the third time in little more than a month, Iraqi war planes last week scored direct hits on Kharg Island, causing extensive damage to Iran's major oil exporting facility. While calling the raids a "measured" escalation of the conflict, US and diplomatic sources nevertheless are concerned that the September 19 bombing represents a dangerous "turning point" in the five-year-old war.

Having severely damaged the "T" jetty on the eastern side of the island in August, Iraq's September 19 attack - the 10th in five weeks - successfully targeted the larger loading facility and pumping station on the western side of Kharg at Sea Island. While billowing smoke from storage tanks and a sinking North Korean tanker reportedly prevented early intelligence estimates of the damage, well-placed US sources now claim that Kharg Island's operational capacity has been reduced to only 1.1 million barrels a day. Prior to the attacks, Iran had reached a "desired" export level of 1.4 million barrels daily from Kharg and an additional 200,000 barrels a day from terminals at the Lavan and Sirri Islands in the southern Gulf. "The Iraqis not only reduced Iran's exports, but also destroyed most of the Island's unused capacity," said one US analyst. "It wouldn't take much to knock out the rest."

SURPRISE SUCCESS

US officials who had assumed a formidable air defense system at Sea Island, were surprised that the Iraqi pilots met so little resistance. One explanation, offered by an Administration expert, is that the longer-range US Hawk missiles were ineffective against the low-level runs and, moreover, are probably in disrepair. Another problem, according to this source, is that the Iranians have yet to absorb their newly acquired short-range Swiss-made Skyguard anti-aircraft system. "The attacks have demonstrated the overwhelming superiority of the Iraqi air force and its ability to strangle Iran," he said.

US and diplomatic sources believe that the timing of the Sept. 19 raid may have been designed to coincide with the 40th anniversary celebrations at the United Nations. The Iraqis, in their view, may have wanted to focus international attention on an otherwise forgotten war. Moreover, a number of informed observers believe that Iran would avoid retaliation elsewhere in the Persian Gulf while the General Assembly is meeting. "It was a good time to hit," concluded one Administration insider.

HOW FAR WILL BAGHDAD GO :

The attack at Sea Island is seen by some US analysts as the first real sign that Baghdad is serious about depriving Teheran of revenue in order to force the Iranian



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CONGRESS

AN UPHILL BATTLE FOR THE PRESIDENT

Despite personal appeals from the President, by week's end prospects continued to look bleak for the Administration's efforts to provide \$354 million in military equipment to Saudi Arabia. "The White House needed to, but didn't get, 3 or 4 Senatorial converts quickly," said one key Senate aide.

The suggestion by Senate Foreign Relations Committee Chairman Richard Lugar (R-Ind.) that the White House seek the support of American Jewish leaders also was seen as a sure indication of weakness. Or as the leading Senate opponent Alan Cranston (D-Calif.) put it, "A sign of desperation."

This suggestion, which Senate sources say was "dreamed up" entirely by Lugar, brought guffaws from Jewish political activists and embarrassment to sale supporters. "Pretty pathetic," admitted one State Department official.

With a Senate vote to override the President's veto likely to occur next week, sale supporters are anticipating more sophisticated and effective lobbying techniques from the White House. "They have to be willing to stick it to somebody," says one key Senate aide. And White House strategists say they are already laying the groundwork by suggesting to Republican Senators, "If you don't support the President on this issue, you will undermine his ability to operate on all issues."

"ARAB-BASHING"

A visceral appeal like this, argue Administration officials, is the only way to combat the emotion laden atmosphere now current on Capitol Hill. "We recognize that what is fueling the opposition is years of resentment at the Saudis," says one White House insider. "We used to beg them and they never did anything for us."

"It is the most virulent form of 'Arab-bashing' I've ever seen," says one sale supporter. And he adds, "A herd instinct is at work."

A somewhat more reasoned analysis is offered by a key Senate staffer. He argues "the major imperatives," notably the need for "safe and secure oil," that have driven the Arab component of US Middle East policy have disappeared. "As a result there has been a complete erosion of pro-Arab sentiment," he says.

The decision by the Israeli government and the major pro-Israel lobby, AIPAC, to, in effect, withdraw to the sidelines has also helped to downplay Israel as an issue in the debate, according to this view. While some sale supporters continue to insist that Israel remains the crucial ingredient ["Members of Congress have been conditioned to give 100% support or they know they're in trouble," says one Capitol Hill aide], some senior

Administration officials admit on the margin where they need the votes to sustain a veto, it is anti-Arab rather than pro-Israel sentiments that are holding sway.

"We're stuck on a symbolic track," says one White House insider. "Sale opponents argue 'terrorism' and we are left with 'the need to support our moderate Arab friends'-- who also happen to get on well with States that support terrorism."

AWACS

A more substantial argument can be made for the provision of AWACS early warning aircraft, say Administration officials. The delivery of the first AWACS is tentatively scheduled for June 28 and Administration officials are preparing their case in anticipation of strong Congressional opposition.

To begin with, they assert that the AWACS is of direct benefit to the US. "We got information from those planes [which] allows you to forget what you think about the Saudis," says one Administration insider. State Department officials say that the US and Saudi Arabia are now working out the details on information sharing for the approximately 18-month transitional period and beyond. "There is nearly complete understanding. We are now just negotiating specifics," says one State Department insider.

A number of US officials note that the AWACS have already provided valuable "real time" information useful to American naval vessels operating in the area. "Only by working with the Saudis can we get this picture," says one area expert. "And they are willing to pay for it," says another.

The Saudis have already paid nearly \$3 billion for the planes, a cost that would have to be met through a supplemental appropriation if the sale were to be cancelled. But according to a number of sources, it is apparently unlikely that Congress will be able to do so.

The leading House opponent of the Saudi arms package, Rep. Mel Levine (D-Calif.) flatly rules out a similar fight against the AWACS. "It's an entirely different issue," he says. And while leading Senate opponents of the arms sale are somewhat coy about their future plans regarding AWACS, privately a number of observers believe, at most, some members of Congress will seek to delay the sale until after the November election.

Because of the \$3 billion price tag for cancellation, Capitol Hill sources also note that a resolution to prevent delivery of the AWACS would be guaranteed to attract sufficient support to sustain a Presidential veto. Moreover, the issue of substance -- what AWACS provide the US -- is not lost on some of Saudi Arabia's most persistent critics. "Missiles are irrelevant. AWACS are important," asserts one Senate source.

FROM WEAKNESS TO STRENGTH

Ironically, if the President carries the day on both Saudi packages some proponents believe that many Arabs will get the wrong message. "It has always been an article of faith in the Arab world that if the President of the United States wants something badly enough, no one can stop him," says one Capitol Hill source.

Another observer believes that such an outcome will reinforce the belief of those in the Arab world who still look back longingly to the aftermath of the 1956 Suez War when President Eisenhower and Secretary of State Dulles forced Israel to relinquish its gains in the Sinai. "It feeds a dangerous delusion," says this analyst. And Arab diplomats in Washington admit even those Arab leaders who recognize the power of Congress in the conduct of 1980s Middle East policy will jump to the conclusion that the President can run foreign policy, if he chooses.

But State Department specialists are less concerned with the Arab nostalgia for "old days" than in their reaction to the new political realities. "The Arabs are 'on' to the fact that we are being forced to withdraw from our fundamental relationships with them," says one State Department insider. "Thanks to Congress we are destroying our credibility in the area." Adds another official, "Congress is whittling with an ax on the fundamental basis of our relationship and there is nothing to put in its place."

MIDDLE EAST

ISRAEL AND SYRIA: RUMORS OF WAR

Evidence gathered by British authorities linking Syria to an attempt last month to blow up an El Al jetliner at Heathrow Airport in London have put both the US and Israel in a difficult position. "We're in a quandry," said one US official this week. "It's difficult to match our rhetoric with the reality of what we are prepared to do."

After senior US officials, including Secretary of State Shultz and Deputy Secretary John Whitehead, as well as Israeli Defense Minister Yitzhak Rabin initially "talked tough" about Syria, other officials from both countries quickly played down the possibility of a military response. At the White House one senior official said privately "Shultz wandered off the reservation on this one." And late this week Shultz toned down his rhetoric. In Jerusalem Prime Minister Shimon Peres publicly sought to dispel the rumors of war, while other officials explained Rabin's threats were merely "hypothetical."

A CLOSE CALL

But the origin of this latest round of sabre-rattling - the Syrian-backed attempt to blow up an Israeli plane - still has officials from both countries deeply concerned. "It was a highly sophisticated operation," said one Israeli who considers El Al "incredibly lucky" to have discovered the bomb in time.

Apparently the explosives and detonator were so well-hidden that it took three thorough examinations of the suspect luggage before discovery. "The security guard deserves a medal," said one Israeli analyst.

More worrisome to the Israelis, was the motive behind the bombing attempt. Israeli officials are convinced that an operation designed to kill hundreds of Israeli and ~~American civilians had to have the personal approval of Syrian President Hafez Assad.~~ "Remember," said one Israeli, "this wasn't just an attempt to shoot some people at an airline counter. They were trying to blow up a fully loaded civilian airliner."

Clearly the Syrians did not expect to get caught. "Assad wasn't about to take credit," said one analyst. And just as clearly, to the Israelis, at least, the Syrians expected Libya to be blamed for the outrage. But it is at that point speculation begins.

Some analysts believe Assad wanted to show the Israelis that they were still the number one target for Arab terrorism. Other analysts argue that Assad was just trying to make good on his threats to retaliate for Israel's forcing down of a jetliner from Libya with Syrian Baathist officials aboard earlier this year.

LONG-TERM PLANNING

But fears of war increased because some Israelis like Rabin took the opportunity of the terrorist attempt at Heathrow to reiterate their concerns about the ongoing Syrian military build-up.

Since their drubbing by Israel in 1982, the Syrians have systematically built up their air defense capability while adding to their already impressive ground forces. This has amounted in Israeli eyes, to an acceleration of a long-term Syrian plan to achieve "strategic parity" between the two countries.

Now what concerns Rabin and other Israelis is whether Assad is prepared to wait for parity or is willing to engage in combat of a limited nature before then. "It gets very complicated trying to figure out the world from Assad's perspective," says one analyst. "Our problem is trying to determine when Assad believes he is ready for war as opposed to when we believe he is ready."

However, on one point most Israeli analysts take a relaxed view. The most recent Syrian military moves in Lebanon are of a defensive nature they say. The new positions being constructed by Syrian military engineers are designed to block any Israeli advance through Lebanon into Syria, these analysts believe. "They are building better defense," said one Israeli military expert this week. And according to this expert, the Syrians have made no aggressive moves near the Golan Heights.

While some US government sources agree there is no immediate Syrian military threat, they are concerned about what one US source calls Syria's "incremental military encroachment." "The Syrians are creeping south [in Lebanon] and moving their missiles around. If the Israelis don't respond, Assad will continue to push," says one source. Even more ominously, these sources warn that any additional Syrian move, no matter how small, may, in the words of one US government source, "be the straw that breaks the Israeli camel's back."

A TERRORIST SPARK?

However, for the Israelis, the most imminent Syrian threat is terrorism. Damascus, not Tripoli is, for them, the center of international terrorism. "I'm sure the Syrians are planning - perhaps more carefully - but still planning new terrorist attacks on us," says one Israeli military analyst. And now that Syria's involvement in the Heathrow incident has been documented to Israel's satisfaction, it is apparent Jerusalem will react to another attempt, successful or not. "The punishment will be terrible," warns one Israeli.

Therefore, it is within this context of terrorism that a number of Israeli analysts express concern over the course of future events. Because as one Israeli puts it, "Since the Syrians know their own involvement in terror, they are bracing themselves for our reaction to it."

Moreover, Israeli and American officials believe Assad feels less secure after the dismal show of support by the Soviet Union for Libya. "Lord knows Qaddafi is feeling insecure and Assad can't be feeling much better," said one US official.

The Israelis, and at least some US officials, however, dismiss as a public relations gambit Assad's latest reported effort to gain the release of US and French hostages held by Moslem fundamentalists. "Assad trots that one out everytime he gets into trouble," said one senior US official. And Israeli analysts argue that while the whereabouts of the hostages may be unknown today, in the past, they were certainly being held in areas subject to Syrian control.

But, say Israeli analysts, this p.r. attempt does show a desire on Assad's part to avoid an immediate confrontation. And taken together with what they view as defensive moves on the ground, Israelis from Prime Minister Peres on down are now willing to dispel the rumors of war - at least for the time being. "We are not talking of war certainly in weeks, or barring a major terrorist incident, probably in months," says one well-informed Israeli. "But I can't venture any further than that."

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EXECUTIVE BRANCH

SECRET TALKS WITH IRAN

The disclosure that the National Security Council staff (NSC), for over a year, was secretly engaged in an effort at establishing a dialogue with Iran has sent shock waves throughout the bureaucracy. In an allusion to the recently uncovered "disinformation" campaign against Libya, one former State Department official commented, "That [disinformation] was deceitful. This is worse. It is deceit of one part of the government against another."

In fact, few officials inside or out of the White House knew of the efforts underway. Most top officials at the Pentagon, CIA and State were kept in the dark, including many whose responsibilities include Iran and terrorism. One CIA official, Graham Fuller, former National Intelligence Officer for the Middle East, apparently became aware of the planning, but chose not to become involved. What Fuller did pursue, according to informed sources, was an inter-agency study designed to examine possible new openings to Iran.

AN URGE TO TALK

The urge to open a channel to Iran was a major motivation behind the secret talks. For a long time a number of key officials at the NSC and elsewhere have sought to establish some kind of dialogue with "moderate" elements in the Islamic Republic, with an eye toward improving relations in the post-Khomeini era. Says one such advocate, "It is not in our interest to be cut off [from Iran]. We need to send signals that we are not implacably hostile."

This long-term goal was given a significant boost last year when President Reagan began to chafe under the pressure from the families of the remaining American hostages in Lebanon. "The maltreatment of the hostages had an impact on Ronald Reagan," said one source, adding, "They were being deliberately maltreated to achieve this end."

US officials also learned after last June's TWA hijacking that Iran, not Syria, had the ability to gain freedom for hostages held in Lebanon by the Islamic Jihad.

So with an alliance of sorts between those who sought an opening to Iran and those who were responding to the President's strong feelings on the matter of the hostages, plans were developed to effect a US-Iranian dialogue. The chief instrument was to be Lt. Col. Oliver ("Ollie") North, deputy director of the NSC's office of Politico-Military Affairs.

North, whose responsibilities and exploits belie his bland title, has been the Administration's point man on a number of controversial matters, including aid to the Nicaraguan contras and the anti-terrorism campaign. His job this time, according to

an associate, "...was to skulk around and find a channel to the Iranians." Adds this source, "Ollie likes that kind of thing."

Meanwhile, Secretary of State Shultz, who did know the general outlines of the secret plans, chose not to become involved. Instead he continued to promote his cherished anti-terrorism policy and preside over what has come to be described as the US "tilt" toward Iraq in the Gulf war.

CAUGHT UNAWARE

Unsuspecting subordinates, blithely unaware of the ongoing dialogue with Iran went on churning out anti-terrorist rhetoric and making plans to move against states (like Syria) which support terrorism. They also kept up efforts to add muscle to Operation "Stauch," the policy of denying weapons to Iran.

"We always knew that the NSC had Iran 'on the brain,'" complained one State Department official this week. "We just never thought they would be stupid enough to allow it to undermine all our other efforts." Said another angry State Department official, "Nixon had Kissinger, Ford had Skowcroft, Carter had Brzezinski. Reagan has chaos." Says one defender somewhat lamely, "We never considered the Iranians would blow the whistle."

A profound misunderstanding of Iran and the revolutionary regime there is one of the major criticisms leveled at the NSC effort. "They [the NSC] don't know the Iranians," says one State Department expert. "These folks are really revolutionaries. They aren't just after the Great Satan. They want to overthrow the Gulf shiekdoms. You just can't do business with them."

Specifically regarding the American hostages, one Iranian expert said, "Like a lot of folks out there, the Iranians would sell their mother-in-law. But unlike the rest, they won't deliver."

FATE OF THE HOSTAGES

A number of Arab diplomats and US analysts agree that the chances are now diminished now for the imminent release of the two American hostages remaining in the hands of Islamic Jihad [the other two more recently abducted Americans are apparently not being held by groups loyal to Iran]. And Arab diplomats note that recent public statements by Iranian leaders indicate they are for the time being content to enjoy their propaganda bonanza and allow domestic pressure build again in the US. [A number of US experts have remarked on how well the hostage-takers "play the US-audience." This, they say, may account for the "special treatment" being given hostage Terry Anderson, whose family has been among the most outspoken. "Anderson is the most squeezable," says one analyst.]

The shadow the hostages cast over the conduct of US policy had not gone unnoticed or uncriticized by a number of State Department officials. "We are twisting ourselves out of shape on behalf of people who shouldn't have been there in the first place," says one State Department insider. "I know this sounds cruel, but someone has to say it, one State Department official declares, "For a handful of Americans, we risk changing the history of the Gulf."

MIDDLE EAST

THE IMPACT ON THE MIDDLE EAST

For the time being, however, senior US officials are trying to maintain the facade that nothing has changed in the Gulf. The "tilt" toward Iraq is still policy and

Operation "Staunch" remains in effect. But while these policies have been reiterated privately, because of the "delicacy of the situation," neither the State Department nor the White House would reaffirm them "on the record" this week.

More important, say Arab and US analysts, no amount of rhetoric can offset the tremendous psychological boost Iran has achieved and the commensurate body blow Iraqi morale has suffered.

A number of analysts had begun to argue recently that with the decline in revenues due to the fall in oil prices plus the aggressive new Iraqi air strikes, Iran's ability to wage war was being significantly eroded. One analyst, noting the increased political infighting in Iran, had speculated that "Teheran was on the verge of unraveling."

Moreover, the difficulty Iran has had in obtaining sophisticated weapons has been due in large part to US efforts through Operation "Staunch." US officials take credit for blocking a major arms deal from the People's Republic of China two years ago. However, Iran and China are now again negotiating, this time for what experts say is a \$1.3 billion sale which would include Chinese manufactured MiG21's (called F-7's). "After our dealings with Iran, it's going to be pretty tough to turn off the Chinese," says one State Department insider.

THE ISRAELI CONNECTION

Even more pleased than the Chinese are the Israelis. As one Arab diplomat puts it, "This [the US-Iranian talks] legitimizes Israeli arms sales [to Iran]." An American official adds, "It's one more chit in the Israeli bank. When the US needed them, they were there."

In fact, the Israelis required little prompting. Their view of the operation could serve as a rationalization for the NSC scheme. Like some at the NSC, the Israelis hold out hope for future dealings with a post-Khomeini Iran. And they argue that a little assistance now will go a long way in the future. "There will be people [in Iran] who will remember the US and Israeli role," says one well-connected Israeli. As for the provision of weapons to a hostile regime like Iran, this Israeli responds, "You have to pay for an open channel."

UNDERMINING THE ANTI-TERRORISM CAMPAIGN

But critics within the Administration charge that the price the US will pay goes far beyond Iran. It strikes at the heart of one of the Administration's top priorities - the war against terrorism. "It tears the guts out of everything we have said and done about terrorism," says one disgruntled US official. "And to think I used to call the French hypocrites."

Concern about flagging efforts to gain European cooperation in the fight against terrorism tops the list of concerns, say US analysts. Asks one diplomat rhetorically, "Do you think the British would have acted so harshly against Syria, if they knew about American dealings with Iran?" [The British have been holding their own moves pretty closely as well. According to informed sources, the British government decided three days before the Hindawi trial in London ended to break diplomats relations with Syria. Washington was informed only hours before the public announcement.]

Even hardliners admit that the problem of dealing with Syria is made more difficult by the Iranian affair. And others are, for the time being, ready to call it quits. "It's the end of the 'get tough with Syria' policy," asserts one State Department

expert. "Let the NSC ressurect it," says another angry official. "Or they can stew in their own juices."

SYRIA AND THE IRANIAN LINK

A number of analysts and Arab diplomats believe Syria blew the whistle on the US-Iranian talks. They note that first word appeared in a Syrian controlled Lebanese newspaper. And they speculate that some disgruntled Iranian officials had passed the information along to Damascus.

The Syrians acted, asserts one US expert, because "they don't like being upstaged by Iran." "They want to be the main broker on hostages and all major dealings with the US," says another US analyst, echoing the sentiments of a number of his colleagues.

Syrian discomfiture may also be increased by the now public knowledge that they are beholden to the Iranians on the hostage issue, says one Arab ambassador. "With the terrorism spotlight on Syria," says this diplomat, "Assad wants to get rid of the hostages." Another Arab diplomat agrees. "Kidnapping is no longer fashionable. It is like hijacking airplanes in the 1970s. It has become counterproductive."

But, suggest some US analysts, it is precisely for this reason that Iran is making a public spectacle of the negotiations. "The Iranians see their ally in trouble. So by arranging the release of the hostages, they get Syria off the hook and at the same time publicly remind them that their relationship is worth maintaining. It is an easy demonstration of mutual need."

MORALITY AND THE NSC

Curiously some of the harshest criticism concerns the morality of the US negotiations with Iran. "It isn't diplomacy, it's treachery," says one analyst. This official and a number of others are clearly upset at the spectacle of US officials providing, even indirectly, war material to the Khomeini regime. "We are, in effect, prolonging the suffering of civilians," says one otherwise hardnosed Administration official.

Another hardline expert who was not aware of the US-Iran talks beforehand, says they can be justified only if Administration representatives had made clear that the US continued to oppose Iranian support for terrorism, hostage taking and threats to its neighbors. But even this key official admits that if the US actually facilitated delivery of weapons to Iran, no amount of caveats would suffice.

Finally, Administration experts somewhat self-servingly assert that the misguided US-Iranian dialogue could only have occurred in the absence of wider expertise. "We are paid to give advice because collectively we know something," says one State Department analyst. "But it doesn't help much if no one tells us what is going on."

The simplest but perhaps the most accurate explanation for the lack of expert advice is given by one White House insider, "You see we have a problem of leaks. So to insure there are no leaks, we see to it that nobody knows anything. Unfortunately that means we exclude all possible expertise."

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EXECUTIVE BRANCH

LIBYA AND LEAKS

The resignation this week of State Department Press Spokesman Bernard Kalb further heightened the drama and controversy surrounding the Administration's campaign against Libya. Kalb's performance drew mixed reviews. Some White House officials said they regretted his departure, while others roundly criticized his media-oriented exit. Said one official, "It was a gross example of self-promotion." Perhaps the unkindest cut came from a State Department official who said the Press spokesman "...was not a player and hadn't been for some time. No wonder he left." Still, Administration officials who were hoping to ride out the storm produced by the Washington Post revelations admitted that at the very least, Kalb's declarations were prolonging their agony.

Among those most directly affected by the continuing publicity was National Security Council (NSC) staffer, Howard Teicher. Teicher, Director of the NSC's Office of Politico-Military Affairs has been singled out in a number of press accounts as one who spoke to the Wall Street Journal in August about the Administration's new anti-Libya efforts. While acknowledging he "backgrounded" the Journal reporter, Teicher vehemently denied he was the original source of the leak.

While it is clear that Teicher did little to dissuade the Journal from hyping its story (that the US and Libya were on a "collision course"), neither he nor his colleagues actively sought to promote it as a true disinformation campaign requires. "No one wrote the Journal's lead for them," said one Administration insider. "As far as I can tell they made it up." Another U.S. official suggests that the Journal got its initial information from unreliable Egyptian and Egyptian-based Libyan exile sources. This official notes that the newspaper byline was shared by the Journal's Cairo reporter.

More important, argue some Administration officials, Teicher and other NSC staffers who have long pursued a tough line against Libya, had little to gain by advertising their increasingly successful campaign against Libya in the U.S. press. Instead, these officials argue, it was more likely Administration dissenters located at the Pentagon, State Department and the CIA who sought to derail Administration policy by revealing it to the press.

INTERNAL DISSENT

Accounts of Pentagon footdragging in the anti-Libya campaign are legion. Defense Secretary Caspar Weinberger and the Joint Chiefs of Staff have stubbornly resisted implementing some of the more active military options.

At the State Department there are those who still doubt the veracity of reports conclusively linking Libya to the Berlin discoteque bombing which prompted the April raid on Tripoli. And there are others who fear that a repetition of military action

will surely undermine US standing in the region. "We were lucky the last time," says one analyst. "But we are playing a dangerous game by forcing our friends to choose between us and a fellow Arab--even an outcast like Qaddafi."

State Department officials also dissent from the NSC view (not to mention that of Secretary of State Shultz) that the US can destabilize Qaddafi by working with Libyan opposition elements. These officials believe that despite deteriorating economic conditions, the vast majority of Libyans remain apathetic. "The citizenry is passive, unarmed, unorganized and unled," says one State Department specialist.

These analysts are also nearly as pessimistic about the prospects for fomenting rebellion among disaffected military units. They note that Quaddafi had created overlapping responsibilities among various security and military forces. Further, they say, the Libyan leader has engineered frequent moves within the military forces. "This makes it devilishly difficult to know kindred spirits," argues one State Department expert.

CIA analysts, who do not dispute the links between Tripoli and terrorist attacks aimed at Americans, nonetheless have their own reservations about the get-tough with Libya strategy. It is, after all, the Agency which bears most of the burden of working with the Libyan opposition. "The Agency is stuck with those bozos," says one well-informed source. "And they can't control every lunatic scheme cooked up. What this means is that inevitably the Agency is going to have to pay a price when reports surface, as they undoubtedly will."

THE POLICY CONTINUES

However, a number of well-placed US officials, including some who oppose Administration policy towards Libya, warn not to let the attention being paid to the press revelations obscure the fact that a tough policy remains in place. "They may come up with some fall guy but 'Amateur Hour' will continue," says one State Department insider. And he adds, "These folks still control the stage on which they are acting out their childhood fantasies."

Administration supporters of the Libyan policy make the same point, though not surprisingly, in a somewhat different way. To begin with, they say that efforts to enlist allied support for the campaign against Libya remain unaffected by recent events. They note that European reaction to the disinformation stories was nearly total indifference (and the Arabs, with the understandable exception of Libya have also basically ignored the furor). Says one State Department official, "Whatever the Press accounts may have been here, Walters' trip made certain that our credibility with the Europeans was not undermined." [UN Ambassador Vernon Walters, acting as a special Presidential envoy, pursuant to the new August strategy towards Libya, visited a number of European capitals in an attempt to enlist further allied cooperation.]

US officials also point out that the Europeans continue to pursue their own interests vis-a-vis Libya, sometimes pleasing the Administration--as in the case of the recent expulsion of Libyan Airline employees from Britain--sometimes with mixed results as with the purchase by the Agnelli family of Libyan shares in Fiat ("a temporary boost to Qaddafi's coffers," allows one US official).

US officials also note that while Quaddafi was able to return unscathed to Libya from his 15-day swing through Africa, his performance "on tour" received something less than raves abroad and engendered little enthusiasm at home. "Most of Africa and nearly all the Arabs would like the sea to swallow-up Quaddafi," says one State Department analyst. "At home his rallies do not generate nearly the amount of support they used to," argues another.

Administration officials take particular delight in Qaddafi's unwillingness to break diplomatic relations with Morocco, despite King Hassan's decision to abrogate the Oujda Accord. "I think Qaddafi feels isolated enough," was one State Department official's reaction.

It is just this sense of isolation that Administration officials say they are attempting to foster through measures which, at least at one time, included disinformation. While, some hardliners may be frustrated enough to promote concepts like disinformation, others say such measures must be seen merely as "blips" in a long term effort. These officials counsel patience, whether talking to Qaddafi's Arab foes ("Who want to know why we don't just assassinate the S.O.B. and be done with it," says one State Department insider) or activists in the White House. "We are simply trying to clip Qaddafi's wings," says one State Department official.

Since 1980, explains one official, two Administrations have gradually isolated Qaddafi, worked to constrain his support for international terrorism as well as his interventionist policies. "First we tried diplomatic and political pressure," says an Administration official. "Then we moved on to economic sanctions, wiping the slate clean with them. Now it is the military option." Another official adds, "We are now making Qaddafi play by our rules. He will get scrap metal in exchange for a suitcase bomb. We will base our actions on evidence that satisfies us and no one else."

MIDDLE EAST

THE US, THE SOVIET UNION AND ISRAEL

Regional issues are not expected to figure prominently at this weekend's US-Soviet summit in Iceland, say key Administration officials. Arms control and human rights will. But these officials are aware that the human rights issue could have an impact on one region--the Middle East. "The question of human rights is 80 percent Soviet Jewish emigration," says one State Department official. "And since the Soviet Union has begun showing renewed interest in an Israeli connection, we are aware of the potential impact."

US officials assert that Secretary of State Shultz, in particular, is alert to the possible linkage. It was partly for this reason, they say, that Shultz objected to Israeli Prime Minister Shimon Peres' proposal to pursue a renewed Soviet role in a putative international peace conference in exchange for an increase in Soviet Jewish emigration. These officials explain that the Secretary does not want to find himself in the self-defeating position of opening the door to increased Soviet Middle East activity by promoting Soviet Jewish emigration. "We added back one requirement (Moscow has to re-establish diplomatic relations with Israel) and we will add another if we have to," said one State Department official, only half in jest. "We certainly pulled Peres back," observed another caustically.

Clearly the Israelis are interested in improving ties with the Soviet Union. Although a number of Israeli analysts contend that Moscow needs an opening to Israel in order to play a significant role in the region ("After all we are 50 percent of the problem," says one Israeli) Soviet and US experts say that Israel is the more ardent suitor.

This role was apparant in August when the Israelis "hyped" their low-level consular talks with Soviet officials in Helsinki, causing Moscow's Arab allies, notably Syria, to complain. The Soviets were further enraged when the Israeli representatives used the talks as a platform for a series of statements on Soviet Jewish emigration, as well

as a number of other politically sensitive issues. The Soviets abruptly walked out. Even today, the Soviets bristle over the experience. They say they were insulted over Jerusalem's "preconditions" and assert that the Israelis tried to go too far, too fast. "They [the Israelis] tried to run through a slightly opened door," said one well-informed source.

Last month, however, Soviet Foreign Minister Eduard Shevardnadze agreed to meet with Peres in New York at the United Nations. This encounter was more salutary, if only because of improved atmospherics. The Israelis characterize the talks as being conducted in a calm, businesslike manner, an assessment shared by the Soviets. Moreover, Peres was able to raise the issue of Soviet Jewish emigration without provoking Shevardnadze.

Peres and the Israeli government are aware that the easing of Soviet Jewish emigration poses fewer problems for Moscow than the issue of re-establishing full diplomatic ties. Since Jerusalem does not expect a return to the large scale emigration of the early 1970's, and a trickle of Soviet Jews continues to reach Israel every year, it would be a relatively simple matter for Moscow to gradually increase the numbers upwards, say the Israelis. This, of course, assumes that the Soviets are actively pursuing an Israeli connection. While publicly the Soviets continue to assert that the lack of formal diplomatic relations does not inhibit their regional role, privately and for some time, well-informed Soviet officials have indeed regretted the 1967 decision to break ties with Israel.

Former Soviet Ambassador to the US, Anatoly Dobrynin is often cited as one who wants to repair ties with Israel. During his two decades in Washington, he met regularly with his Israeli counterparts, often serving as the most important link between the two countries. Today, Dobrynin in his new role as foreign policy adviser in the Kremlin, wields greatly increased influence on a wide range of issues, including the Middle East.

Some observers compare his clout to that of Henry Kissinger when the latter served as National Security Adviser to President Nixon. And Soviet as well as US analysts say he is a prime force behind the new activism in Soviet foreign policy, which inevitably must include the Middle East.

But if Israel is constrained by the US, the Soviet Union has its own external bonds. Foremost among them is Syria. While some US analysts believe that Syria has little choice but to go along with the Soviet Union ("Where else can they get arms and backing," says one State Department expert), others, including a number of Israelis, argue that Syrian President Hafez Assad is not without his options. "The last thing the Soviets want is war between Syria and Israel," says one Israeli analyst. "And Assad can increase the temperature any time he likes."

Even the most optimistic Israelis do not expect a breakthrough with the Soviets any time soon. They believe that Moscow will adopt a "wait and see" attitude toward the Shamir-led coalition government. US experts agree, adding that it will also probably take a change of administrations in Washington for substantial headway to be made.

But somewhat surprisingly, a wide range of analysts agree that a change in Soviet attitudes, if not imminent, is nevertheless inevitable. "Eventually the Soviets will do it," predicts one well-informed analyst. This certainty, shared by a number of observers, is based largely on the new Soviet activism. These observers believe that the reinvigorated Kremlin cannot afford to allow its policies anywhere to be dictated by third parties. "Gorbachev [Soviet General Secretary Mikhail Gorbachev] must show the Arabs that Soviet policy is not being held hostage," says one analyst. More specifically argues another, "The Soviets cannot tolerate a situation where all their roads to the Middle East must go through Damascus."

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EXECUTIVE BRANCH

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TERRORISTS "BACK IN BUSINESS"

In the weeks before the hijacking attempt in Karachi and the massacre in Istanbul, US officials were predicting an imminent end to the quiet that had marked the period since the April 15 US bombing raid on Libya. However, in August as the Administration focused its attention on the activities of Libyan strongman Muammar Qaddafi, it was apparently a group or groups not directed by Tripoli that were preparing these recent attacks.

"[Defense Secretary Caspar] Weinberger probably had it right when he said it looked like an Abu Nidal operation," commented one Administration expert. Another specialist concurred and in so doing made a distinction between state "sponsored" and state "supported" terrorism. The Karachi and Istanbul incidents, this specialist believes, fall into the latter category and as such do not easily lend themselves to a US response.

Administration officials note, however, that the government of Israel does not make such a fine distinction. As a result, they expect a harsh Israeli retaliation for the attack on worshippers at the Istanbul synagogue (which has been delayed, they believe, until after the Mubarak-Peres summit - see below). Still, they argue that Jerusalem will find it difficult to pinpoint the real culprits. "Abu Nidal is an elusive target," said one US expert.

TERRORISTS' "M.O."

The Israelis admit that the Abu Nidal operation has been impossible to penetrate. "They operate like Bolshevik cells," said one Israeli expert. An added difficulty is that while the attack on Jewish civilians outside of Israel bears Abu Nidal's "method of operation," the apparent suicide of the perpetrators does not. "Abu Nidal's operatives always have an elaborate escape route," says an Israeli analyst. "Shias go up in flames." But this expert argues it is not unreasonable to suppose a new "unholy alliance" between Abu Nidal and Lebanese Shia fanatics - particularly since both groups operate out of Lebanon's Bekaa valley.

Israeli experts, while not directly concerned with the Karachi incident, still are studying it. They note, for example, that it, too, bears some markings of Abu Nidal. Like the attacks at European airports last December, the Karachi hijacking attempt was soon followed by another incident (Istanbul). But while attacks on civilians are characteristic of Abu Nidal, hijackings are something he has avoided. "Anyone who tells you he has all the answers is lying," concludes one Israeli expert. An American expert agrees. "The only thing we can be sure of is that the terrorists are sending us a message, 'We're back in business.'"

THE LIBYAN EMBROGLIO

It was in anticipation of renewed terrorist attacks that a high level Administration body, the National Security Planning Group [NSPG] met late last month to consider new moves. As noted above, however, the object was state "sponsored" terrorism by Libya.

"We began to pick up new information concerning increased Libyan surveillance and planning which we thought sufficient to warrant a review of our policies," said one US official. This intelligence, which a well-placed Administration source characterized as "at best, plans in the embryonic stage" prompted what many Administration insiders now regard as an overreaction.

Not only was an NSPG called, but a National Security Decision Directive [NSDD] was issued. Much of the contents of this high-level document [if not the fact of its existence], soon found its way into print. The Wall Street Journal in particular aggressively pursued the story and the NSDD, instead of enforcing discipline on the bureaucracy, became the cause of Administration-wide disarray.

"There was a lot of fingerpointing," admitted one US official. The National Security Council staff became a target according to one official "because our anti-Libyan policy never seems to go far enough to suit some of those guys." State Department officials were particularly caustic in their comments, one noting, "Every-time there is an NSC leak, there is a need for an increased NSC role so there won't be any leaks."

The CIA was also incensed. Having lost the value of much of its electronic surveillance when President Reagan disclosed how the US had monitored Libyan communications last April, the Agency had to, in the words of one US official, "...go back to the operating techniques of the 1950s and 1960s." In short, the CIA had to rely on more vulnerable "human assets." Said one Administration insider, "Although the [Wall St.] Journal agreed to delete some of its material, what the agency saw, it didn't like." As a result, the CIA clamped down on distribution of sensitive material. "Not a bad idea," mused one US official, who had not been cut-off.

IMPACT OUTSIDE THE US

Press coverage of the Administration's "get tougher" with Libyan policy also had an impact on the mission to Europe of UN Ambassador Vernon Walters. Acting as a special Presidential envoy [as provided by the NSDD], Walters was sent to remind the European allies of the need to keep the pressure on Libya. Some officials saw the publicity as a good thing. "It sure helped get their attention," said one Administration official of the Europeans.

Others, however, argue that the publicity undercut the mission. "They were sweating profusely in Europe," said one State Department official. "In effect, they told us not to come if, like the last time [Walters' April visit], it was only to inform them of imminent military action." And this official relates, "When they [the Europeans] only heard our warmed-over policy, they breathed a sigh of relief and went back to business as usual."

Meanwhile, in the region, Qaddafi was feeling secure enough to lead a procession to the non-alignment summit in Zimbabwe. Although his bizaare behavior there antagonized many [and his subsequent stops in Uganda and Sudan were no more triumphant], some US analysts believe he would not have been confident enough to venture outside his borders but for Administration bungling. "Our

analysis is that the Libyans thought we floated the idea [of a new campaign against Qaddafi], didn't like the public reaction and then backed off," said one State Department official.

Qaddafi's subsequent return to the limelight did not upset these analysts as much as the real and potential effect his renewed confidence may have on his neighbors. Already, State Department officials note Moroccan King Hassan's decision to abrogate the Oujda Accord was lost in the uproar. "Hassan's break with Qaddafi was front-page news," said one State Department official, perhaps a little optimistically. "But these Libyan shenanigans got it relegated to page A-29."

CHAD

To the south in Chad, Qaddafi, according to US officials may be emboldened to respond to what appears to be new plans for military action by the government of Hissene Habre. With the rainy season due to end this month, US officials are expecting a resumption of the fighting. They say there are some signs that Habre may decide to move north of the 16th parallel which divides his government's sphere of influence from that of the Libyan-backed rebels.

According to US analysis, Habre's 4,000 troops are more than a match for the rebels and would even overpower the Libyan forces, were it not for the latter's air cover. Habre relies on France for air support and while Paris has made it clear it will back Habre against "aggression," it is uncertain whether the French would support a Chadian offensive. "[France's President Francois] Mitterand is a reluctant warrior," says one US official. "And you can't get a straight answer out of the rest of the government," adds another.

Although the Administration provided an extra \$10 million in assistance to Habre this year, there is, in the words of one well-connected US official, "very little appetite to get involved directly." The US also will not provide anti-aircraft weapons, namely Stingers. [In part, because of the fear that the Stingers could all fall into Libyan hands and also, says one US official, "Because they've not exactly turned out to be the miracle weapon we were led to believe."]

US officials are also reluctant to press Paris to increase its backing for Habre. As one US official puts it, "If we are seen to be applying pressure, the French reaction is likely to be perverse." So far, US cooperation with France has been limited to supplying a C-5 transport plane to lift a French-manned Hawk anti-aircraft battery into Chad's capitol of N'Djamena.

Despite lukewarm support from the French, Habre is expected to at least probe north of the 16th parallel. "Habre can send one or two columns north, secure in the knowledge that, at worst, the French will protect him from a Libyan counteroffensive."

MIDDLE EAST

THE PEACE PROCESS AND THE PARTIES INVOLVED

A wide range of Administration officials went to some lengths to downplay the significance of Israeli Prime Minister Shimon Peres' visit to Washington

next week. And although heartened by Peres' summit meeting with Egyptian President Hosni Mubarak, this, too, they attempted to "put into context."

Clearly a number of US officials, including Secretary of State George Shultz, are determined to avoid involving the US in a high profile peace effort. "It's worked so far without any high-level US role," said one well-placed Administration official. Moreover, these officials argue that the "timing" isn't right for a big US push. "Six months ago maybe, not now," says one Administration insider.

In fact, the "context" most often mentioned is that Peres is entering the final weeks of his premiership. Though few doubt the sincerity of Peres' desire to promote the peace process ["You can't imagine the formulations for a peace conference he tries on us," said one bemused State Department official], most officials say time has run out for him. "Believe me," said one State Department insider, "the gain of Peres the Foreign Minister [his new position after the "rotation" with Yitzhak Shamir in October] is more than offset by his loss as Prime Minister. He will not be able to continue whatever he starts." Says another US official, "Peres is looking for some kind of land-for-peace formula. Shamir wants the Palestinians out. There is not a lot of continuity there."

If Peres and Shamir do not exactly see eye-to-eye, Mubarak, not to mention Jordan's King Hussein, are, in the view of a number of US analysts, even further afield. "Mubarak finally agreed to see Peres because of the value he places on his American connection," said one State Department official, speaking for a number of his colleagues. "As for Hussein, he knows that any direct talks with Israel mean war with Syria."

THE SYRIAN DIMENSION

The dilemma of how to deal with Syria remains uppermost in the minds of all parties concerned with the region. While some US officials continue to look for an opening to Damascus, most are content to keep the Assad regime at arms length.

Recent economic problems in Syria have encouraged some in the latter camp to look for signs of increasing political instability. One such sign emerged over the past two weeks, the Survey has learned. According to reliable sources, there was an attempted coup against President Hafez Assad in Damascus. According to these sources, a group of disgruntled air force officers planned to assassinate Assad by bombing the Presidential palace. Apprehended before they could strike, they were reportedly executed.

US analysts, however, caution not to read too much into the coup attempt. They say while it may be a sign of internal trouble, it does not signal any imminent threat to the regime.

US and Israeli officials have learned from bitter experience not to place the Syrian domestic situation into a western context. "Problems that would cripple a western government overnight are blithely ignored in Damascus," says one US expert. Argues another, "Syria is a totalitarian regime better compared to the Soviet Union than anything in the west. Moreover, the Alawite minority, which runs the country, is ruthless even by Eastern bloc standards."

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MIDDLE EAST

SYRIA AND TERRORISM

US and European officials closely monitored the trial in London of Nazar Hindawi, who was charged with attempting to blow up an El Al airliner last April. The trial concluded this week and a guilty verdict was widely anticipated. Such an outcome was expected to prompt the imposition of European and American sanctions against Syria - which has been directly linked to Hindawi's actions.

However, US officials were caught off guard by the swift and strong British government reaction to Hindawi's conviction. By severing diplomatic ties with Syria, the Thatcher government, in the words of one US official, "started a whole new ballgame."

US officials had been expecting little more than a few "symbolic" moves against Damascus. "Given the European aversion to sanctions plus the limited range of possibilities available, 'wrist-slapping' is about as strong a term as I would apply to the likely moves against Syria," said one well-informed Administration official last week.

Thought to be under consideration by Britain, for example, was the expulsion of Loutof Haydar, Syrian Ambassador to London, whom Hindawi linked to the bombing plot in his original confession. The British were also thought to be considering the recall of their ambassador to Damascus. But both moves are considered mild rebukes by international diplomatic standards, say State Department officials. And even these actions seemed contingent on public pressure inside Britain and continued prodding from Washington.

ASSAD ON THE DEFENSIVE?

What the Administration would now like to see is broad-based political pressure by the allies against Damascus. "We feel that the Assad regime is on the defensive. Assad himself is very uncomfortable with the glare of international publicity and we feel strong diplomatic demarches at this time could keep him off balance," said one US official. Other officials argue that the Hindawi trial by serving to single out Syria has gained for Assad a notoriety usually reserved for Libya's Muammar Qaddafi. "Assad can't stand the comparison [with Qaddafi]," said one State Department analyst. "His goal is to be viewed as a regional strongman, not a kook."

Israeli experts agree with this analysis. And they add that the interview Assad recently granted to TIME Magazine shows the lengths to which he is now willing to go to dispel his growing image as a major backer of international terrorism.

Needless to say, the Israelis dismiss as far-fetched, the accusation made by Assad in TIME that the Mossad was behind the Hindawi plot. And British authorities back up the Israeli claim. "It is not implausible for the Israelis to manu-

facture an incident," said one British source. "They just didn't do it in this case."

In evidence, the British cite the fact that Israeli security guards "fiddled" with the hand calculator that was to serve as the detonator for the bomb. They also point out it would have been much too brazen for Israeli operatives to have carried explosives ["All wired and ready to go," noted one expert] into a lounge at Heathrow Airport.

But other European governments, do not share the Israeli (and American) view that additional pressures should be placed on Assad. Even assertions that the Syrian leader's ongoing health problems have limited his work load do not persuade the Europeans that Assad is losing his grip. "Assad is adept at keeping a number of balls in the air," argues one well-informed European analyst.

SYRIAN CLOUT

Some Europeans take the argument against pressing Assad one step further. They assert that any coordinated allied moves against Syria could be counterproductive. For example, notes one European analyst, the option of denying landing rights to Syria's national airline (an option not available to the Administration since Syria has never applied for landing rights in the US), "...would certainly shock Assad, but it is doubtful whether it would improve his behavior." On the contrary, suggests this analyst, "Assad would react strongly against such a message."

Some Europeans also question the extent of the Syrian role in international terrorism. The French apparently believe that the recent wave of bombings in Paris, while the work of the Lebanese Abdallah clan which operates from Syrian controlled territory, was coordinated with other extremist groups, such as the Armenians and French right-wing extremists. "It is a relatively simple matter [to set off bombs]" says one European expert. "You do not need Syrian sponsorship."

However, the French acknowledge that Assad could, if he wished, put a stop to a number of terrorist operations. [As one US official puts it, "If Assad wants to close down the Abdallah operation, all he needs to do is invite some elders to Hama for tea. They would get the message."] But while Israel and the US see Syrian discomfiture as an opportunity for increased pressure, the Europeans draw the opposite conclusion. "If we seek Syria's active assistance in curbing terrorism, we will never attain it by using a stick," says one European analyst.

DEALING WITH DAMASCUS

The Europeans also argue with some justification, that the US is reluctant to use too much of a stick with Syria. "The Americans even more than we, want to keep anti-terrorism action from spilling over into the Arab-Israeli arena," says one European diplomat.

Some US officials agree. They place great value on the intermediary role the US plays in periodic flare-ups, particularly between Syria and Israel. As a result, they say Israel is regularly informed about US moves against Syrian-backed terrorism in order to avoid creating misimpressions. "We want to make sure that the Israelis don't get the idea that our actions [against Syria's role in international terrorism] is a green light for them to bash Syria," says one State Department official.

But if the Israelis are seeking to increase international pressure on Assad, by most accounts, they still are far from spoiling for a fight. "With Iraq bogged down in war and Egypt on the sidelines, Syria has become the bogeyman for Israel," says one US analyst. But he quickly adds, "This wasn't invented to suit the moment. It stems from the 1973 experience."

According to the Israelis, the major figures in the National Unity Government, now led by Yitzhak Shamir, see eye-to-eye on Syrian policy. Shamir shares overall strategy with Foreign Minister Shimon Peres and Defense Minister Yitzhak Rabin. Rabin, they say maintains day-to-day control over policy and sets the course regarding southern Lebanon. "It is a prescription for controlled tension," says one Israeli.

But while the Israelis value the US connection in sending messages to Damascus, they insist they are perfectly capable of delivering their own. Most recently, notes one well-informed Israeli, a senior Israeli military commander delivered a stern public warning to Damascus. Assad, this Israeli notes, responded quickly and publicly to calm the waters.

US officials also believe that Syria values its American connection (almost exclusively through Damascus, since its Washington embassy, never considered an important conduit, now even lacks an accredited ambassador). For this reason, Administration insiders are betting after the British action the US has increased latitude in its dealings with Syria. "They won't close us down," says one US official. "They need us too much."

Instead, the more pertinent questions, say Administration insiders, are how far and fast does the US move against Syria. As the Administration scrambles to catch up with the British ["We're off to the races," said one harried State Department official], it is too soon to judge. But as State Department officials have made clear all week those still calling for a dialogue with Damascus have been muffled. And the British action has probably silenced them completely.

POLITICS

AN ELECTION WITHOUT THE MIDDLE EAST

With less than two weeks to go before election day, there is a noticeable lack of enthusiasm among pro-Israel activists. While pro-Israel Political Action Committees (PACs) continue to proliferate and disburse large amounts of contributions [estimates this year range as high as \$2.5 million], there appears to be no galvanizing issue or candidacy.

CALIFORNIA

The Middle East as an issue is apparent only in California where Democratic incumbent Alan Cranston has maintained an edge over Representative Ed Zschau. Cranston, one of Israel's strongest supporters in the Senate has successfully maneuvered Zschau onto the defensive.

Initially, Zschau, according to a number of political observers, attempted to portray himself as an independent businessman who, in the words of one analyst, "wouldn't play to the political bandstand on Israel or any other issue." But publicity about his votes for arms sales to Arab countries and his association with former Representative Paul Findley (R-Ill.), who was a supporter of the PLO, forced Zschau to make a trip to Israel and proclaim his friendship. Still, say pro-Israel activists, Zschau has been unable to dispel the cloud and attract support from prominent Jewish Republicans.

A TREND IN MARYLAND

Middle East policy would have been a major issue had Republican Senator Charles Mathias chosen to stand for reelection. "He was going to be our Percy for 1986," said one pro-Israeli activist, referring to the major campaign waged two years ago against

former Senate Foreign Relations Committee Chairman, Charles Percy (R-Ill.). Instead, the Maryland contest is between two candidates, both of whom are viewed by the Pro-Israeli community as a major improvement over Mathias.

In this respect, the race in Maryland reflects a wider trend. Pro-Israel activists note that in a number of open seats, including Arizona, Nevada and North Carolina, whoever replaces the retiring incumbent will be a net gain, from their point of view. In fact, with the notable exception of California, these activists are hard pressed to name a close race where they stand to lose. As one Senate source explains, the most important races outside California are in Oregon, Wisconsin and Pennsylvania. But Senators Robert Packwood (R-Ore.), Robert Kasten (R-Wis) and Arlen Specter (R-Penn.) are all comfortably ahead.

In Idaho, the incumbent Republican Steve Syms, by virtue of his long-ago association with Libya has attracted some attention from pro-Israel groups. But, Senate aides point out that while Syms is locked in a close race, he still doesn't generate anything like the interest of, for example, Jesse Helms (R-NC) in his hard fought contest against Jim Hunt two years ago.

THE LARGER ISSUE

Even the question of which party ultimately controls the Senate appears to be of little more than academic interest to the pro-Israel community. Republicans warn that Democratic control of the Senate could mean not only a weak Foreign Relations Chairman (Claiborne Pell of Rhode Island), but that Jesse Helms could become ranking minority member. "[Such an outcome] would be a calamity for the Committee as an institution," says one Middle East observer. "But it would have no impact whatsoever on US policy toward the region."

This sentiment perhaps explains much of the ennui over the election. As one White House official puts it, "How can US-Israel relations get any better?"

As for the Arab side, observers see little evidence of significant efforts. "There are no Arab oriented PACs," observes one political activist. The business community, which pro-Israel groups have linked with Arab interests, shows no sign of promoting Middle East issues. Even Arab League ambassadors dismiss the election, one noting, "Any interest on our part could only be counterproductive."

In this new era of US-Israel relations, the American Jewish community has also become more sophisticated in its approach to electioneering. By most accounts, two arms sales to Saudi Arabia, F-15s in 1978 and ~~AWACS early warning aircraft in 1981~~ galvanized Jewish political action. But the election of successively more pro-Israel representatives and Senators, not to mention more Jewish members of Congress has taken some of the edge off the community's efforts.

One observer contends that as the US electorate has ignored the religion of a number of candidates, so too has the Jewish community. Two examples he cites are Ken Kramer, a Republican running in Colorado and Harriet Woods, the Democratic candidate in Missouri. Both are Jewish, but their religion apparently has little effect on the Jewish community or the electorate at large. "Wirth [Rep. Timothy Wirth D-Col.] and Bond (former Republican Governor Christopher Bond of Missouri) are marginally preferable," says one Jewish leader without any discernable enthusiasm.

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EXECUTIVE BRANCH

AFTER THE ROTATION

As Israeli Prime Minister Shimon Peres prepares to turn over the reins of office to Yitzhak Shamir under the coalition government's "rotation" agreement, there is a mixture of disappointment and relief among US officials. On the one hand, senior Administration officials from Secretary of State Shultz on down are sincere in their admiration for the accomplishments of the outgoing Israeli leader. As Peres' standing improved in Israel due to his handling of the withdrawal from Lebanon and the inflation-ravaged domestic economy, so too did his image in the view of nearly all Administration foreign policymakers. "He certainly shed his "Nixon image," said one admiring State Department official.

However, Peres' increasing efforts on behalf of the peace process, while scoring a few welcome gains - notably the summit meetings with Egyptian President Mubarak and Moroccan King Hassan - also continually threatened to outpace Administration plans. A case in point was Peres' tenacity in promoting an international peace conference.

State Department insiders report there was almost nonstop communication from Peres to Shultz on the international conference in the weeks before the Israeli Prime Minister visited Washington. "I guess Shultz read the cables," said one State Department insider. "Practically nobody else did." If, in fact, Shultz did follow what one State Department official called "the almost infinitely creative proposals coming from Jerusalem," it was not with much enthusiasm. Participants in the meeting between Peres and Shultz say the Secretary greeted the Israeli's mention of the international conference with stony silence. This was in stark contrast to what one participant described as "an atmosphere reminiscent of a proud nephew reporting on his accomplishments to a beaming uncle." [Although the smiling "Uncle" Shultz did deliver a stern reminder of the need for Israel, now that inflation has been tamed, to increase economic growth, according to US officials.]

US and Israeli officials agree that with Shamir as Prime Minister, the government of Israel will not present the Administration with unwanted peace proposals. On the contrary, they expect, at most a period of consolidation. "The period of intense activity is over," says one State Department official. "With Peres, the creative catalyst gone, you will see far fewer trips to the region by Murphy [Assistant Secretary of State Richard W. Murphy]."

Still US officials are quick to point out they do not expect much backsliding by Shamir and consider even less likely a return to the unpredictable and unwanted Israeli behavior of the early 1980s. While Administration officials concede pressures will mount on Shamir from such likely quarters as Ariel Sharon and the Gush Emunim movement immediately after the rotation, they are confident the pressures will be withstood. "Likud is weak and divided," notes one key Administration planner. "And Peres and [Defense Minister Yitzhak] Rabin are still in the Cabinet." Another Administration insider argues that "Peres has set standards that Shamir must live up to, including improved

relations with Egypt and the US which are important politically within Israel." Moreover, this analyst says, "Shamir's dour and conservative way insures the absence of gratuitous insults to the US."

THE WEST BANK

Although a number of US officials and not a few Israelis were critical of recent Shamir calls for more settlements in the occupied territories, they note that Israel's precarious economic situation, plus the strict limits on new settlements agreed to at the beginning of the coalition, will constrain Israeli activities there. In fact, some US officials believe that recent moves by King Hussein plus some prodding from the US could actually improve the political climate on the West Bank during Shamir's tenure.

So-called "quality of life" issues were raised by Shultz in his meeting with Peres. And this, say US officials, is part of the Administration's ongoing strategy to promote moderation on the West Bank. "It is in US, Jordanian and Israeli interests to stop radical ideologies on the West Bank," says one key Administration official. "We recognize King Hussein can't compete [with PLO Chief Yassir Arafat] now, but over time he could demonstrate political and economic delivery that Arafat cannot."

This is a theme developed by some Jordanians privately. In time, they argue, Hussein's increasing display of economic and political enticements could wean a substantial portion of the West Bank elite away from the PLO. Arguing that the King has more room to maneuver because of Syrian opposition to Arafat, they believe Jordan will become more actively involved, hence more influential in day-to-day affairs on the West Bank.

However, neither the Jordanians nor most US officials believe that Hussein's moves to expand his influence over the West Bank are in any way designed to prepare the groundwork for eventual talks with Israel. Instead, they say the Jordanian monarch is attempting to insulate his East Bank Kingdom from West Bank troubles. "Hussein's first concern is national security," says one US policymaker. "He knows that the West Bankers can do nothing about Israeli occupation, but can sure do a hell of a lot about the Hashemite Kingdom." Some Jordanians agree with this assessment. "We have nothing to lose by trying to calm the troubles there," says one.

SYRIA

Of greatest concern during Shamir's upcoming tenure is the possibility of a flare-up between Syria and Israel. Although the war fever that gripped both countries last spring has diminished, increased attacks on Israel and the Israeli-backed South Lebanon Army by the radical Shia Hezbollah movement is a source of great concern to the Administration.

Syrian President Hafez Assad's inability or unwillingness to crack down on Hezbollah is daily increasing the risk of war with Israel say Administration analysts. "In 1976, Syria went into Lebanon to control the PLO and stop them from dragging [Syria] into a conflict with Israel. It is time that Assad made the same calculation regarding Hezbollah," says one key US official.

US officials do not discount the difficulty of the task facing Assad. Recurring reports of unrest within Syria coupled with the country's near bankruptcy make the prospect of facing down Iranian-backed radical Shias unenticing for Assad. Some US analysts argue that Assad cannot afford to alienate Iran now. And regional experts point out that control of Hezbollah may be urgent for the Syrians, but no more difficult than their problems throughout Lebanon. "The good news is that Lebanon is defeating yet another intruder," says one US analyst. "The bad news is that we can't afford a disintegrated Lebanon."

FRANCE EMBROILED

French maneuvering at the United Nations illustrates the problem of Lebanese anarchy, say US officials. Although these officials complain of blatant French cynicism in trying to blame Israel for its own unwillingness to pay the price for a continuing role in southern Lebanon, they admit that France like Syria is unwilling to abandon the Lebanese to their fate. "The French will posture, but ultimately won't cut and run" predicts one State Department official. This analysis in large part explains the unwillingness of the US to veto French UN efforts this week, despite strong prompting from Israel. As long as the resolutions aimed at Israel are not punitive, the Administration will accede to the French.

TERRORISM

French discomfiture over the wave of bombing that has hit Paris drew the same kind of mixed reaction from the Administration. Administration officials are hopeful that Paris will match its strong words with greater action against international terrorists. But they doubt it.

To begin with, the Administration was concerned early this summer that Paris was preparing to release George Abdallah, the reputed leader of yet another Lebanese-based terrorist group. [The group which US experts estimate numbers no more than 40, is a tight family-knit unit, impossible for outsiders to penetrate.] He reportedly turned himself in to French authorities on a minor charge in an effort to seek safe haven from what he believed were Israeli attempts to have him killed ("sort of reminiscent of what the Chicago gangsters did in the 1930s," mused one US official) and his colleagues had set a Sept. 1 deadline for his release.

The Administration intervened because of evidence linking Abdallah to the 1982 murder of a US military attache in Paris. US officials believe their representations, together with interest shown by Italian authorities, was instrumental in delaying Abdallah's release beyond the Sept. 1 deadline. ["The French government was also having some trouble manipulating its judicial system," said one US official.]

US officials are also quick to point out that the French government is paying the price for its willingness to deal with terrorists. "This terror campaign is the logical conclusion of having raised expectations when dealing with terrorists," said one Administration official, who contrasted French policy with the Administration's "no negotiations with terrorists" stance.

But some US experts also believe that the French attempt to release Abdallah was part of a broader plan. They speculate that recent expulsions of anti-Iranian elements and convicted Basque terrorists are part of a grand French scheme, in the words of one State Department specialist, "to wipe the slate clean and perhaps come down hard in the future." Already they note the French have joined the US in making formal complaints to Damascus about Syrian links to international terrorists. [One well-placed Administration source says that the Syrians may be on the verge of closing arch-terrorist Abu Nidal's "cultural affairs" office in Damascus.]

MIDDLE EAST

THE GULF WAR: ANOTHER FINAL OFFENSIVE?

Iran is poised and ready to launch its next major offensive, say US officials. Beyond that no one is prepared to go. "We have never predicted the correct date and location of an Iranian offensive before," said one Administration analyst. "I doubt we will get it right this time."

Even the size of the eventual Iranian thrust has the Administration - not to mention the Iraqis - guessing. The successful diversionary attack at Fao earlier this year convinced some Administration experts that Iran has decided to avoid massive suicidal attacks against well-manned Iraqi defenses.

Such an interpretation precludes the possibility of an all-out attack across the marshes to cut the major highway from Baghdad to Basra. Although at some points the distance to the road is less than 4 miles, the Iraqis are strongly dug in. "These positions," says one State Department analyst, "are hard to penetrate and even harder to maintain. The Iranians just don't have the firepower or mobility."

IRAQ'S EFFECTIVE AIR ATTACKS

But the temptation to deliver a staggering blow to Iraq remains. Stepped-up air attacks against Iranian economic targets have added to the pressure for a major assault, as Iranian leaders have publicly admitted. These attacks, begun in July, have caused increasing economic hardship for Teheran. Oil exports, already down from 1.6 million barrels per day in January, briefly dipped as low as 500,000 barrels per day last month, according to US sources.

Iran's main oil terminal at Kharg Island, the subject of repeated attacks, now has fewer than 1/3 of its 12 major loading berths in operation, according to Administration sources. Tanker traffic is down, insurance rates are up as the likelihood of attack by the Iraqi air force increases dramatically. One industry analyst compares the odds against a tanker emerging from the Kharg run unscathed to "20 mission pilots" returning to base unhurt during the second world war.

Although the Iranians have shown a remarkable facility for repairing their oil lifelines, for the first time US analysts are speculating that oil income may no longer be sufficient to cover Iran's import bills.

The Iraqi air force attacks also coincide with greater flexibility given to army corps commanders. Recent mobilization efforts have greatly increased the manpower pool available to the generals. As a result some analysts believe the Iraqis are in a much improved position not only to blunt the Iranian offensive, but to go over to the counter-attack. This speculation extends to the possibility of Iraq attempting to retake Fao.

REVISED FORECASTS

The willingness of US analysts to indulge in such speculation shows how far the Administration has come since the early part of the summer when a number of key analysts - centered mainly at the CIA - were predicting the imminent collapse of Iraq. In June, CIA Director William Casey conveyed this gloomy prognosis to National Security Adviser John Poindexter, prompting an Administration-wide review. However, after further study, a number of key US officials at the White House, as well as the State Department, concluded, in the words of one key policymaker, "The Agency was just engaged in a 'cover your rear operation' - making certain you couldn't say 'we were surprised.'"

While the pendulum has swung back a bit, most US analysts are still not optimistic about Iraqi prospects in the war. Tactical momentum remains with Iranian forces. Spot shortages have begun to appear even in Baghdad, causing the civilian population "to feel the pinch of war" as one US analyst puts it. Most important, the Iraqis are, according to Administration officials, anxious and worried about the coming offensive. "There is genuine anxiety from top to bottom," declares one US official. This official, speaking for a number of his colleagues, concludes, "If the war is moving away from a stalemate, it is also becoming less and less predictable."

EXECUTIVE BRANCH

CRISIS MANAGEMENT AND THE ARMS SCANDAL

With the Iran arms scheme casting its long shadow [the "big backdrop" as one insider puts it], Administration officials this week were busily contending with two regional crises. The more prominent problem was the rash of hostage-taking in Lebanon. But the more significant one was recent Iranian success in the Gulf war.

However, in both cases the US reaction was the same - redeploy the fleet. Two aircraft carrier task groups were sent to the eastern Mediterranean and one was stationed near the Strait of Hormez. "Each side was doing what it does best," commented one cynical State Department official after Wall Street Journal correspondent Gerald Seib was seized in Teheran. "We move ships, they take hostages."

In Lebanon the situation was complicated by the apparent imprisonment of British hostage negotiator Terry Waite. "Waite walked into a trap," said one Administration source. "There is a fight between factions determined to see what he is worth." In the Administration where Waite is held in something less than high regard, there were no tears being shed for his plight. "Waite wanted to prove he wasn't a tool," said one State Department insider. "But his only value now is as a hostage." This official then added, "Waite is no longer acting on our behalf."

TERRY WAITE, WALID JUMBLATT AND THE AMERICAN HOSTAGES

But according to reliable sources there is at least the appearance of US complicity in Waite's predicament. According to these sources, Waite's sponsor was Lebanese Druze Chieftain Walid Jumblatt who outlined his plans - which apparently included a role for Waite - for the release of American hostages Terry Anderson and Daniel Sutherland in a December 1986 visit to Washington. During this visit, Jumblatt met privately with Assistant Secretary of State Richard Murphy and two aides. State Department officials insist the hostage situation was not discussed with Jumblatt. And other Administration officials, some of whom expressed surprise about the meeting, say that it had no bearing on Administration decision-making. Nevertheless, Jumblatt stopped off in London - purportedly to meet Waite on his way back to Lebanon. Waite followed shortly afterwards and initially operated under the protection of Jumblatt's Druze militia.

If Waite's plight was of little cause for official concern, then the taking of three additional American hostages generated only slightly more. "I've been saying for some time, these Americans have no business being in Lebanon," commented one key Administration official. In fact, some officials saw this recent spate of kidnappings as an opportunity to declare Lebanon "off-limits" to Americans. "We have been trying to accomplish this for months," commented one well-connected US official. "The Beirut kidnappings allowed us to break up the bureaucratic inertia."

Even the prospect that the hostages might be killed produced little resonance in the Administration. To begin with, few experts expect the hostage-takers to carry out

their threat. "It's a Mexican standoff," said one State Department expert. "They won't kill the hostages unless we act and we won't act unless the hostages are killed."

These experts also doubt the kidnappers will follow through on their threats to execute their hostages unless Israel releases certain prisoners they have demanded. The experts note that with the exception of CIA official William Buckley, the Islamic Jihad has never executed its captives. "They are too valuable alive," says one specialist. And speculation that this group of hostage-takers may be different from previous ones is also dismissed by the experts. They note the kidnappings were professionally handled, resembling previous actions by Islamic Jihad.

This is not to say that, as the February 9 deadline the kidnappers set for Israel to release their prisoners approaches, there is no concern, but the consensus is that the threat will not be carried out. "I expect them to set another deadline and then another," says one Administration expert. "These folks are just playing out their string. They want to see if the precedent we set in our Iranian dealings is still valid."

THE THREAT OF FORCE

Although it is clear that giving in to hostage-takers no longer has an allure to the Reagan Administration, the old policy of retribution for terrorism may be equally unattractive. Despite the brave words about retaliating should the American hostages be killed, there are signs that even the toughest Administration advocates of the use of force have trimmed their sails. "We have to consider whether we would be adding to the cycle of violence by using military force even if they kill the hostages," said one Administration official, who in the past has actively sought the military option. "What I'd like to see," says this official, "is a rescue attempt by Delta Force." [However this official and others play down the likelihood of a role for Delta Force. They note it is probably impossible to deploy it inland, in hostile territory.]

Already, the redeployment of the carriers in the eastern Mediterranean has generated apparently irresistible pressure from the European allies. The Europeans have expressed concern that, what they see as American sabre-rattling, is counterproductive. Worried about the safety of their own kidnapped nationals and skeptical of US motives in the wake of the Iran affair, they ostentatiously refused to consult publicly with the US in Rome. Moreover, their reaction apparently forced Administration spokesmen to first play down the naval redeployment and then to scale it back.

THE THREAT OF IRAN

Administration officials assert that US naval maneuvers in and around the Persian Gulf are of far greater import. "This is a clear signal to Iran," said one key Administration policymaker. In making the statement this official made a point of contrasting the naval moves with recent behavior by Secretary of State Shultz.

Specifically, Shultz in closed-door briefings last month before the Senate Foreign Relations and House Foreign Affairs committees left some confusion and consternation in his wake. His revelation of the December 1986 meetings between US and Iranian officials in Europe upset a wide range of US officials. "We were blindsided," exclaimed one State Department official. According to a number of sources, there was widespread agreement within the Administration over the need to meet with the Iranians. It was thought that the record had to be set straight regarding future contacts. "We felt it was time to establish new ground rules, said one Administration official. "To put it crudely, 'No more arms for hostages.'"

Selected to head the US delegation was Charles Dunbar, the Administration's Afghanistan expert. Although some officials noted that Dunbar's Afghanistan role made him a natural ["The issue on which the US and Iran come closest," said one State Department analyst], apparently it was his fluent Farsi that determined his selection.

Unfortunately, the CIA representative was George Cave, another Farsi speaker but also the interpreter on Robert McFarlane's ill-fated May 1986 mission to Teheran. Moreover, Cave has had something of a checkered past, having been forced out of Saudi Arabia in 1979 for publicly denouncing then Crown Prince Fahd's personal corruption. "Cave is a 'hot dog,'" said one State Department official. Even worse, his operating style is likened by others to Oliver North.

But what apparently upset Shultz was not only a second meeting Cave held with the Iranians, but his announced intention, according to one State Department source "...of remaining in Europe to visit his daughter." State Department officials agree that Cave's actions warranted some response by the Secretary and even concede that Shultz may have used the opportunity to gain a fresh vote of confidence from the President.

But they see no purpose being served by telling all this to Congress. Some Department insiders speculate that Shultz feared that eventual public disclosure of the talks would tarnish his image. Others believe the Secretary's deep personal distaste for the Teheran regime overrode his attempt to support the President's purported policy of engaging in a dialogue [not arms for hostages] with Iran.

SHULTZ UNDER FIRE

But most explanations wind up being critical of the Secretary. As one State Department insider put it, "We accomplished our mission with the Iranians... and then by going public with it [Shultz] forced the Iranians to retaliate" (by producing the bible signed and inscribed by the President). "They made us look stupid again - thanks to Shultz," complained one disgruntled Administration official.

This incident also rekindled longstanding Departmental criticism of the Secretary's role in the entire Iran arms affair. "The Secretary speaks out now when it's inappropriate, but didn't do anything when he should have," said one State Department insider. Going even further, a key Department aide said, "Shultz complains that in Washington the debate never ends, yet he let the debate [on arms for hostages] end."

DISGRUNTLED EMPLOYEES

These sentiments reflect widespread dissatisfaction, unusual for a time of intense Middle East activity. Part of it is clearly disillusionment. As one State Department official puts it, "[The Iran arms affair] has stripped away the last illusion that the US is different from everyone else." On a more practical level, facing skeptical allies and emboldened adversaries, Administration officials find themselves dogged by the scandal, unable to affect policy coordination they felt was theirs even three months ago. "We try to conduct business as usual," says one State Department official. "But balls are being dropped every day."

Middle East policymakers are also far from immune to the Administration's plummeting political fortunes at home. With the notable exception of the revamped National Security Council, many officials, including those at the State Department, the Pentagon and the CIA say staff changes are sapping morale. There is also a growing perception, as one White House official puts it "...of problems at the top." These problems apparently were not alleviated by the President's State of the Union

Address. Explains one official, "Whether or not we said it, we all to a degree believed in the President's mythology. Now we feel it's going, going, soon to be gone."

MIDDLE EAST

GULF WAR UPDATE

"The degree to which the Gulfis can compartmentalize their relationship with us is amazing," commented one State Department analyst. This explains the relative degree of success the Administration is achieving in the wake of the Iran affair and more important, the recent Iranian battlefield successes. "The Gulfis have two choices," says another official. "They can look to us for help or retreat into themselves. In light of the Basra battles, I guess they are pleased to see us."

To hear it from other officials, "pleased" is probably too strong a word. But the Gulf states and Jordan are certainly interested in discussing their security needs - specifically additional arms requirements. As reported in the last issue of the Survey [Jan. 23, 1987], Bahrain is to receive F-16s and Saudi Arabia, Bradley Fighting vehicles.

This week Secretary of State Shultz met with a number of key Senators to discuss the possibility of additional arms supply. The items discussed included helicopters for Saudi Arabia and anti-tank artillery for Jordan. Perhaps most controversial was Shultz' suggestion that the American-supplied Jordanian I-Hawk anti-aircraft missiles be made mobile after being set in concrete nearly a decade ago.

Even the Iraqis have expressed an interest in assistance. However, Administration officials remain skeptical that any military assistance to Iraq could be effective. "They don't use the technological advantages they already have," says one Administration expert. This analyst argues that Iraq has yet to employ effectively its vast air superiority. Even in the recent battles for Basra close air support for the infantry was deficient, he says. Moreover, this analyst argues that the Iraqis should be targeting Iranian troop concentrations and supply lines.

Until recently the Iraqis had been engaged in a relatively effective campaign of strategic bombing, targeting the Iranian economic infrastructure. The switch to bombing civilian population centers, US analysts say, has only contributed to improving Iranian morale. "It's the worst of both worlds for Iraq," says one analyst. "They have reinforced the Teheran regime by rallying a civilian population under siege while giving ground to the army."

Recent Iraqi counterattacks have been feeble, say the experts. Moreover, their claims to having inflicted huge Iranian casualties are greeted skeptically. The best guess say US analysts, is a ratio of 2:1 in favor of Iraq - but still sustainable by Iran.

This, says one key US official, points up Iraq's fundamental and perhaps fatal strategic mistake. "They [the Iraqis] have chosen to wage a war of attrition against a country three times their size. All they can hope for is to be able to hold on long enough for Khomeini to die, internal Iranian strife to emerge, or both.

Middle East Policy Survey

a bi-weekly report on Washington and the Middle East

EXECUTIVE BRANCH

A WOUNDED ADMINISTRATION

US foreign policy remains paralyzed by the continuing Iran/Contra arms scandal and few in the Administration expect the situation to improve anytime soon. The President's decision to request limited immunity for former National Security Adviser John Poindexter and former National Security Council staffer (NSC) Oliver North reflects the view that only a full public explanation by these two key players can begin to take the pressure off the White House, say a number of Administrative officials.

But even "full disclosure" by Poindexter and North will not be enough to clear the air, admit some Administration strategists. Should Poindexter and North, for example, take full responsibility for the illegal diversion of funds to the Contras, the public, the press and the Congress will remain skeptical, to say the least, according to these officials. The remaining, perhaps insurmountable problem is how this affair could have been allowed to occur in the first place. "The arguments which convinced Ronald Reagan to undertake this crazy scheme [to provide arms to Iran] would not have convinced your average Joe Blow," says one State Department official. "It is the first time the President misread the man in the street," says another Administration official. And it strips away the 'feel good' image of Ronald Reagan."

A number of Administration officials contend that it is not the Contra issue, but arms to Iran that is the Administration's biggest political problem. They argue that while support for the Contras has never been widespread, public concern has also been muted. On the other hand, the Administration's highly touted war against terrorism captured the public's interest and imagination. And by simultaneously arming and dealing with Iran - perhaps the state most closely identified with terrorism - the President has fatally undermined his image and that of his Administration. "Being caught on the losing end with the Ayatollah is a bitter disappointment for the American people," says one Administration official. "Ronald Reagan has found his own weakness and exploited it."

STAFF PROBLEMS

Another of the President's weaknesses long cited by his critics is the indifferent caliber of his top assistants. Although the NSC staff has borne the brunt of much of this criticism this time around, political advisers, notably White House Chief of Staff Donald Regan, are far from immune. Says one State Department official, "What this affair shows is that Don Regan is more poorly qualified than the NSC."

But Regan, according to aides, believes he has been unfairly singled out. "Don thinks he is doing the right thing," said one White House insider who spoke with the Chief of Staff late this week. "He recognizes he has no friends. ...[But] he thinks he would be doing a disservice to the President if he took the advice of his enemies and left. Adds this official, "In fact, I think he [Regan] may be prepared to confront his critics pretty soon."

While there may be some question as to whether Donald Regan's days are numbered, there is little doubt about the rapid turnover at the NSC. At first some thought there would be two "waves" of departures. The first would center on those officials in any way connected to the scandal. The second, some months time from now, as the new National Security Adviser, Frank Carlucci, began to assess the performance of the remaining personnel.

However, Carlucci, aided by his transition team, has within weeks engineered a major changeover [in the process making irrelevant the Tower Commission, which was appointed to investigate the workings of the NSC staff]. Allowing that Carlucci has the right to his own appointees, a number of past and present NSC staffers, are still bitter about his declared intention to "upgrade" the staff. "I don't see how Carlucci's old cronies from DOD qualify as improvements," says one NSC official.

Particularly galling is the appointment of Robert Oakley as chief of the Middle East bureau. Eased out of his previous position as senior adviser on anti-terrorism by his boss, Secretary of State George Shultz, Oakley's major qualifications says one detractor are his longtime friendship with Carlucci and his presence on the transition team [prompting another critic to recall "the first priority of a transition team member - get yourself a job"].

Oakley's experiences in the Arab world do not add luster to his reputation. As Ambassador to Somalia, he continually ruffled Saudi officials with his insistent demands for increased aid to Mogadishu. "Oakley is a bull in a china shop," says one State Department insider. "He could create new havoc at the NSC." [Perhaps for this reason, the staffer Oakley replaces, Dennis Ross, who received wide praise for tact and diplomacy during his brief tenure at the NSC, has been asked to stay on, in an as yet undefined role.]

MIDDLE EAST

CONCERN FROM AND ABOUT ISRAEL

Personnel changes such as the appointment of Oakley and the resignation of Howard Teicher as Director of the NSC's Bureau of Political-Military affairs have been a major concern of pro-Israel activists since the scandal first broke. The direct Israeli connection to the provision of arms to Iran has not worried them as much. "Israel had no choice," says one pro-Israel activist. "The Israelis were asked to do something by a friendly Administration - something that was in their own interest."

Not suprisingly, some Administration officials do not see Israel's role in quite the same light. While few contend that the Israelis dragged an unwilling Administration into the Iranian fiasco, a number of State Department officials are prepared to argue that the very receptivity accorded Israeli views shows how far the US has strayed from an independent Middle East policy. "Our views and those of Israel do not coincide," says one State Department Middle East analyst. "This is a pretty simple truth that the NSC appeared to have lost sight of." Says another Administration official, "The Israelis don't want stability in the Middle East - unless it is the kind that brings peace as with Egypt. Otherwise they are always trying to promote a variety of internal contrasts among their neighbors." "A divided and polarized Arab world is in Israel's interest," he asserts.

PAST ISRAELI ROLE

The Israeli most often singled out as the major promoter of the arms to Iran scheme is the former Director General of Israel's Foreign Ministry, David Kimche. According to various reports, it was a series of meetings between Kimche and then National Security Adviser Robert McFarlane that led to the Iranian arms sale. Again,

few doubt that McFarlane was a willing party to Kimche's proposal. But as one State Department analyst says, in a reference to the self-confident Kimche, "It helps to have an urbane Israeli come to town." And this official adds, "It also helps if you think the Israelis know everything."

Other US officials note Kimche's record previously has been, at best, mixed. He was, notes one State Department official, a major proponent of openings to the Christians in Lebanon. "Oh yes, I remember David Kimche," said one State Department official sarcastically. "He was the one who told us about the strategic benefits of a powerful Christian-led Lebanese state under the control of Bashir Gemeyel."

In a somewhat lukewarm defense of Kimche, some Israelis note that the former Foreign Ministry Chief had a few notable successes in promoting openings to African states. And they speculate he may have applied the same logic to Iran. "Kimche believes in movement," says one well-informed Israeli in trying to explain his motivation.

FUTURE ISRAELI ROLE

Unlike some pro-Israeli activists, the Israelis themselves profess to be unconcerned about personnel changes, one Israeli saying, "As long as George Shultz is Secretary of State." And barring any new bombshell, they expect to remain out of the limelight. "We are still on the margin," is the way one well-connected Israeli describes his country's position in the scandal.

Moreover, to insure that Israel stays well clear of unfolding events, Jerusalem has, according to informed sources, made known its intention to cooperate fully in upcoming investigations. These sources insist, contrary to some published accounts, that the Israeli government has not yet been asked to assist in any US government investigation. However, while maintaining that they are prepared to help US authorities, the Israelis make a distinction between "an internal US investigation" and one which might infringe upon Israeli foreign policy prerogatives.

Some Israelis also take comfort in the firm and united position taken so far by what one Israeli calls the "Big Three" - Prime Minister Yitzhak Shamir, Foreign Minister Shimon Peres and Defense Minister Yitzhak Rabin. These three top Israeli leaders have repeatedly declared that Jerusalem's role was consistent with US law and pursuant to Administration requests.

The one matter some Israelis express concern about is the position of Shimon Peres. Recognizing Secretary of State Shultz' key role in building the US-Israeli relationship, some Israelis worry that the Secretary may now, in retrospect, believe he was not fully informed by the Israeli leader.

THE AMBASSADOR TO LEBANON

What may have prompted this Israeli concern was Shultz' undisguised anger at John Kelly, the US Ambassador to Lebanon, who clearly did not fully inform the Secretary of State about his role in the Iranian arms deal.

This outburst caused considerable discussion and some criticism among career Foreign Service Officers (FSOs). One FSO at State said that Shultz' description of the "chain of command" leading from Ambassadors to the Secretary was incorrect. He noted that an FSO must resign from the Foreign Service when he is appointed Ambassador and that he serves at the pleasure of the President. Moreover, explains this State Department official, approximately 40% of US ambassadors are political appointees who have never served in the State Department.

Shultz was also criticized specifically on his handling of the Kelly case, one official explaining that the ambassador would have found it impossible to report on his secret meetings "without at least a handful of Shultz' aides learning about it." Another department insider says that the US ambassador in Cyprus as well as the senior American official at the embassy in Damascus was regularly receiving instructions from Lt. Col. Oliver North. "In Cyprus, they were getting messages like 'North will arrive on this plane and depart on that one,'" he says.

Finally, a number of State Department officials allege that Shultz was, in the words of one, "projecting his own frustration" with the entire Iran affair onto the hapless Kelly. Explains another official, "Shultz' position that he knew nothing - and therefore could do nothing - is becoming untenable as more and more people are shown to have been involved."

THE IRAQI AMBASSADOR

This week some State Department officials openly speculated that John Kelly wasn't the only Ambassador in trouble with higher authorities because of the Iran affair. Nizar Hamdoon, Iraq's Ambassador to the US was thought to be on the receiving end of some strong criticism from a shaken leadership in Baghdad. In addition, Hamdoon's superior, Foreign Minister Tariq Aziz, considered by many to be the architect of Iraq's opening to the US, was also assumed to be in some difficulty at home.

Iraqi officials, however, insist this speculation is unfounded. They counter that the State Department more than the Iraqi leadership has been embarrassed by the revelations that US arms have been provided directly to Iran. More important, one well-connected Iraqi asserts, "Relations [with the US] were designed and handled by [Iraq's President], Saddam Hussein."

Instead of retribution being visited upon Hamdoon and Tariq Aziz, Iraqi officials say what Saddam Hussein now wishes is a statement from the White House clarifying the US position on the war. Such a statement, however, these officials admit would prove to be a difficult chore for President Reagan, since it would be viewed as a repudiation of his rationale for providing arms to Iran in the first place. Nevertheless, these officials assert there is no substitute for such a Presidential message.

SIDING WITH IRAQ

Some US officials, while dismissive of the Iraqi suggestion, would nonetheless like to find a way to back off from what one analyst calls "this outreach program to Iran." It disturbs them that senior Administration officials such as Shultz, Defense Secretary Caspar Weinberger and Vice President Bush are publicly paying fealty to the President's "policy" towards Iran [even if, as one official says, "They are only doing it in order to be able to distance themselves from the so-called 'mistakes of implementation'"].

One State Department analyst complains that what was once an "attitude" - the need to establish some kind of dialogue with Iran - has now become actual policy. "The great thinkers who brought us this scandal were giving Ronald Reagan a rationalization for gaining the release of American hostages," argues this analyst. "Only it wasn't a rationalization for them. Now they're gone, but we're still stuck with their policy." And concludes this analyst, "Unless we find some way out soon, we are going to be left spending the next year and a half explaining what we have been doing for the last year and a half."

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EXECUTIVE BRANCH

A [RELATIVELY] UNCONTROVERSIAL VISIT

As expected, the visit of Israeli Prime Minister Yitzhak Shamir served to focus renewed attention on Israel's role in the Iran arms scandal. But for the most part, both the Israeli leader and his government escaped unscathed. Some Administration officials, known to be dissatisfied with the intimate state of US-Israeli relations expressed frustration at the way the Israelis have been able to deflect criticism.

Administration officials, diplomats and long-time observers of US Middle East policy offer a variety of explanations for the relative ease with which Israel is riding out the storm. Secretary of State George Shultz set the public tone when he explained that regardless of the Israeli role, the Iran initiative was based on US decision-making. And while some other senior Administration officials, including White House Chief of Staff Donald Regan were far less charitable in private, nevertheless, they too were preoccupied with the domestic ramifications of the scandal. Suggests one diplomat, "Some in the White House may wish to deflect responsibility [onto Israel], but they also want to get the matter over as quickly as possible. And provoking a fight with Israel would only make matters worse." This diplomat also contends that while Congressional Democrats may not share the Administration's desire to move quickly on to other matters, it is even more important to them that the White House is seen to bear full responsibility.

A number of observers also note that the most titillating revelations now concern the purely American role in the scandal. "Questions of cover-up and lawbreaking are most interesting to the press," said one long-time observer. "And these matters have nothing to do with Israel."

In fact, some recent revelations tend to exculpate Israel. One example cited by Administration officials is the publication of the memorandum of Vice President George Bush's meeting in Jerusalem last year with Amiram Nir, the Israeli anti-terrorism operative. At that meeting, Nir frankly told Bush they were dealing with Iranian radicals. And the Survey has learned when the Vice President thanked Nir "for having pursued this effort despite doubts and reservations....," he was referring to Israeli, not American, doubts and reservations.

McFARLANE UNDONE

Further helping to distance Israel was the fact that the biggest Iran arms scandal story during Shamir's visit concerned purported Tower Commission findings. Although a central controversy there involved whether or not the President had authorized Israeli arms shipments to Iran, no one disputed the fact that Robert McFarlane, then National Security Adviser, had an authorization to Jerusalem.

A number of sources close to McFarlane believe that this particular issue may have triggered his apparent suicide attempt. "Bud's job was to protect this unique pro-

perty called Ronald Reagan," said one Administration official. "Only his failure to do so can explain the depth of his despair." Another source, who expressed shock and dismay at McFarlane's action ["Bud had a higher threshold for pain than the rest of us, but I guess he was also much more brittle," said this source], nevertheless noted that the former National Security Adviser took great risks by involving himself in the Iranian affair after he had left the government. "Bud was frustrated outside. He wanted back in," said this source.

Because of his home hook-up to the NSC computer, McFarlane was never far removed from former colleagues. And the secure computer was always the preferred means of communication. "Everyone was under the impression that the tapes were erased every two weeks," said one informed source. In addition, explained this source, each official could erase his own files - ostensibly for reasons of space - at any time. "Listen, everyone felt so comfortable using the system that people regularly sent dirty jokes to each other," said one source. But more seriously, this source believe that records of NSC communications during the first weeks of November [when an apparently misleading chronology of the Iran story was being cooked up] probably were preserved.

ISRAEL AS AN ACTOR

When the Israelis voluntarily raise the issue of Iran, as Shamir did on the eve of his departure from Israel, it is often to reiterate their support for its strategic underpinnings. However, according to a number of sources, there is far from unanimity within Israel over a program designed to embrace the Iranians - moderates or otherwise.

Informed Israelis insist there are at least two schools of thought within official circles regarding Iran and taking sides in the Iran-Iraq war. The first school believes that with 36 battle trained divisions instead of six before the war, Iraq poses an increased strategic threat that can only be blunted by a stronger Iran. Officials who hold this view note that the much maligned Iraqi airforce has demonstrated the ability to absorb new skills, including mid-air refueling and accurate long-range bombing. "[The Iraqis in the future] could just change direction and head toward Tel Aviv," says one Israeli.

However, another view in Israel suggests that an aggressive fundamentalist Islam, represented by Iran, is a much greater threat. Officials holding this view are, in one Israeli's words, "concerned with the domino effect of fundamentalism throughout the region." While this view would suggest caution in approaches to Iran, some US analysts argue that it had quite the opposite effect. They note that Israel's major confrontation with fundamentalism takes place in south Lebanon where Hezbollah has caused near chaos in the security zone. These analysts, some of whom are sympathetic to Israel's dilemma, nevertheless suspect that Jerusalem had this private agenda to pursue with Iran. They say that the Israelis were becoming increasingly convinced that the Syrians were unable to prevent Hezbollah's growing strength. "If Syria couldn't control Hezbollah, maybe Iran could," is the way one Administration analyst puts it.

ISRAEL IN CENTRAL AMERICA

Israel's role in the Contra connection is not an issue voluntarily raised by Israeli officials. However, when it is broached, these officials tackle it head on. They state categorically that Jerusalem was aware of Congressional restrictions on aid to the contras and no senior Israeli official would risk the wrath of Congressional [including most liberal] supporters. Defense Minister Yitzhak Rabin, a former Ambassador to the US, is said to be especially sensitive to Congressional concerns about the Contras. "He draws the line [on Israeli activities in Central America] there," says one well-informed Israeli.

Nonetheless, there is some skepticism about the Israeli role among Administration officials and Congressional insiders. They note Israel's longstanding ties to Central America; the fact that only two countries, El Salvador and Costa Rica maintain embassies in Jerusalem, and that David Kimche who some call the "intellectual god-father" of the Iran affair often plotted anti-Sandinista strategy with a number of senior Administration officials. One well-informed source also asserts that the Israelis shipped US arms to the Contras in 1983 and 1984, before the Congressional ban.

"Central America is a game Israel plays," says one Administration analyst. This analyst also notes that the PLO has "worked the other side," a reference to vocal Palestinian support for the Sandinista regime. But this activity, he calls "a gratuitous poke in the eye," at the US, while Israel is demonstrating "its global reach." "The Israelis," says another analyst, "are capable of using diplomacy and weapons effectively in Central America. It's just a question of how far they went."

On Capitol Hill, there seems to be little interest in the Israeli-Contra connection. "A few editorial boards may be interested, but no one else seems to care," says one Foreign Affairs Committee member. This lack of interest is also cited by Israelis. Says one well-informed official, "Congressmen don't come to Israel to complain [about the Contra connection]. Apparently they are feeling no pressure from their constituencies."

More important to Congressmen is Israeli cooperation in the House and Senate Iran investigations. Therefore, they welcomed Jerusalem's offer of assistance. However, privately Israeli officials make it clear their offer is carefully circumscribed. They do not wish to confront more than one investigating team and expect a unified approach from the House, Senate and Special Prosecutor. Moreover, they rule out oral interrogations and expect US investigators to submit questionnaires. "We look to the precedent set in the Pollard case," said one well-informed Israeli.

POLLARD REVISITED

Additional details on Pollard's spying provided by Jerusalem Post reporter Wolf Blitzer this week, caused widespread reaction in Washington. Some Administration officials expressed anger and amazement over what appears to be the more serious nature of Pollard's crime. "The allegation that Pollard provided information on US and Soviet fleet movements takes this case out of the realm of someone just helping Israel," said one Administration official. "Fleet movement information is serious spying," this official explained.

State Department Middle East experts were more interested in the report's allegation that Pollard provided Israel with detailed information on PLO bases in Tunisia. However, while some US officials reportedly braced themselves for an adverse Tunisian reaction, others were more sanguine. "To tell you the truth, I read the story with quiet relief," said one State Department official. This official explained that the Tunisians had long suspected the US of complicity in the Oct. 1985 Israeli raid on PLO headquarters in Tunis. And he further explained, "The Tunisians never believed Israel could get by the Sixth Fleet undetected. So I'd rather have them think the Israelis did it with stolen information than with a wink and a nod from us."

But the wider ramifications of Pollard's spying, namely its meaning for, and impact on US-Israeli relations have apparently attracted little notice. Some Israelis sidestep the issue by insisting that military planners would never have relied on Pollard for operational intelligence. And the views of those few Administration officials who expressed interest were summed up by one State Department insider who said, "Bad as the Pollard affair is, nobody expects it to change things." And this official, usually sympathetic to Israel, then added, "That's probably why the Israelis took the risk. They knew even if they got caught, it wouldn't matter."

AN INTERNATIONAL CONFERENCE AND OTHER NEW ACTIVITIES

Ironically, the only discordant note during Shamir's visit, was sounded by the Prime Minister. His public rejection of the Administration's tentative embrace of an international conference was blunt by diplomatic standards. State Department officials, clearly stung by Shamir's remarks, asserted that the Prime Minister was primarily playing to an audience at home. They say Shamir was delivering a message to Foreign Minister Shimon Peres, who has shown considerable interest in such a conference and to his own political party convention, which is only weeks away.

US officials do acknowledge that earlier, better opportunities to promote the conference were missed when Peres was Prime Minister. And they say Shultz' new found interest in an international conference is not unrelated to the Administration's regional difficulties in light of the Iran affair. "You could say the White House wanted Shultz to show some initiative," said one State Department official. "And there is an element of compensation for King Hussein."

Still, Administration officials insist there has been no dramatic change in the US position on a conference. They say it is not envisioned as a forum for debate, least of all as a "docket" for the US and Israel. Explains one key official, "The conference will have no plenary for overruling bilateral talks and there will be no place for Soviet mischievousness."

However, if support for the conference demonstrates renewed US activity in the region, that alone makes it worth the effort, say State Department insiders. In fact, to highlight this new interest, Department officials have labelled the latest go-round "Murphy II," after Assistant Secretary of State Richard Murphy whose "I," focused on constructing suitable delegations for a possible conference. "We are now trying it the other way around," explained a well-informed Administration official. "We want to see if we can create an acceptable conference and then look toward forming delegations."

Public statements on an international conference were only the most visible sign of attempts at renewed activity. Under the prodding of National Security Adviser Frank Carlucci, a series of National Security Decision Directives [NSDDs] were being prepared. And last Thursday, the high level National Security Planning Group met for the first time since the Iran scandal broke, to brief the President on the latest developments in the Gulf War. This spate of NSDD's caused some wry comments from skeptical Administration officials who saw little value in restating long-held but recently undermined [by the scandal] policies.

They are nearly as skeptical about a positive outcome to renewed efforts at arms sales to Arab countries. Congressional opposition has apparently scuttled a proposal informally raised by Shultz to provide mobility to Jordan's I-Hawk anti-aircraft batteries [Survey, Feb. 6]. And Administration officials fear that their plan to enhance the capabilities of Saudi F-15 aircraft is also in trouble.

But according to informed sources, the Administration has decided on a strategy of proposing more than a dozen arms sales in order to ensure approval of at least a majority. "The calculation was that Congress wouldn't shoot them all down. It would seem too biased," explained one Administration insider. "Unfortunately, they overlooked the fact that AIPAC [the pro-Israel lobby] could pick and choose the ones they find most objectionable."

In addition to the I-Hawk and F-15 improvements, it is thought that provision of Bell Helicopters to Saudi Arabia, "Copperhead" anti-tank artillery to Jordan and P-3 patrol boats to a number of Gulf States are the most likely to generate Congressional opposition.

MEPS SURVEY

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EXECUTIVE BRANCH

MOVING CLOSER TO AN INTERNATIONAL CONFERENCE

"It's not easy having to deal with two governments from one country," commented an Administration insider this week after the visit of Israeli Minister Moshe Arens. Arens, a leading Likud party minister in Israel's National Unity Government, was dispatched to Washington last week to convey his party's and his Prime Minister's opposition to Labor Party Foreign Minister Shimon Peres' pursuit of an international peace conference.

For nearly two-and-a-half years, first as Prime Minister, now as foreign minister, Peres has sought to reach an understanding with the US and Jordan on convening an international conference. Before the Iran scandal broke, the US government in general, and Secretary of State Shultz, in particular, were lukewarm to the idea. [And to hear it from some key Administration officials, Peres and his advisers were too enthusiastic.] Last September, for example, when Peres made his last visit to Washington, he learned first-hand that his enthusiasm was not shared by the Secretary of State.

While no one denies that the post-Iran affair climate has contributed to a greater receptivity on the part of the Administration ["We don't have a whole lot of Middle East laurels to rest on these days," noted one State Department official], a number of key officials insist that the major changes have occurred among the parties most directly concerned.

One official dates the changing climate to the January visit to the Middle East by Assistant Secretary of State Richard Murphy. Murphy's role and the continuing efforts of special envoy Wat Cluverious, who has shuttled between Israel and Jordan have also, by a number of accounts, helped to bring the process to the verge of a breakthrough. In fact, some officials cite Arens' visit as evidence that substantial progress was being made. "[Prime Minister Yitzhak] Shamir sent Arens here because he was getting scared," asserts one Administration insider.

More important evidence, not to mention most of the detail of the US-Israeli-Jordanian effort, was coming out of Israel. "The US press has been way behind the curve on this one," said one well-informed State Department official. Israeli accounts confirmed by US officials, show Jordan's King Hussein and Peres in agreement on a wide range of procedural matters involving the international conference. Most important, the King and the Foreign Minister have agreed to "defer" the question of whether the parties directly involved (i.e., Israel and Jordan) or the full conference will settle unresolved substantive issues.

"'Deferral' allows Peres to say he is getting direct negotiations while permitting the King - for the time being - to duck the question," explains one Administration analyst. This analyst also suggests that by adopting this strategy Peres places his fate in Hussein's hands. "If Peres decides to force the issue by calling for elections based on his achievement of 'direct negotiations,' it will be up to Hussein to prove him right."

NEW ELECTIONS?

A break-up of the National Unity Government and the resulting election campaign would also impact on the prospects for an international conference. Knowledgeable Israelis point out that as long as four months could elapse before a new government is in place in Jerusalem. And few analysts are willing to predict a markedly different outcome from 1983 when neither Labor nor Likud could form a government.

Nevertheless, an increasing number of observers have come to believe that the present coalition government cannot last much longer. "We now for the first time have the spectacle of the two senior Party officials [Shamir and Peres] throwing bricks at each other," says one senior US official. Other observers note the equilibrium between Likud and Labor is now so sensitive that another move towards Hussein would likely upset the government.

Some well-connected officials would welcome an end to the present coalition, even if a Labor victory could not be guaranteed. "The National Unity Government has served its purpose," said one such official. "The involvement in Lebanon has been scaled down, the economy tamed. It's time to move on."

However, veteran US officials note that seemingly fragile Israeli coalitions have, in the past, lasted much longer than predicted and are therefore reluctant to make plans contingent on this one's imminent collapse ["Peres would first have to gain enough votes to dissolve the government - no easy task," says one knowledgeable observer]. Instead, particularly in light of Aren's visit, US officials have backed off a bit from their own pursuit of an international conference. "Let's just say we are waiting to see the Israelis sort out their domestic difficulties," says one Administration official.

That is not to say that Aren's visit fully achieved its intended purpose. "Our efforts haven't been halted," says one key US official, noting that further discussions on the conference will occur when Peres visits Washington in little more than two weeks time.

A SPECIAL ENVOY TO SYRIA?

In the meantime, US officials will continue to discuss ways to establish better links to Syria [Syria, April 17]. Syria's role in a putative international conference remains one of the outstanding procedural issues. [The other two: Palestinian and Soviet participation.]

Administration officials insist there have been signs of Syrian interest in a conference other than President Jimmy Carter's reportage. While some officials remain skeptical, to say the least, others who apparently have gained the upper hand, are willing to test Syrian intentions. One of the ways under consideration to do this, the Survey has learned, is to send a special US envoy to Damascus.

With the US Ambassador to Syria Thomas Eagleton recalled [in an act of solidarity with Great Britain last fall], the Administration has been unable to communicate directly with Syrian President Hafez Assad. Assad has refused to see the US Charge d'Affaire David Ransom. The dilemma for Administration policymakers is how to meet with Assad without appearing to reward him. "You don't reward Assad ahead of time," explains one key US official. "This is a guy who pockets them." This appears to rule out sending Eagleton back in the near future. [But because the Administration doesn't want Congress involved in the decision, it also means keeping Eagleton in Washington. As one State Department insider says, "I'd hate to have to explain our policy during a Senate Foreign Relations Committee confirmation hearing on a new Ambassador to Syria."] Instead the latest idea to emerge is to dispatch with little fanfare a "special envoy" of sufficiently high rank to entice Assad but not senior enough, in the words of one State Department official "to send the wrong signal."

An obvious candidate, says one Administration policymaker, is Wat Cluverious, "After all Cluverious has been shuttling between Jerusalem and Amman. Why not add Damascus to the itinerary?" says this official. And he notes that Assad's willingness to meet with an envoy like Cluverious would also serve as an initial test of Syria's sincere interest in an international conference.

One "minor" matter to be resolved before directly contacting Assad: the political impact on the President's good friend British Prime Minister Margaret Thatcher. Already under pressure from European Community colleagues to relax her tough approach to Syria, Thatcher, it is understood, would not welcome a unilateral move towards Syria by the US. "We won't do anything to embarrass Mrs. Thatcher," says one key State Department official, who asserts that the British are being regularly consulted.

The British, however, say while there are routine contacts with the US regarding Syria, there has been no change in their mutual assessment of the Assad regime. "We don't deny the long-term role of Syria," says one British official. "But we see no practical steps being taken by Syria that show a change of heart. On the contrary, there has been wedge-driving by Syria - talking separately to the Europeans. And concessions would encourage more wedge-driving. One can send the wrong signals, you know."

MOVING TOWARDS KUWAIT

The decision to "reflag" up to a dozen Kuwaiti ships with US insignia has pleased some Administration officials while raising concerns among others. "We trumped the Soviets," declared one obviously elated State Department official who noted that the US would be called upon to employ considerably more American registered Kuwaiti ships than would the Soviet Union.

While details between the US Coast General and the Kuwaitis have still to be worked out, plans now call for US registration for short haul Kuwaiti shipping which will ply Gulf waters a majority of the time. In contrast, the Soviets will lease only three of their long haul oil tankers to Kuwait and these ships by nature of their size and cargo will spend most of their sailing time outside the Gulf.

Clearly the Soviet connection played the predominant role in attracting Administration interest. As one Pentagon official put it, "The Soviets were willing to be helpful, were we?" But senior US officials say the deciding factor was again the Iran affair. "After Iran it was impossible to say 'no' to the Kuwaitis," said one key Administration official. "I also give high marks to the Kuwaitis who played it very well."

Dissidents, however, say the US got a bad deal. One specialist asked rhetorically, "Has anyone thought of what the next step [by Iran] is likely to be? This analyst noted that the Soviets are risking relatively little exposure, but their decision to lease tankers to Kuwait has already resulted in a storm of verbal abuse from Iran. "I think we are just asking for it," says this analyst who argued that an expanded US presence in the Gulf could serve to distract a war weary Iranian public.

But a number of State and Pentagon officials were pleased to be literally "showing the flag." Said one State Department official, "This demonstrates we can do things - and it's about time, too."

The Kuwaitis, meanwhile, were content to downplay the agreement, calling the move "re-registration." Administration officials agree that US warships will not "escort" the tankers. "That implies a one-for-one approach. We are merely bringing the ships under our protection," said a State Department official. [However, even the word "protection" was thought to be too evocative for some State Department officials. "Remember the Kuwaitis are sensitive. They used to be a British protectorate," explained one Department insider.]

MIDDLE EAST

BOURGUIBA CRACKS DOWN

The Tunisian government's decision to crack down on Fundamentalist elements has raised considerable concern in the State Department. Officials there worry that an indiscriminate repression of religious parties will backfire on the regime of President Habib Bourguiba.

"The old man [Bourguiba] can no longer handle dissent," said one State Department official who argued that there were a number of "moderate Islamicists" among the hundreds recently arrested. Moreover, this official fears that Bourguiba may carry through with a threat to execute some of the Islamic leadership.

An opportunity to convey US concern was clearly missed during the recent visit to Washington of Tunisian Foreign Minister Mabrouk. According to Tunisian sources, Secretary of State Shultz told Mabrouk of his interest in Tunisia's internal developments, but expressed no concern.

In fact, State Department officials admit they had difficulty in getting their message across. "We asked a lot of questions and then told [Mabrouk] of how we value Tunisia's open society and system of justice," said a State Department official. According to this official, this approach was supposed to be a subtle way of informing the Tunisians of US concerns about the arrests and possible executions. "Instead [of this message getting across], we find there are banner headlines in Tunisia that Shultz praised their system," said this exasperated State Department official.

US officials also admit they are not in a good position to preach to others about ways to handle Islamic fundamentalists. Still, they point to the example of Egyptian President Mubarak who successfully steered at least part of his country's fundamentalist movement into the national assembly during this month's elections. [This accomplishment is a particular point of pride with the Egyptians. Said one well-connected Egyptian, "The fundamentalists are now obliged to play by the rules and this will diminish their popularity."]

The negative Egyptian example of Anwar Sadat is also present in Administration officials' thinking. "Bourguiba should learn from both Egyptian models," says one State Department insider. "It's better to be coopting the fundamentalists than cracking their heads." Some Egyptians are even more explicit. Observes one diplomat, "Bourguiba is doing some very dangerous things - like Sadat before his death. He is antagonizing a whole set of factions."

The Tunisians, however, appear to remain unconcerned. They say it is American and European (mainly French) alarmism which is at work; that Bourguiba has had decades of experience in dealing with dissent; and that Sadat neglected his fundamentalists until it was too late. While they discount the possibility that any of the fundamentalists arrested will be executed [a focus of Administration concern since US experts believe executions produce martyrs], they also disparage the idea that there are moderates among the detainees.

Faced with such attitudes, State Department officials are left with little recourse. "I'm not happy with what I see," says one State Department insider. "It may simmer and stew for awhile, but what we have here is a system not dealing correctly with its problems."

EXECUTIVE BRANCH

ISRAEL IN DISARRAY

US officials in Washington this week viewed with considerable distaste the near total breakdown in working relations between the Labor and Likud factions of Israel's National Unity Government. "This represents a breathtaking new low in what was already a pretty shabby show," commented one State Department official. Even Israelis, long used to the bickering that has characterized the three-year coalition experiment, were appalled. "It's like watching a divorce occur inside the house. Each party is arguing over the children and the furniture," said one Israeli.

However, a break-up in the coalition does not appear imminent, say a number of observers. Having blocked Labor Party Foreign Minister Shimon Peres' demand for support for his efforts to convene an international peace conference, Likud Prime Minister Yitzhak Shamir appears content to hold on to the reins of power. Shamir also has the added incentive, as one Israeli puts it, "blame falls on the man - or party - that brings down the government."

Most important, Shamir's strategy appears to be working. US officials believe Likud has effectively stopped Peres' momentum. Although they expect the Israeli Foreign Minister to pursue the idea of an international conference when he meets with Secretary of State Shultz on Sunday, they are aware that Peres neither speaks for the government nor is in a position to replace it.

In fact, some State Department officials are concerned that with Shultz and Peres scheduled to appear on the same platform on Sunday (before the annual conference of the American Israel Public Affairs Committee), the Secretary may be embarrassed. "We are hoping that Peres can delay his departure a day and speak to AIPAC on Monday," said one State Department official. "If not, it's certainly going to look like we're supporting Peres."

While the Administration's public position is considerably closer to Labor than Likud, Shultz is generally considered less enthusiastic than Peres. Moreover, the added fervor Peres has displayed over the past few weeks has resulted in a certain distancing from some of those State Department officials who have pressed the Secretary to support the International Conference. "Since the beginning of the year, the Secretary has been pretty consistent," says one State Department insider. "He has said he sees value in exploring the idea of an international conference." This official then adds, "Now Peres is going further and is promoting the conference as the be-all and end-all. The Secretary doesn't agree with that." Nor does Shultz want to pursue another Peres notion - a trip to the region. "The Secretary isn't going out there, period," says one State Department insider.

As a result, US officials are aware that Peres advisers, if not the Foreign Minister himself, resent Shultz' reticence. These Israelis have let the State Department know they want Shultz to become more supportive. As part of what one Administration insider calls, "these pressure tactics," Peres aides have been giving detailed briefings to press and foreign diplomats in Israel. "They're even giving verbatim translations of Peres' meeting with [Jordan's King] Hussein," exclaimed one State Department official.

LIKUD RESPONDS

To counter this pressure, Likud representatives have begun giving their own briefings here and in Israel. This week, the Director General of the Prime Minister's office, Yossi Ben-Aharon, met with a variety of groups in Washington. Because of the split in the Cabinet and Peres' seeming inability to topple the government, Ben-Aharon was able to argue convincingly that Peres was in no position to pursue the international conference. He was less persuasive, however, in articulating Likud's position.

"The problem with Likud's stance," says one Administration official who met with Ben-Aharon, "is that it just comes across as no, no, no." Then this official observed, "Israelis have always recognized that to make their best case in Washington they have to be positive. They can't afford to sound like the Arabs."

A similar criticism is offered by pro-Israeli activists. They are distressed at the prospect of Israel being viewed as the intransigent party [and some, perhaps a majority, are personally taken with what they consider the boldness of Peres' maneuverings].

Also distressing to some pro-Israeli activists is the spectacle of at least half the Israeli government being bracketed with the PLO as the only parties actively working to undermine the international conference. Frustrating to US officials, however, is the fact that Likud can block the conference while the PLO has been left on the outside.

HUSSEIN WINS?

A number of US analysts have commented upon the seeming irrelevancy of the PLO. They note that Hussein was able to boldly meet and negotiate with Peres at a time when PLO Chief Yassir Arafat was reunifying his organization. Moreover, Hussein was also able to ignore the PLO's renunciation of its accord to work jointly with Jordan. With such evidence, a number of US analysts believe that Hussein as well as Peres have concluded there would never be a better time to act. Even Arab diplomats long used to promoting a PLO role seem content to leave Arafat on the sidelines. Said one such diplomat, "Peres and Hussein are the only two leaders with a vision."

However, in the view of a number of US analysts, Hussein's maneuverings were more practical than visionary. "It took him [Hussein] a long time, but he got us to endorse his international conference," said one impressed State Department official. "To accomplish this it was necessary to team up with Peres," this official explained. "After all, it's a lot easier to say no to the Arabs than to Israel."

These analysts also point out that by avoiding substantive discussions with the Israelis or the US, Hussein need not confront politically difficult issues for some time. "Right now all we are talking about is preparations for an international conference," says one State Department analyst. "During this phase the difficulties are all ours and the Israelis. Hussein's problems don't begin until Peres' end."

NOBODY WINS?

Should an international conference be convened and direct talks get underway, US officials are convinced that the gulf dividing Jordan and Israel [not to mention the other Arab states] will loom as large as ever. "Hussein will need what he has always demanded, a guaranteed result," says one State Department official. "He may be able to accept transitional arrangements, but only as part of a package that gives him enough to survive in the Arab world."

Given such a bleak outlook, it is not surprising that a number of mid-level US officials as well as the Secretary of State, remain skeptical about all the drama. "We haven't even addressed the tough procedural issues like 'the Soviets aren't going to come to a conference to have a glass of wine,'" says one skeptical State Department official. Or as one veteran observer notes, "Syria will play ball as long as everyone is just talking about going to a peace conference."

This observer also argues that even Jordan has only changed tactics not strategy, a point he says which can be extended to include all the interested parties. "Sure everyone wants an international conference. They just want different things from it." Or as an even more skeptical observer points out, "It is to everyone's advantage to play with an international conference, not hold it."

But perhaps the most cynical observation was made by a veteran Administration official who said, "Everyone is running around in a bubble with just enough oxygen to sustain themselves."

MIDDLE EAST

REGAINING CREDIBILITY IN THE GULF

US officials believe the Administration is slowly but surely recapturing its once credible position in the Gulf. "The world changed on us last November 3 [the day the Iran scandal broke]," says one State Department official who now believes, "While we are not exactly fully trusted, we are getting back to where we were."

REFLAGGED AND READY TO FIGHT

The most recent demonstration of renewed US vigor in the Gulf has been the agreement to place up to 11 Kuwaiti merchant ships under American flags and therefore US protection [Survey, May 1]. Given the stringent American merchant marine requirements, US officials have said all along that "reflagging" would take time. However, according to informed sources, in the next few weeks the first Kuwaiti ships will be reflagged.

This action comes at a time when Iran has not only protested against a similar agreement between Kuwait and the Soviet Union, but has directly attacked a Soviet vessel. The attack last week on the Soviet fighter heightened concern among some in Washington that US ships could be the next target. "It's worrisky," admitted one State Department official.

However, other officials are convinced that the attack on the Soviet ship was probably conducted by Revolutionary Guards who have recently begun operating out of Iranian naval bases. These officials also believe that the attack was not part of a new campaign and suspect the Soviets have quietly and effectively communicated their displeasure to Teheran.

But some US officials, including a number of key Pentagon aides, apparently are indifferent to Iranian blandishments. As one official put it this week, "We are

tired of Iran acting like the bully on the block. One way or another they [the Iranians] are going to have to learn to quit intimidating little countries."

Apparently this tough rhetoric has been encouraged by the aggressive role undertaken by Secretary of Defense Caspar Weinberger. According to informed sources, the decision to reach an agreement with Kuwait on reflagging was the result of the personal intervention by Weinberger with President Reagan. "Cap felt strongly about this one," said one Administration insider, "[because] it brought together his two major motivations, Iran and the Soviet Union."

By inviting the Soviets to join in efforts to protect their shipping, the Kuwaitis clearly got the Administration's attention. And Kuwait's success has not gone unnoticed in the Gulf. Says one senior Gulf Ambassador, "The Iran affair first showed it. Anytime you want to get American attention, you wave the Soviet flag."

But US officials also point out that the Administration's improved position in the Gulf does not have to be solely the result of Soviet efforts or to the detriment of Iran. They cite the Administration's decision to comply with the Hague Tribunal's ruling that some one-half billion dollars in frozen Iranian assets held by the US be returned. [Other officials note that if the Administration had refused to comply, Iran could have enforced the decision in US courts.]

ACTION AT THE UN

And instead of competing with the Soviet Union, the Administration, at least at the United Nations, seems determined to work in concert. The goal is to pass a new Security Council resolution on the Gulf war, with, as one State Department official says, "some teeth in it."

The resolution would call for a cease-fire in the Iran-Iraq war, mutual withdrawal and negotiations. The key provision, however, would be to impose sanctions for non-compliance. US officials assume Iraq would quickly embrace the resolution while Iran would not. Sanctions could then be imposed on Iran.

After rejecting economic sanctions [because of British and French opposition], the Administration focused on an arms embargo. This is particularly appealing since it could return some credibility to the Administration's own effort - Operation Staunch - which was discredited by the revelations of the secret arms for hostages deal.

Negotiations among the five permanent UN Security Council representatives have been going on since February. But only recently have State Department officials begun to believe there is a genuine chance for agreement. The British have recently agreed to the US position and the Soviets are now coming around, say these officials. The major obstacle appears to be China which has become Iran's number one arms supplier. But China, as one diplomat observed, "has no history of using its veto."

QUIET ON THE FRONT

Meanwhile, the lull on the war front continues. The conventional wisdom has it that this situation will not change until the autumn at the earliest. The Iraqis by recently highlighting President Saddam Hussein's birthday celebrations, have also sought to embrace the image of normality, say US officials.

However, Baghdad's strategic position also remains unchanged and that is not good news for Iraq. Gains from this year's offensive have brought Iranian forces close to Basra. And this week, when Iraqi planes hit two Iranian refineries, Baghdad - and Basra - braced for retaliation. As one Iraqi candidly admitted, "It is premature for people to feel safe in Basra."

EXECUTIVE BRANCH

Senior Administration officials, reportedly including White House Chief of Staff Howard Baker, are urging a new outreach toward Syria. Though Administration insiders bristle at the comparison with similar recommendations made by former President Jimmy Carter after his recent Middle East tour (which included private meetings with Syrian President Hafez Assad), they admit many of the points made by Carter are also being advanced within the Administration. Included among the arguments, say key US officials, is Assad's expressed interest in an international conference; his apparent reassessment of Syria's backing for international terrorism; and the expanded Syrian presence in Lebanon. Says one State Department insider, "Eventually, we are going to have to deal with Syria, better sooner than later."

SYRIA IN LEBANON

Some US analysts date the renewed Administration interest in Syria to the expansion of the Syrian military role in Lebanon. While Administration officials continued to pay lip service to the concept of an independent Lebanon, free of foreign occupation, privately they welcomed the arrival of Syrian military forces as a brake on the continuing disintegration of Lebanese society.

Some analysts have argued that Syria had no choice but to expand its role in Lebanon. Its main proxy, the Shia Amal militia was faltering in its struggles with Palestinian and Druze adversaries. At the same time, it appeared that Amal was losing much of its constituency to the more radical, Iranian-backed Hezbollah.

Israel's concerns about Hezbollah's growing ascendancy - and the danger this posed for its erstwhile allies in Southern Lebanon - argued for a muted reaction from Jerusalem. In fact, Israeli silence so far has been stunning to a number of Administration officials. As one Pentagon official put it, "If the Israelis were uncomfortable with the Syrian actions, we certainly would have heard about it loud and clear by now."

Despite at least one brutal encounter between Hezbollah and the Syrian military, US and Arab analysts believe that Assad has covered his Iranian flank as well. One well-informed Arab diplomat believes a deal has already been worked out between Damascus and Teheran allowing for Syrian control of West Beirut, but forbidding a confrontation with Hezbollah in its strongholds in Beirut's southern suburbs. US experts concede the possibility of a quiet "arrangement" between Syria and Iran. But they emphasize that as long as the Iranians remain stalemated in their war with Iraq, they have no choice but to acquiesce in Syrian moves in Lebanon. Notes one US analyst, "Iran just announced that it had met all the goals of its latest offensive [in Iraq]. That means nothing was achieved. In turn, this means they still need Syria."

However, a number of US analysts, most of whom view Assad as the region's master strategist, believe his recent actions in Lebanon go far beyond repairing his position. "Lebanon is now a target of opportunity for Assad," says one State Department official. "In one swift move he relegated Hezbollah to just one party among many and set the stage for dominating the Presidential elections due next year," says this official. Lebanese sources also believe that Syria is in a position to hand pick a successor to the current President Amin Gemayal. While they expect the next President also to be a Maronite Christian, they concede he will be much more Assad's man than Gemayel [one name speculated upon is Jean Obeid, a Maronite politician from northern Lebanon who was kidnapped by Hezbollah. Syria secured his quick release].

The Syrian move into Beirut also allowed Assad to directly interpose his troops between Amal and the besieged Palestinian refugee camps. And, notes one US official, the Syrians were able to time the lifting of the seige to coincide with the meeting of the Palestine National Council [PNC] in Algiers. "I have to believe that Assad figures out all the variations," said one obviously impressed State Department official. "Here he is on the one hand warding off the Israelis, and on the other, the Iranians. Then he slaps around the Palestinians, but [with the lifting of the seige of the camps] makes it impossible for [PLO Chief Yassir] Arafat lead an anti-Syrian chorus. The man is a formidable player."

That Assad has, in the eyes of some Administration officials, reestablished himself as "a player" is particularly galling. Says one State Department insider, "I'm tired of hearing that Assad is a player that must be reckoned with." But, concedes this official, it is proving to be one of the more effective arguments for reestablishing ties between Damascus and Washington.

AN INTERNATIONAL CONFERENCE

The prospect of Syria being willing to participate in an international conference [as Jimmy Carter reported] is particularly enticing to the White House, say a number of informed sources. As one State Department official puts it, "It appears that some folks over there [at the White House] think an international conference is going to save Ronald Reagan's presidency." Other officials offer the same analysis, albeit with less heated rhetoric. "I think the White House is looking for a spectacular," says one official. "And an international conference fills the bill." However, this official adds, "Unfortunately you need Syrian participation and lots of other impossibilities."

While such skepticism about the viability of an international conference is widespread, it is not universal. For example, one key Egyptian diplomat ticks off an impressive list of "interested parties," including, in addition to his own government, Jordan, Syria, the PLO, the Soviet Union, China, and as he puts it, "half of Israel," a reference to Foreign Minister Shimon Peres' support and Prime Minister Yitzhak Shamir's opposition. Aides to Peres are reportedly even more enthusiastic than the Foreign Minister. One recently said he wished the US would be more supportive. [This "push from some Israelis" has not gone unnoticed in the State Department. Recently one senior official complained about pressure from "Peres' people."]

Still judging by the reaction of most US experts and a fair sampling of Arab diplomats, there is little optimism about the prospects for an international conference in general or a "new Syrian position" on it. One senior Arab diplomat compared Assad's qualified approval of a conference to the position enunciated by Secretary of State Shultz. "Both are pretty lukewarm." And this diplomat notes "Assad has never opposed an international conference if only because he wants to avoid another Camp David."

Although Jordanian Prime Minister Zaid Rifai was publicly upbeat about his talks about an international conference in Washington last week, Arab and American analysts in private share little of it. Well-informed Arab diplomats contend nothing new came out of the talks. US officials agree, one commenting, "It was all mood music."

In fact, some observers believe Rifai arrived expecting little. Instead they say his visit was part of a globe-trotting exercise shared with King Hussein and designed to gain political and economic backing from traditional friends here, in Europe, and in the Arab world. The Washington stop was particularly important say Arab diplomats because the Jordanians have been the most outspoken in their criticism of the Iran affair. "Prior to the Rifai visit, a lot of lower level Jordanian officials were publicly critical of the US," noted one Arab diplomat. "I think Rifai's visit was meant to tell people in Jordan, 'Don't overdo it.'" This diplomat also points out, "King Hussein learned in 1967 never again to be totally separated from the US." His view of Rifai's message is, "I may still be angry with you, but I value your friendship."

THE PNC AT THE ZOO

Even those, like the Egyptians, who are most upbeat about the prospects for a conference, admit that it suffered a significant setback as a result of Arafat's convening the PNC in Algiers. First reports from the preliminary meeting [which by virtue of being held on the grounds of the Algiers Zoo prompted numerous comments from State Department wags about the appropriateness of the site] indicate that Arafat has agreed to abrogate his pact with King Hussein - which provided for a joint approach to peace talks.

Although some US officials say the situation is still murky, they admit that by hosting what one State Department insider calls a "wall to wall" grouping of Palestinian factions, Arafat has insured that the most radical views will prevail. Included in the diverse gathering are representatives from the notorious Abu Nidal group as well as some other equally extreme factions. "Arafat is placing unity above all else," concludes one disgruntled US analyst.

BROOKINGS REVISITED

Another, somewhat more reputable group, is scheduled to meet in Washington next month to discuss the future of the Palestinians and Israel. In a reprise of a 1975 effort, the Brookings Institution has invited more than a dozen experts to participate in a "study group" concerning the Arab-Israeli conflict.

When a similar group met before the 1976 election, it produced a report widely credited with influencing the Carter Administration's Middle East policies [at least until being sidetracked by Egyptian President Anwar Sadat's dramatic trip to Jerusalem]. While this time, the group's objectives seem intentionally more modest, nevertheless, under the chairmanship of Samuel Lewis, former ambassador to Israel and Hermann Eilts, former ambassador to Egypt, it is expected to have an impact in 1988 and 1989.

One Arab diplomat, noting that William Quandt of Brookings, who played a prominent role in drafting the 1976 report (and subsequently served in the Carter White House in a key Middle East role) is serving as coordinator of the project said, "It is nice to see the old hands back." Other observers, however, noting the complete absence of Reagan Administration Middle East views, were more critical. As one put it, "You may not like what the Reagan team has done over the past six years, but it is after all US government policy and it would be nice to see it be represented."

SYRIA AND TERRORISM

If Syrian-US relations are to improve significantly with, say, a return of the US ambassador to Damascus, a number of analysts believe it will be tied to a dramatic move like a Syrian-engineered release of US hostages held in Lebanon. But some Arab diplomats contend that Syrian involvement in Lebanon only insures against the taking of more hostages, not the release of any now in captivity. Still, US officials believe when the time is right, Assad will free some American citizens. ["And not give them over to a 'has-been' like Jimmy Carter," said one State Department insider. "Assad is too smart for that."]

In the meantime, again as indicated in his meetings with Carter, Assad has apparently taken a new tack on the entire question of terrorism. US officials take seriously Assad's assertion that he is redefining the use of terrorism. As one US official explains, "Having been caught with his hand in the cookie jar [a reference to the role Syrian intelligence played in the attempted bombing of an El Al airliner in London last year], Assad has definitely changed tactics." This official asserts that the wave of bombings in Paris last fall, which preceded the trial of Lebanese terrorist Georges Abdallah, was not repeated after Abdallah's conviction this year. "Assad stepped on them," this official explained.

US analysts also believe that Assad means to end Syrian support for certain other forms of international terrorism, notably airline bombings. They believe the Syrian leader has concluded such acts are counterproductive. Moreover, attacks on European and American targets no longer hold a special allure for the Syrian leader. Explains one analyst, "Hitting the US when we were in Lebanon made a certain kind of sense. And it worked. We're no longer in Lebanon." Now by focusing on the Israeli presence in South Lebanon, Assad not only avoids Western retaliation, but in the view of one US expert, "helps to make terrorism an Arab-Israeli issue again."

IT'S SAFER TO BE AN AMERICAN

With Syria backing off from terrorism aimed at the West and Libyan leader Muammar Qaddafi preoccupied with Chad, a number of US officials are cautiously predicting a further diminution in international terrorist incidents. Just as cautiously these officials are assigning at least partial credit to the dramatic air strike against Tripoli last April. "A year ago we drew a line," stated one US official this week. "And we galvanized the Europeans into action."

Another official who expressed "modest satisfaction" over the course of events noted that the Europeans used to say that we had to live with terrorism "like gout or arthritis." Now with improved intelligence sharing, good police work (and occasional "spectacular police actions"), one well-connected official concludes, "In spite of Iran, it's been a good year." [This reference is of course to the Iran arms affair. But well-informed US officials admit that assertions of reduced Iranian involvement in international terror both in Europe and against the small Gulf states are correct.]

Pinned-down in Chad and strapped for cash, Qaddafi is seen more and more as a marginal figure. So much so that indifference in the Arab world has turned into outright hostility. According to informed sources, the Iraqis [who believe it is Libyan-supplied Scud missiles that rain down on their cities from Iran] have been supplying Qaddafi's enemies in Chad with Soviet equipment - via Egypt. And the Egyptians themselves are directly aiding the Chadians, while broadcasting details of their victories across the border to Libya.

In response, terrorists including those backed by Libya and Syria, will be forced to become more selective in their targeting, say the experts. The Libyans, says one State Department official, "will no longer be giving to the United Fund" of terrorism. Instead they will focus efforts on Libyan dissidents and the French. Summing it up, this official allows, "It is safer to be an American these days."

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EXECUTIVE BRANCH

A POLICY REVIEW

Led by the State Department, Administration officials are trying to rescue a badly battered Middle East policy. Working under the direction of Under Secretary of State Michael Armacost, groups of State Department officials are studying various Middle East issues, including the Arab-Israel peace process, anti-terrorism and the Gulf War.

State Department officials are clearly pleased that policy is, as one insider puts it, "back with the pros." But they caution not to expect any major changes overnight. "There is no quick fix for the problems the Iran affair have caused," says one State Department official.

As if to drive this point home, Assistant Secretary of State Richard Murphy returned from a 10-day "fact-finding" mission to the region to report little prospect of progress in the peace process. "The parties are as far apart as ever," says one State Department official. "Given the climate out there, the best that can be said about Dick's trip is that he give the folks an opportunity to let off some steam," added this official.

THE ISRAELIS

Although White House messages soothed the Israelis a bit, there is still a lot of tension between Washington and Jerusalem over the Iran affair. The Israelis maintain they were bit players, supporting their powerful American friend and benefactor. This attitude, however, infuriates some Administration officials, reportedly including Armacost who is critical of Israel's operational as well as its intelligence role in the affair.

Former National Security Adviser Robert McFarlane's admission in testimony before Congress that he relied on Israeli intelligence readings on Iran is particularly galling. "They [the Israelis] haven't had good sources in years," says one angry State Department expert. [Some of Israel's top Iran experts - who weren't consulted by McFarlane - privately agree.]

As a rehat even the strongest evidence of a direct Libyan link will still fall short of providing an opportunity to confront Qaddafi. "It is a question of credibility," says one State Department official. "We can't very well go about bombing Qaddafi if we are arming Khomeini."

Still some officials hope that events in the region will come to the rescue of a foundering US policy. As one US analyst puts it, "If Basra falls...if there are partners in the peace process...if after his setbacks in Chad, Qaddafi goes on the rampage..." Then we may get a new Middle East policy after all.

Not suprisingly, the Israelis are quick to dismiss this view. They admit their situation in Southern Lebanon is difficult, but they say it is beyond the control of Iran or any other outside party. "How do you deal with a place where the Christians and the PLO are now allies?" asks one exasperated Israeli official.

If some US officials are reluctant to accept Israel's characterization of a modest role in promoting the concept of an "outreach to Iran," they are more sympathetic to Israeli denials of operational responsibility. One well-placed US official explains that, for example, Amiran Nir, the Israeli liaison to Lt. Col. Oliver North was very much the subordinate. "Nir told Ollie what he wanted to hear - that's it," says this official.

While the same has been said of [former Director General of Israel's Foreign Ministry] David Kimche's relationship with McFarlane, some US officials aren't quite as willing to accept that at face value. They note that Kimche began meeting with McFarlane in early 1982 and was always promoting the concept of dealing with Iranian "moderates."

Kimche also spun these theories to other interested US officials during the course of his biannual meetings with the US Under Secretary of State for Political Affairs, first Lawrence Eagleburger and later Armacost. Other Israelis peddled a similar line, according to State Department officials. Said one former official, "We always disagreed about their assessment of Iran."

Even some Israelis acknowledge that Kimche and others were out of their depth when discussing grand strategy with the Administration. Says one Israeli analyst, "Perhaps the greatest irony is that the US and Israel switched roles. Instead of taking the best from each other, we tried to look at the region as a great power which you tried to act as a small one."

The resultant bitterness worries some Israelis. Although few are willing to declare as one well-placed Israeli official did last week, "The Renaissance [between the US and Israel] is over," many are concerned about the course of the relationship over the next few months.

Prime Minister Yitzhak Shamir is scheduled to visit Washington next month despite warnings about the kind of tough questioning he can expect from the press. And personnel changes, particularly at the NSC staff, do not please well-informed Israelis. [Kimche's successor, Yossi Beilin, was refused a meeting by the new National Security Adviser, Frank Carlucci.]

But most worrisome to Israel is the prospect that the Administration may try to retrieve its position in the region by promoting the peace process. They reason, that in an effort to reestablish credibility with the Arabs, the Administration may be tempted to launch a new initiative.

Even Murphy's bleak assessment doesn't completely dampen Israeli concern. They note that certain events in the region may make two parties - the Syrians and the PLO - more willing to enter into discussions with the US. The PLO, fresh from its victories over the Amal militia is making some conciliatory noises. Reportedly these include comments from PLO Chairman Yassir Arafat that the PLO Charter [which calls for the disestablishment of the Israeli state] should not be taken as his organization's final word on the subject.

If the PLO is becoming more approachable out of strength, then Syria, according to some Israelis, may follow suit for the opposite reason. "Syria is on the verge of economic disaster," says one Israeli, who argues that only the US, not the Soviet Union can come to the rescue. Syrian weaknesses, according to this view, go beyond

the economy and include President Hafez Assad's failing health as well as his regime's continuing isolation, having been caught publicly involved in international terrorism. "Everything Syria has done in the last year has failed. They may be willing to deal [with the US]" says one concerned Israeli.

MIDDLE EAST

THE IRANIAN OFFENSIVE

But Administration officials this week were a lot more concerned about Iraq than Syria. Iran's latest offensive placed Basra for the first time within mortar range. "Regardless of whether the Iranians advance any further, the psychological effects of being able to bombard Basra at will, is a major victory," said one well-placed Administration analyst.

However, State Department officials throughout the week were quick to caution against expecting a major Iranian military breakthrough. They were also determined to counteract press accounts, particularly in the Washington Post that, in their view, overdramatized Iranian successes. "The Post has got some neophyte out there who can't tell what is new and different about this round of fighting," said one irritated State Department official. "What is new and different," commented another State Department official "[is that] we used to be able to sit on the balcony of the Sheraton Basra and watch the artillery duels. You can't do that anymore unless you want plaster in your coffee."

THE TACTICAL SITUATION

Employing Revolutionary Guards almost exclusively, the Iranians advanced to the edge of the artificial water barrier created by the Iraqis. In so doing, they occupied undefended mud flats that the Iraqis had considered impassable. At the same time, the Iranians moved into a narrow corridor along side the Shatt-al-Arab waterway across from Basra. According to Iraqi officials, this corridor could be retaken, but the mud flats will remain in Iranian hands.

The question of retaking the corridor is one the Iraqis will have to face in just a few days, say US analysts. So far, Iraqi counterattacks have been designed to impede Iranian progress, not retake territory. However, with the Iranian offensive now stalled before Basra's main defenses, the Iraqis now have to decide whether they are willing to assume the losses necessary to push the Iraninas out of the corridor.

US STRATEGY

Regardless of the degree of Iraqi success in coming weeks, US officials believe the apparently endless onslaughts show Iran still maintains the initiative. And in light of the Iran arms scandal, says one US official, "There is a growing perception we have allowed this problem to grow - so we have a responsibility to respond."

Specifically, the Administration will begin providing a range of military equipment to the Arab Gulf states. Bahrain will receive F-16s. Saudi Arabia will be able to purchase Bradley Fighting vehicles. More significant, politically, for the first time there is discussion of providing some equipment, including trucks and radar, to Iraq. "We are trying to make a gesture," says one informed source.

In light of what Iraqi officials have been saying privately for a couple of weeks [Survey, January 9] and now publicly about the value of US intelligence sharing, it may be that gestures are not enough. "It is a question of trust," says one well-

informed Iraqi diplomat. "It is difficult to believe in the reliability of US intelligence when we wonder about the intent behind providing it."

But a wide range of US officials insist that the intelligence provided Iraq, if not complete, has always been accurate. "If they [the US intelligence community] have been lying to the Iraqis, they have been lying to me," said one key Administration official. As for the Iraqi accusation that unreliable US intelligence led to their defeat at Fao last year, one former State Department official responds, "It wasn't an American idea to send the Presidential Guard down to Fao and get chewed up."

Even taken together the steps so far being contemplated by the Administration do not add up to much. In part, say some observers, this is because senior officials, including Secretary of State Shultz, are still preoccupied with the fallout from the Iran-Contra scandal. This week, Shultz was telling Congress of his efforts to stop US officials from continued meetings with Iranians as late as December. At the same time, Shultz aides were discovering that some US Middle East embassies were still using "back channels" and avoiding the Department in their communications. "It's kind of hard to plan for the future when you're still cleaning up past messes," says one State Department official.

In addition, complain some Administration officials, even before the Iran affair, US Middle East policy was passive. "Some of those now replaced 'unconventional thinkers' tried to make a virtue out of our non-policy," said one State Department official. "So now we are left in the position of trying to restore policy to a position which we didn't care for much in the first place."

TERRORISM AND LIBYA

A veteran Foreign Service officer speaking for his colleagues long before the Iran sandal, observed, "I support the President's anti-terrorism policy, not Ollie North's." In combatting terrorism, there was at one time a consensus within the bureaucracy. So at least on this issue, there is wide agreement with Vice President Bush's attempt to restate the original Administration objectives.

But perhaps on this issue more than any other, the Administration has been badly damaged. American credibility has plummeted with erstwhile friends in Europe as well as states like Syria which have been caught sponsoring terrorism attacks, say the experts. Even the Administration's ability to single out its bete noire, Muammar Qaddafi, is constrained.

This week Armacost, on a visit to Pakistan, discussed among other items, the attempted hijacking last year of a Pakistan airliner. According to informed sources, the captured hijacker is a former employee of Libyan intelligence. His assignment: liaison with the Abu Nidal organization.

But State Department officials believe that even the strongest evidence of a direct Libyan link will still fall short of providing an opportunity to confront Qaddafi. "It is a question of credibility," says one State Department official. "We can't very well go about bombing Qaddafi if we are arming Khomeini."

Still some officials hope that events in the region will come to the rescue of a foundering US policy. As one US analyst puts it, "If Basra falls...if there are partners in the peace process...if after his setbacks in Chad, Qaddafi goes on the rampage..." Then we may get a new Middle East policy after all.

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EXECUTIVE BRANCH

TRYING TO BE ACTIVE

In three key regional disputes, the Persian Gulf War, the Arab-Israeli conflict and the Libyan involvement in Chad, US Middle East policy has by degree become more activist over recent weeks. By all accounts at least part of the Administration's motivation is, in the wake of the Iran scandal, to demonstrate renewed resolve. As one key policymaker puts it, "The Iran affair raised basic questions about our judgment and policies. We can now show a certain consistency of purpose."

The most obvious place for the Administration to start was in the Persian Gulf. Recent Iranian successes on the ground combined with the deployment of Chinese-made anti-ship missiles along the Strait of Hormuz prompted concern among a number of Gulf Arab states. And Kuwaiti shipping for a number of months has been the primary target of Iranian attacks in the Gulf.

DEALING WITH KUWAIT

When the Kuwaitis requested US escorts, a number of Administration officials urged quick agreement. "It was clever of the Kuwaitis to ask now," said one Administration analyst who explained that Kuwait had "probed" the matter before. "They know we now have to show resolve." This analyst contrasted the Administration's willingness to assist Kuwait with the rebuff delivered in 1984 when, at the height of the "tanker war," the Administration refused a Kuwaiti request for "Stinger" anti-aircraft missiles. "We also learned in 1984 these kind of attacks don't threaten to shut down Gulf shipping."

But talks with Kuwait have proven to be bumpy. The Kuwaitis, unlike other Gulf states, have for years cultivated ties with the Soviet Union. So they requested Soviet escorts as well. Because of logistics difficulties, the Soviets were to play a subordinate role. Nonetheless, Administration officials bristle at the idea of joint activities with Moscow. As one State Department official put it, "We don't want the Soviets to enhance their presence. Our preference is to eliminate the Soviet role."

This, however, may be impossible to accomplish. Although a State Department/Pentagon team was dispatched to Kuwait last week, it just barely got there ahead of a similar Soviet delegation. And Kuwaiti sources insist their preference is for joint US-Soviet action. As one Kuwaiti put it rather colorfully, "We are trying to marry two wives and have them live in the same house." In a more serious vein, this Kuwaiti explained that given his country's foreign policy orientation and domestic constituencies, it would be better to rely only on the Soviet Union than on the US. The Kuwaitis also argue that sole reliance on the US could further provoke Iran. Moreover, they fear that further public discussion in the US could cause Congress and the press increasingly to view an American role solely in terms of a possible military confrontation with Iran.

In promoting joint US-Soviet action, the Kuwaitis also hope to deliver a political message. They argue that if both superpowers are involved, not only would the likelihood of confrontation with Iran be diminished, but prospects for future collective efforts to end the war would be enhanced. "It could be a useful signal to the Iranians," said one Kuwaiti diplomat.

Although State Department officials say the US is still prepared to offer escorts for 11 Kuwaiti oil tankers, they are becoming increasingly pessimistic that a deal can be worked out. While they are reluctant to blame the Kuwaitis for the difficulties that have arisen, other Gulf diplomats are not. Said one Arab Ambassador, "Kuwait has created more tensions. They have made it a question of whether the US should expand its presence in the Gulf and neither the American public nor the Gulf states themselves would welcome such a development."

MOVES TOWARD AN INTERNATIONAL CONFERENCE

The potential Soviet role in efforts to address the Arab-Israeli dispute also looms large these days. The proposal for an international peace conference (recently disinterred by Secretary of State Shultz), holds the potential for a prominent Soviet role. And by all accounts Soviet Party leader Mikhail Gorbachev and his new foreign policy team is adroitly positioning itself.

THE SOVIET UNION AND ISRAEL

Some Kremlin officials have long argued that it was a mistake to sever diplomatic ties with Israel in 1967. Soviet diplomats these days speak of 1967 as a time when "things were more black and white" and carefully explain that in light of new Arab positions regarding Israel that the Soviet Union "can't afford to be more Arab than the Arabs."

Since last year the Gorbachev team has cautiously pursued talks with Israel. Although some public bickering set back efforts after last August's meeting in Helsinki between Israeli and Soviet officials, Moscow now seems prepared to move ahead. Shortly, a small team of perhaps 7-8 Soviet diplomats will visit Israel to discuss "consular matters."

SOVIET JEWISH EMIGRATION

At the same time, Moscow has indicated a willingness to allow a substantial increase in the rate of Soviet Jewish emigration. Although Israeli Prime Minister Yitzhak Shamir has recently sought to delink the emigration and diplomatic issues, most analysts believe Moscow will work them simultaneously. Says one Administration expert, "For the Soviets, the 'Israeli card' includes both Jewish emigration and relations with Tel Aviv. And both affect Moscow's standing not only in the Middle East, but in its bi-lateral relationship with the US as well."

Of the two issues, increases in Jewish emigration appear the easier to facilitate. [Although a number of US officials believe that public disclosures by American Jewish leaders can retard progress on this issue. Says one key Administration policy-maker, "The Soviets don't want to look like they are being steamrolled."] Moscow has of course had previous experience with increasing Soviet Jewish emigration. But few in the US or Israel expect a massive increase in refugees along the lines of the 1970s when Jewish emigration in some years topped 50,000. The figure cited by Jewish leaders of 10-12,000, is confirmed by Israeli, American and Soviet officials.

LINKING TIES TO A PEACE CONFERENCE

These officials also agree that progress in normalizing diplomatic relations between Moscow and Jerusalem will take much longer. Whatever regrets there may be within

the Soviet leadership about the 1967 decision, no one is prepared to undo that action overnight. The degree to which progress in restoring relations is achieved, these analysts argue, will be dependent upon peace moves in the region.

This brings matters back to the international conference. Soviet diplomats have remarked on what one calls the "significant gesture" the Israelis made in endorsing the concept of an international conference. Although this analysis may overlook the opposition to a conference by the present Israeli Prime Minister, some US analysts believe it serves to underscore Moscow's readiness to discuss ties with Israel, should progress be made towards convening an international conference. As one State Department analyst says, "The Soviets will move 'lock-step' towards reestablishing ties with Israel as they gain confidence in the prospects for an international conference." This official also believes that recent positive statements by the US about the proposed conference are helpful in prodding the Soviets to move toward Israel.

JORDAN SHOWS INTEREST

The Soviets aren't the only ones reacting to Washington's increased receptivity to an international conference. Next week's visit by Jordanian Prime Minister Zaid Rifai is believed to be a direct result of King Hussein's realization that there may be something new on offer. Some State Department officials believe there is a 3-4 month opportunity to make significant headway and that King Hussein now, in the words of one such official, "wants to test the waters." [Ostensibly, Rifai will be in Washington to discuss more mundane matters including an increased US contribution to Jordan's West Bank development scheme. But as one Administration insider says, "This sort of thing could be discussed in Amman. When we offer the money, he will just 'pocket it,' and go on to the serious matters that brought him here."]

If some US officials believe King Hussein is belatedly reacting to American interest of a few months standing ["He didn't realize we were serious. He's always fighting the last war," said one State Department insider], others expect the Jordanians to be disappointed. These officials who cover a wide range of Administration opinion on Middle East matters insist US wariness about the concept of an international conference is undiminished. "Because of Iran we have tacked a little this way or that but nothing basic has changed," says one well-connected State Department insider. Says another key official, referring to recent Administration moves in the Gulf War as well as on the Arab-Israeli conflict, "Our goal is to show that we have some good established policies. But we must avoid giving the wrong impression. As it is, the Jordanians may believe we are further along than is the case."

JIMMY CARTER

Perhaps the best gauge of Administration thinking on an international conference is the highly unfavorable reaction generated by former President Jimmy Carter's public statements. Carter was roundly criticized by professionals and political appointees alike. In fact, even some Arab diplomats found fault in the former President's widely publicized tour. Said one Arab Ambassador, "Carter displayed the wishful thinking that was always his style."

Most State Department officials are, however, interested in the briefing Carter will give Secretary Shultz today. Apparently the former President refused to allow US diplomats to accompany him to any of his meetings outside Egypt. They are particularly anxious to learn of his talks with Syrian President Hafez Assad. [Although one State Department analyst was so disgusted with Carter's performance that he disdained any information the former President might provide. "It's not what Carter learned that counts," said this official. "It's what he demonstrated. Everyone crawls to Assad - including Jimmy Carter."]

MIDDLE EAST

QADDAFY'S PROBLEMS

It is in North Africa that Administration officials say they are gaining the best results from a modest increase in US activity. There, political and military backing for Chad has resulted in a major setback for the perennial nemesis from Libya, Muammar Qaddafi.

But before the Administration takes too much credit, State Department insiders are quick to remember how consistently they have misread the political and military capabilities of the man most responsible for Qaddafi's latest reverse, Chad's President Hissene Habre. When Habre first began his quest to recapture power in Chad, he was shunned even by junior US diplomats in the region. And as recently as a month ago, US intelligence experts were predicting a disaster for the Chadian forces.

Despite achieving a major victory over Libyan forces late last year, US intelligence experts remained unimpressed. Defense Intelligence Agency briefers told officials at a White House meeting last month that, at best, the Chadians could be expected to execute an orderly retreat in the face of overwhelming Libyan superiority. "It was supposed to be a cakewalk for the Libyans," said one bemused State Department official.

PROSPECTS

Even with the Chadians now poised to deliver further military blows against the reeling Libyan army, officials are still reluctant to predict final success. More important they are equally wary of pronouncing that Qaddafi's days are numbered. "If you put all the data into a computer, it would come out saying Qaddafi's through," said one Administration insider. But then he added, "We've taken ourselves out of the business of predicting Qaddafi's demise."

Still a wide range of US and foreign experts believe the mercurial Libyan is in trouble at home. The recent defections to Egypt of Libyan airforce personnel [with their aircraft] is cited by some experts as a sign of serious unrest in the military. And Qaddafi's quixotic notion of joining the Warsaw Pact led some analysts to conclude that he is becoming increasingly desperate [It also caused one Soviet diplomat to remark, "Libya is as likely to join as the US." This diplomat, when asked if he was concerned about Qaddafi's threat to install nuclear missiles in Libya responded, "No, I would only be worried if we gave him missiles."]

Even if Qaddafi's problems at home don't result in his imminent demise ["All I'm willing to say is that when the end comes, it will come fast," says one State Department official], there are immediate benefits to the US, say Administration experts. They assert that because of the humiliating defeats they suffered, no one feels threatened by the Libyan military. And with fighting spilling over into neighboring Sudan, Qaddafi's once improving fortunes with the new government there have flagged. One State Department official sums it up this way, "Qaddafi is a diminished figure and for us that means a diminished threat."

EXECUTIVE BRANCH

THE ESTABLISHMENT STRIKES BACK

The highly critical findings of the Tower Commission, published last week, produced major Administration personnel changes and ultimately a change of heart by President Reagan about his Iran arms policy. The unceremonious departure of White House Chief of Staff Donald Regan brought relief if not pleasure to the Capital. And Ronald Reagan's contrite speech Wednesday night brought mixed reviews in Washington, but predictions of recovery "beyond the Beltway."

However, to hear it from a number of Administration officials, Capitol Hill insiders and long-time Washington observers, the most significant outcome of the week's events was the triumphant return of those traditional elements frozen out of foreign policy making over the past six years. As one Capitol Hill Republican put it, "When everyone tells the President to listen to 'outsiders' they are using a euphemism for the Republican establishment."

Few doubted that the severity of the Tower Commission's findings was justified. Still there was some surprise that after administering such a thrashing, the Commission members would be so roundly applauded by the President. "It [the Commission] was certainly a piece of work," marvelled one conservative Hill Republican. "One day John Tower is ripping into Ronald Reagan and the next he is being asked to join the Administration." Further bolstering the fortunes of the traditionalists was the Commission's conclusion that the Iranian fiasco was a failure of individuals, not institutions.

If there was some discomfiture over the return of the establishment, no one could be found to defend those "outsiders" who precipitated the Iranian initiative. Instead there was a good deal of soul searching over the revelations of the Commission report. [The appendices which described innermost government workings held great fascination for Administration officials and outsiders alike. "I don't know who 'scrubbed' Appendix B, but there couldn't be much they left out," said one stunned Administration insider. "This is the best inside glimpse of government you'll ever see," said another. "They never had anything like it in my Government 101 course."]

A number of Middle East experts who closely studied the Commission report contend it was the policy vacuum in which the principal players operated that made mistakes inevitable. "The most pernicious influence I saw was the intellectual arrogance that allowed them to dismiss the arguments of anyone and everyone," commented one senior Administration official. "The NSC dismissed the opposition or took it as a given [therefore] developed policy on its own." This official asserted that with the oppo-

sition discredited, the NSC "just plowed ahead and never questioned their own assumptions."

THE ISRAELIS HARMED?

In the wake of the Commission report, one question repeatedly raised is whether the thrust of Administration Middle East policy has been discredited along with its formulators. To be more specific, as one Administration insider puts it, "Will people use [the Commission report] to discredit the US relationship with Israel?"

Some Israelis think so. One well-connected Israeli official fears that the new "players" will have learned at least one lesson from the Iran scandal: "Don't get too close to the Israelis or you will wind up acting as irresponsibly as they do." More important, there is a concern in Jerusalem that personnel changes will bring a certain distancing from the US connection. Having already found the new NSC a more remote body, some Israelis are bracing themselves for frostier relations with the CIA.

Israelis have contended that former Director William Casey was a major force for closer cooperation between the two countries' respective intelligence services, a view shared by some well-placed US officials. "Bill Casey had to knock heads and more importantly adjust personnel to bring about better intelligence sharing with the Israelis," says one well-informed US source. The appointment of William Webster is bound to change things, say the Israelis as well as US officials. The Israelis expect other personnel changes at the Agency to follow; well-informed US sources emphasize a change in prevailing views, but agree the net result will be less intimate ties.

US officials also cite the damaging effects of the Pollard affair. Not surprisingly, those officials most sympathetic to Israel feel most vulnerable. And some Administration insiders believe more damaging revelations are yet to come. As one official says, "It's hard to believe they would have put Pollard away for life, if he had only handed over material which could be argued was Israel's by right." Instead, this official and others speculated that among Israel's "haul" from Pollard was highly sensitive Soviet-related material.

Yet for all the concern about the fall-out from the Iran scandal and the Pollard affair, a wide range of US officials express skepticism about the prospect for a major shift in US policy away from Israel. "There has been no erosion, not in Congress, the White House or with the public," asserted one State Department insider. And while some officials sympathetic to Israel believe recent events have been a boon to those who are not, one State Department insider argues, "with the US about to enter a Presidential election cycle, it is bad timing for Israel bashing."

THE ARABS HELPED?

Even Arab diplomats doubt the current climate will affect the Administration's basic orientation towards Israel. At most, these diplomats seem to take some perverse satisfaction in what one calls "the exposure of Israeli influence." And even the prospect of a crippled Presidency elicits a similar kind of fatalism. "It's better not to have any Administration than the one we have had to work with over the past six years," says one Arab diplomat. [One European diplomat like his Arab counterparts believes that the Iran scandal, in his words, "confirms that Israel rules US Middle East policy." But he takes Arab cynicism one step further, arguing that crises like the Iran scandal and the Pollard affair only serve to bring the US and Israel closer together. "As in a marriage, when Israel and the US have a spat, it is cause for a deeper embrace. Reassurances are required," he asserts.]

Even the idea of "compensation" for the Arabs in the wake of the Iranian scandal has been brought up short in Congress and the White House. Although informal notification of the first of some new arms sales to Saudi Arabia [Survey, Feb. 20] was scheduled to be delivered to Congress this week, there are no illusions about the difficulties of getting it approved. Provision of Bell helicopters and what are called ECM pods for Saudi F-15s have already provoked some significant Congressional opposition. And despite the Israeli role in the Iranian scandal, some of Israel's best friends in Congress have been quick to warn the Administration not to provide controversial arms in today's political climate. As one Senate Republican aide says, "the last thing the Administration needs is another failure."

AN INTERNATIONAL CONFERENCE?

Failure is also what a number of Congressional friends of Israel predict for plans to convene an international conference on the Middle East. Even some key Administration officials believe as well that the timing is not propitious for such a move. They assert that the gap between Jordan and the PLO is as wide as ever. And they note somewhat facetiously the gap between Israeli Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres may be widening similarly.

Peres' visit to Egypt and his subsequent espousal of the international conference has served to greatly increase tensions within the National Unity Government. And it has set off speculation here and in Israel that Peres is seeking to break up the government. However, most analysts doubt that Peres and his Labor Party could gain strength by going to the electorate on this issue, even if it is couched in terms more acceptable than simply the prospect of an international peace conference. "If Peres campaigns on 'peace,' Shamir will counter with 'security,'" argues one Israeli, who predicts, "Shamir will get the better of it."

But some US analysts believe that Peres, chafing in the subordinate role previously occupied by Shamir, is fighting a much more basic battle. "Direct talks with Jordan is a major component of Labor ideology," argues one US analyst. "And Peres must find some way to facilitate it."

Meanwhile, the Israelis and Jordanians continue to grapple with West Bank developments. Their implicit relationship there is difficult to sustain absent progress on a broader agenda, like an international conference, say a number of analysts. Moreover, the shared objective of developing indigenous West Bank leadership is subject to negative outside developments. For example, Palestinian setbacks in Lebanon appear to trigger unrest on the West Bank. At the same time, political forces to the right of Shamir seize on these incidents to argue for further crackdowns. As a result US officials say Administration interest in promoting the International Conference bolsters Israeli-Jordanian efforts [not to mention Peres' political fortunes which have long been supported privately by key Administration officials.]

MIDDLE EAST

SYRIA IN LEBANON

The US and Israel also have given conditional and tacit approval to Syrian efforts to quell the unrest in Beirut. Although neither government expects long-term success, they are willing to condone the attempt in the absence of any better alternative.

The Israelis countenance Syrian occupation of Beirut because they see two of their more troublesome adversaries, the PLO and Hezbollah now confronting Syrian

armed might. In the short term, the Israelis say, Syrian and Israeli interests coincide.

In addition, since Syria's Hafez Assad is Israel's most formidable foe, Jerusalem welcomes his deeper involvement in the Lebanese quagmire. Already the Syrians have been forced to withdraw military units from the Bekaa Valley [placed there in part to counter the Israeli presence in Southern Lebanon]. And most analysts believe that Assad is taking great risks with his Iranian relationship by confronting the pro-Iranian Hezbollah.

ASSAD'S PLANS

These Syrian moves have caused widespread speculation about Assad's long-term plans. Known as perhaps the Middle East's shrewdest strategist, Assad is believed to have calculated very carefully before making this drastic move.

Some analysts believe the Syrian President's decision took into account the likelihood of an eventual rift with Iran. They say Assad has decided to begin to move back to the Arab fold, where after all, they argue, Syria ultimately belongs. With his economy in disarray, Assad can certainly expect substantial financial assistance from Saudi Arabia and other oil rich Gulf States should he move away from support for Iran. "The Syrian-Iranian relationship was always a marriage of convenience," says one analyst. "Now Assad has decided it's no longer convenient, to say the least. Hezbollah has forced his hand in Lebanon, where his primary strategic interest lies."

Other analysts counter that this interpretation only takes into account half the equation in Lebanon. The other half, the PLO, is also viewed as a mortal enemy in Damascus - at least as long as it is led by Yassir Arafat. These analysts argue that Assad cannot be welcomed back by other Arabs while his forces are intent on destroying or abetting in the destruction of Palestinian camps and military units.

Perhaps the most Machiavellian interpretation to Assad's moves is that he is playing an intricate "game of chicken" with Iran. Says one analyst, "Syria wants to push Hezbollah around a bit, send a message to Teheran and then back off." This analyst also notes, "Hezbollah has been useful to Assad before and can be again."

Whatever game Assad is playing, all these analysts agree it will be dangerous. Long-time observers of Lebanon predict that if Assad cannot gain control by early summer, time and his opponents will begin to work against him.

A CHANGE IN US POLICY?

There are some rumblings about a change in US attitudes, if not policy, toward Syria. Some analysts have long believed that it does not serve US interest to avoid a serious dialogue with one of the region's most important actors. In light of Syrian moves to control Lebanese anarchy, other officials are now said to be more sympathetic to this approach.

However, key officials close to Secretary Shultz still argue that Syria's role in international terrorism has not changed and that alone should prevent any US move toward Syria. [However, Syria's adoption of a low profile since being linked to the plot to bomb an Israeli airliner in London has had an effect. Other countries, most recently Canada, which withdrew their ambassadors from Damascus in a show of solidarity with Great Britain, have quietly returned them. And next week, State Department officials expect former President Jimmy Carter is to go through with his plans for a meeting with Assad and other Syrian officials.]

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EXECUTIVE BRANCH

SETBACKS TO US GULF POLICY

This has not been a good week for the Administration's Persian Gulf policy. It began with White House Chief of Staff Howard Baker at the Venice Economic Summit, appearing to endorse Soviet-US cooperation (a position later "qualified" by Secretary of State Shultz and others). And it ended with the withdrawal, after only 10 days consideration, of a proposal to sell 1,600 Maverick air-to-ground missiles to Saudi Arabia. In between, Administration officials attempted various explanations - often conflicting - of US policy goals.

A major reason for the Administration's seeming inability to speak with one voice is that there is serious internal dissent to contend with. This dissent ranges from a blanket condemnation of the policy by some officials ("Our Gulf policy lacks a private rationale and a clearly articulated public position," said one Administration dissenter) to specific criticisms by officials most deeply involved and often among the most supportive. [There are people in the Administration who continually get carried away with their own rhetoric," said one key State Department official.]

WHAT IS THE SOVIET ROLE?

However, it was Baker's remarks which generated the most criticism. Conservatives argued that the Chief of Staff had again proved he was not in concert with the President's strongly-held views on the Soviet Union. They also said that by appearing to endorse an expanded Soviet role in the Gulf, Baker was undercutting the Administration's strongest argument for the increased US naval presence. "Baker was off the reservation," said one Administration official. "He should have said if the Soviets want to help they can begin by ending arms sales to both sides and working with us at the United Nations."

Conservatives in Congress were even more upset. Prior to Baker's gaffe, they were aiming their fire at Democratic reluctance to endorse the Administration. In the Senate, their anger centered on Senate Foreign Relations Committee Chairman Claiborne Pell's attempts to prevent US naval deployment in the Gulf. [Pell is scheduled to hold hearings on his legislation next week. Committee sources predict narrow passage although all Republicans, despite some serious misgivings about Gulf policy, are expected to oppose him.] "Pell is going too far," says one Senate Republican. "You can't legislate us out of this fix."

Opposition voiced by Pell, California Democrat Alan Cranston and others prompted some Republicans to label them the "new isolationists." Others accused the Democrats of political expediency. "It's easy for the Democrats to take potshots. All they are doing is looking at the polls," said one Senate Republican aide. But Baker's remarks in one Republican's opinion "really threw us off." Amid the private protests was a strong note sent to Secretary Shultz by conservative Republican Representative Jack Kemp.

Some Administration officials, satisfied with Shultz' clarifications, are prepared to treat Baker's comments as an aberration. And these officials were quick to note that

neither the US nor any Gulf state was interested in legitimizing a Soviet presence. They point out that since the start of the war, the Soviets have been sending ships into the Gulf with war materiel. And neither then or now have the Soviets been welcome in neutral gulf ports - unlike the US. "The Soviets are like Flying Dutchmen, while we have full access," argued one State Department official. "Our policy hasn't changed," said another. "We don't want the Soviets protecting our oil from our friends to our allies."

But some Administration Middle East analysts argue that the reality in the Gulf is more complicated. And they say that Baker's remarks, clarified or not, show that the era of keeping the Soviet Union out of the Gulf is over. "Under [Party chief Mikhail] Gorbachev, the Soviets are more aggressive, but the trend has been apparent for some time," says one analyst. Noting that other lower Gulf States have recently followed Kuwait's lead in establishing diplomatic relations with Moscow, this analyst predicts in a short time "the big one - Saudi Arabia -" will negotiate diplomatic ties.

However, if these analysts concede that the overall trend is inevitable, they still believe that recent US actions will enhance Soviet opportunities and speed Moscow's drive for influence. "It's not a conscious Administration decision, and it's ironic that a hardliner like Reagan may be the instrument, but the more we engage in actions like joint reflagging of Kuwaiti ships, the more we aid the Soviet push into the Gulf."

Even more worrisome, say these analysts, is the prospect that a US confrontation with Iran could eliminate any "downside" to the Soviet initiatives. "The Soviets have shown their hand," explains one Administration expert. "They are trying to gain influence by moving towards the Arabs. Normally this would be counted on to alienate them from Iran. But, with the US moves towards confrontation with Iran, we are, in effect, covering the Soviet flank." Put another way, says this official, "Our policy amounts to an announcement, 'We are not going to relinquish the position as Iran's Number One Satan.'"

CONFLICT WITH IRAN?

But Administration officials, as with Baker's remarks, are in the words of one State Department insider, "trying to walk this one back." They repeatedly emphasize the US is not seeking a confrontation with the Khomeini regime. By week's end, the rhetoric (much of it again coming out of the Presidential party in Venice) had cooled.

But a number of observers, not to mention erstwhile European allies remain skeptical. They worry that the prospect of a major military strike against the Iranian mainland - preemptive or in retaliation - must be tempting to a President, not to mention secretaries of Defense and State who have been repeatedly humiliated by the Khomeini regime. One former Administration official with long experience in the region flatly predicts a major US strike against Iran. "When it comes to a decision, Shultz will be flying wing for Cap," he says.

In the event of armed conflict with Iran, potential political gains for the Soviet Union will not be uppermost in the minds of Administration officials. The absence of US casualties will be. It is clear that in all but the most successful military engagements [like the April 1986 raid on Libya], even modest US losses produce a great outcry from the public and the Congress. "It's tough to engage in contingency planning when a prime requirement is no casualties," says one Defense Department official. "The public's allergy to casualties runs up against our inability to make fail-safe promises." Part of the concern about casualties is the possibility that they could be caused by US-supplied Hawk anti-aircraft missiles. Not the missiles sold to the Shah, but weapons delivered during the arms for hostages deals in 1985 and 1986.

BUT NOT A BETTER ARMED IRAN

However, according to reliable sources, this Iranian threat could have been even greater if Lt. Col. Oliver North's plans had not been upset by public exposure. According

to these sources, last October North was working on another major arms sale to Iran. And this sale, unlike previous ones, was not intended to result in the release of hostages, but merely to generate cash.

At that time, North's operation was under considerable pressure to pay off debts incurred to Canadian backers of previous sales. These Canadians, with links to CIA Director William Casey were pressing for payment on a multi-million dollar 90-day loan that had come due at the end of August. Iranian middle man Manucher Ghorbanifar was constantly running behind in his payments because of a fundamental flaw in the operation's financial structure. As one informed source explains, "Since the US wouldn't deliver weapons without prepayment and the Iranians wouldn't pay without delivery of satisfactory goods, Ghorbanifar was engaged in what essentially was a "check-kiting" operation. And it was catching up with him."

So in September and October, North was scrambling to come up with more than \$10 million owed to the Canadians. With other resources spent, tied-up, or unavailable ["They really could have used the Sultan of Brunei's \$10 million, but remember they couldn't find it," said one source], they decided to arrange another sale and use the new financing to pay off the Canadians. "Long forgotten was the geo-strategic rationale for the arms sales and now discarded was arms-for-hostages. It was simply arms-for-cash - to help keep the operation secret," says one source.

According to this source, North and his compatriots were "blindsided" when word of their dealings became public via the Middle East. "They were afraid the Canadians would expose them. They never dreamed it would come out of Iran [via a Lebanese publication]."

This explanation also sheds light on why Iranian representatives presented a long shopping list at the December meeting with US officials in Europe. Apparently, Ghorbanifar had informed the Iranians that another major deal was on offer.

THE MAVERICK FIASCO

The Administration's decision to withdraw its proposed Maverick sale caused a great deal of embarrassment all around. Said one Senate source on Thursday, "Yesterday Dick Murphy [Assistant Secretary of State for Near East and South Asian affairs] was up here telling us [the sale] was the greatest thing since sliced bread. Twenty-four hours later, it's gone." In between, Senator Richard Lugar [R-Indiana] reportedly talked to White House officials urging the Administration to withdraw the sale in the face of the overwhelming opposition. And Lugar's recommendation carries a lot of weight since as former Chairman of the Foreign Relations Committee he was not only counted on as a usually reliable Administration backer, but even more important, an astute vote counter.

But officials at the White House and the State Department, not to mention Republican Congressional aides, knew the sale to be a losing proposition long before it was introduced. "We sat on it as long as we could," said one White House insider. But according to knowledgeable sources, National Security Council staffers and Pentagon officials pressed for a go-ahead.

"The only explanation I can give for this fiasco is that it was a combination of wishful thinking and a strong feeling that we should go ahead because the sale was right," said one State Department official. But this official argues that the only way the Administration could have been successful was if it were willing to fight and lose - and then fight again. "But," he says, "the Reagan White House is too sensitive to any kind of loss on the Hill to adopt that strategy."

Part of the equation, as always, was opposition by the government of Israel and the pro-Israel community. In fact, there was some surprise in Congress over the strength of the opposition they were able to employ. Explained one Senate aide, "Those of us who

thought there was a reluctance, in light of the Pollard affair, to take on Israeli issues, were wrong."

Much was also made of Saudi Arabia's reluctance to publicly support US naval plans in the Gulf. As one Senate sale opponent put it, "Once again, Saudi Arabia showed us the only friend we can depend on is Israel." Though even Israeli experts accepted Administration explanations that the Saudis could not have come to the aid of the USS Stark [Survey, May 29], that issue continued to be raised with obvious effect during debate.

Curiously, Senate sale opponents were willing to concede defeat [meaning they couldn't muster 67 votes] if the Administration could demonstrate future Saudi cooperation. In fact, this is what Murphy promised during his testimony on Wednesday. But as one Senate aide explained, "Neither the Administration nor the Saudis have a whole lot of credibility up here and the momentum was going the other way."

But perhaps the most accurate explanation was given by one observer even before the sale was submitted. Predicting a loss in advance, this analyst remarked, "The Maverick sale is an opportunity for Congress to say, 'They may be able to send ships over there, but we'll stop the Mavericks.'"

DEFENDING KUWAIT?

But as Senator Pell's legislation demonstrates, Congress is far from finished examining the Administration's decision to become deeply involved in the Gulf by "reflagging" Kuwaiti ships. And if Saudi Arabia is viewed on the Hill as an unreliable friend, Kuwait receives even fainter praise.

To begin with, Kuwait was the first, and for more than two decades, the only Arab gulf state to maintain diplomatic relations with the Soviet Union. Kuwait's approach to the Soviets and the US was therefore very much in keeping with their claim to be "neither east nor west." State Department sources explain that while the Soviet Union is leasing only 3 of its ships and the US is taking on 11, an even split was the original Kuwaiti intention. Even vague promises of Kuwaiti backing for the US turns out to be, according to Administration officials, basic logistical support (e.g., allowing US ships into port for refueling).

In addition, Kuwait's large Palestinian population and boisterous press assures vocal opposition to US Middle East policies - especially support for Israel. This found its most concrete manifestation in Kuwait's decision in 1983 to refuse the appointment of Brandon Grove as US Ambassador because he had previously served as Consul General in Jerusalem [something of an irony here since service at the consulate in Jerusalem tends to alienate US diplomats from Israel. The Israelis see the consulate, which maintains offices in east and west Jerusalem, as a mission to the Palestinians of the West Bank].

Kuwait's refusal to accept Grove marked a low point in its relations with the US. However, attempts to improve the situation were not assisted by the Administration decision in June 1984 to provide an emergency shipment of Stinger anti-aircraft missiles to Saudi Arabia but deny one to Kuwait.

These problems have clearly not been forgotten by influential Kuwaitis and American officials. Secretary Shultz is known to be reluctant to embrace Kuwait [prompting one former official to accuse the Secretary of "policy by pique"]. Kuwaiti Foreign Ministry officials seem just as wary. Some share a general concern expressed in the Gulf that the US is simply seeking bases in the region. They also appear to want to continue an arms length relationship even as the US undertakes protection of half their tanker fleet. One prominent Kuwaiti last week when asked if his government would work together with the US to protect the tankers responded, "They are not our ships. They're yours."

EXECUTIVE BRANCH

"A LAUNDRY LIST OF REASONS FOR BEING IN THE GULF DOES NOT MAKE A POLICY"*

"My problem with our new role in the Gulf," said one key State Department official this week, "is that I am unable to find anyone, who, in one declaratory sentence, can explain what we are doing there." The most often repeated assertion that the US is endeavoring to maintain open access to crucial Gulf oil supplies leaves this official and a number of like-minded State Department insiders unimpressed. "One-half of one percent of the oil is not getting through due to attacks on shipping," says one State Department official.

Similarly, other Administration rationales are dismissed by a fairly wide range of State Department experts. These experts note, for example, that Iraq is more often than Iran the perpetrator of the attacks. And now, as throughout the 7-year old conflict, the Iraqis have been more indiscriminate in their military actions. "The Iranians would never have made a mistake like the Iraqis did with the Stark," said one Administration expert. This official explained that before launching an air attack the Iranians always make a reconnaissance with their P-3 aircraft. "The Iraqis on the other hand just blast away at what they euphemistically call, 'large naval targets.'"

A number of US analysts also emphasize it has been Iran's consistent position not to attempt to close down the strategic Strait of Hormuz unless its own export capability is destroyed [either because of attacks on shipping or its vital oil installations]. "The Iranians have been extremely cautious in their approach to neutral shipping," says one Administration analyst. [For example, the highly publicized attack on a Soviet freighter consisted of a few hand grenades tossed by Iranian Revolutionary guards from a speeding 30-foot boat, according to US sources.]

However, in singling out Kuwait, US analysts believe Iran went too far. "They put Kuwait up against a wall. The Kuwaitis had no choice but to turn to outside help," says one State Department analyst. Adds another, "I think Iranian contempt for the Kuwaitis led them to overplay their hand. I bet [the Iranians] are regretting it today."

By deftly playing off the US against the Soviet Union, the Kuwaitis, in the view of most Administration experts, scored a major political success. "Once they got the Soviets involved, we had no choice," said one Administration official.

Harsher Administration critics, however, blame Defense Secretary Caspar Weinberger for falling into a carefully laid Kuwaiti trap. "The Kuwaitis appealed to Weinberger's prejudices, thwarting the Soviets and helping the Arabs." But even in pursuit of these objectives, the Administration faces inherent contradictions. As one State Department official points out, "We're supposed to be keeping the Soviets out of the Gulf while at the same time we are jointly protecting Kuwaiti shipping [the

*said one State Department official this week

Soviet Union has agreed to lease three tankers].“ More important, State Department officials explain that with the increased US exposure in the Gulf, the incentive to work with the Soviet Union, bilaterally and at the United Nations, to end the war, has also been greatly increased.

BEEFED UP US ROLE

Even the additional US help to the Arab side of the Gulf War is a mixed blessing for Iraq and the Gulf states, say the experts. “It's true that for five years Iraq has tried to get a superpower involved in its struggle and overnight the Kuwaitis got both,” admits one State Department insider. “But a high profile superpower presence is still never welcome in the Gulf.”

After the attack on the Stark, the extra US presence in the Gulf is guaranteed. Already the Navy has increased its complement of ships from four to six. And this week, the National Security Council met to discuss the military requirements necessary to carry out the Navy's new mission in the Gulf. “We're doing what Cap [Defense Secretary Weinberger] is incapable of - thinking things through,” says one senior Administration official.

Viewed from the State Department, anticipated US Navy requirements loom large. “They [the Navy] always said they could do the job,” observes one skeptical State Department insider. “I can't wait to see the overkill.” A slightly more charitable observation was made by another Administration insider. “If you just lost one of your prized new frigates, wouldn't you want to make sure you didn't lose another?”

It is still unclear whether the Navy will insist on total air cover. New arrangements now being worked out with Baghdad should insure against a repetition of the attack on the Stark from the Iraqi quarter. And Iran's air power has steadily dwindled during the war therefore posing little risk. The Iranian threat comes mainly from Chinese-supplied Silkworm shore-based missiles and a limited inventory of ship-to-ship missiles. Again, US seaborne defenses should be more than a match for this Iranian threat, say the experts. But the skeptics expect the Navy to at least initially insist on maximum protection. As one Administration official puts it, “Suppose the Iranians sent 25 planes against us. We knock down 24, but one gets through. They win, we lose.”

Still, US experts on Iran do not expect the Iranians to seek out a direct confrontation. “It's just not their style,” says one such expert. Instead, this analyst argues, that if and when Teheran decides to “take on” the US, it will be on Iranian terms. In his view this means resorting to terrorist-type operations. “The first action I expect,” says this analyst, “is a limpet mine going off on a reflagged Kuwaiti ship while still in port.”

However, US analysts doubt the Iranians will act precipitately. “While the Iranians are willing to run risks to undo superpower involvement, right now I have to believe they are trying to think things through,” says one long-time US analyst. If, as some observers predict, reflagging of Kuwaiti tankers goes ahead within the next four weeks, the Iranians may choose the middle of the summer - and the height of Congressional hearings on the Iranian arms scandal to make a move. “Don't ever underestimate the Iranians' understanding of the US political process,” says one State Department analyst. “They are aware that the more the US presence in the Gulf becomes an issue here, the weaker our hand is over there.”

But according to Administration planners, the Iranians have always been careful in dealing with the American presence in the Gulf - fearing a strong military response. And say these officials, the American public's animosity has only been increased by the Iran arms scandal revelations. As one Republican senator observed this week, “The public's desire for revenge [against] Iran is greater than the natural desire not to get entangled out there.”

BELATED CONGRESSIONAL CONCERN

State Department officials point out that in early March when they first offered to brief Members of Congress on the question of reflagging Kuwaiti tankers, they were met with nearly complete indifference. The Senate and House Armed Services committees flatly turned down the offer and only a small group of Senate Foreign Relations committee members showed up for an informal briefing (and posed no tough questions or strong objections). The attack on the Stark produced a dramatic turnabout.

Now Members of Congress are publicly raising the same concerns about the new ill-defined US mission in the Gulf that are being privately expressed in the Administration. Says one Senate staffer, "Up here there is a low tolerance for ambiguity - especially when lives are at stake." The overwhelming concern say Capital Hill sources is the increased risk of confrontation. Leading Senate Republicans like Richard Lugar (Indiana) and Minority Leader Robert Dole (Kansas) have been among the most vocal. Even hard-core conservatives like Rep. Jack Kemp (R-NY) who subscribe to at least half of Secretary Weinberger's thesis - the Soviet threat - are asking tough questions about the degree of US exposure.

The Democrats, meanwhile, led by Senate Majority leader Robert Byrd have helped frame the issue on institutional grounds - namely the War Powers Act. The 1973 War Powers Resolution requires the President to notify Congress if American forces are being placed in "situations where imminent involvement in hostilities is clearly indicated." By sending Tennessee Democrat James Sasser [who Republicans point out opposed the April 1986 raid on Tripoli] to the Gulf, Byrd was clearly seeking a report that emphasized the increased prospects of military confrontation. But even some key Republicans privately agree that the War Powers Act should be invoked [so does White House Chief of Staff Howard Baker, the former Republican Senate leader, according to published reports].

The Administration's reluctance to invoke War Powers is based primarily on constitutional grounds. "It's the lawyers," says one key Administration official, "They don't want to sanction a curbing of the President's foreign policy prerogatives." As a practical matter (as Baker's support for War Powers indicates), there is much to be said for invoking War Powers, argue a number of Administration planners. First is the recognition that as the prospects for combat increase, so will the pressure to comply. Second, from a political standpoint it makes sense to share responsibility with Congress as early as possible. Finally, from a regional perspective, some Administration officials believe Congressional support pursuant to the War Powers procedures would send a strong signal to Iran of bi-partisan support that would greatly increase US deterrence.

F-15s TO SAUDI ARABIA - THE OTHER CONGRESSIONAL CONCERN

Initial reports that Saudi F-15s flying air cover for the AWACs did not intercept the Iraqi jet which attacked the Stark, caused an outcry on Capitol Hill. And it also caused the Administration to abruptly cancel plans to submit a proposal for providing Saudi Arabia with up to 15 F-15 replacement aircraft. Despite subsequent accounts that showed the Saudis acted properly, there is little interest at the White House in reversing the decision any time soon.

Part of the problem is that the political strategists, including Chief of Staff Howard Baker and Congressional Relations expert William Ball, were never enthusiastic to begin with. AIPAC (the pro-Israel lobby), and the Israeli government were prepared to

wage an all-out fight as soon as word of the proposal leaked (just before the attack on the Stark). And while a reappraisal of the Saudi role in the Stark affair tended to absolve them (even the Israelis privately concede the Saudis did not have enough time to intercept the Iraqi jet), the likelihood of something less than total Saudi support for an increased US presence in the Gulf raises the prospect of an equally difficult argument for the Administration to counter. As one Congressional aide puts it, "If the Administration wants to sell the Saudis some more F-15s while planning to do some new things in the Gulf, I think it's only fair we take the occasion to reexamine our entire relationship with them."

Though all relevant agencies (State, Defense, CIA), favor pressing ahead with the sale, the White House seems adamant in its opposition. A number of sources indicate that July is the earliest the White House will reconsider its position.

While most pro-Israeli groups welcome the new White House stand ["We opposed 60 F-15s in the first place, I didn't see why we should favor keeping it at that level," said one activist], a surprising few think it a mistake. Says one veteran of arms sales fights. "By setting aside older models of the F-15s, we lock the Saudis into them. I like that." And one strongly pro-Israel Senator was known to be seeking a repeat of last year's performance by AIPAC and the Israel government when they avoided a fight over a smaller sale of equipment to Saudi Arabia.

MIDDLE EAST

THE VIEW FROM THE GULF

"You have to be careful of the Americans," warns one Gulf diplomat. "They come when you don't need them and they desert you when you do." If the Lebanese experience soured Congress and some in the Administration on US military involvement in a vague and ill-defined role, it had an even more profound effect on the Arabs.

"The US operates best when it can get in and out quickly - like in Grenada," said one Arab diplomat. "Or Libya," he more reluctantly conceded. "But Lebanon taught us the dangers of relying on a long-term commitment." And US analysts warn that the Lebanon analogy only highlights a part of the problem. As one analyst explains, "Our Lebanon policy was stupid. But more important, it was peripheral. The Gulf is crucial and a failure there could be disastrous."

Arab diplomats also believe (and US analysts agree) that as one Ambassador puts it, "The Iranians are going to play a game of chicken with the US." And if anything the stakes are even higher for Iran. Diplomats from the region recall that even under the Shah, the Iranians sought to force the superpowers to deal with in the Gulf through them. In the mid-1970s the US naval presence dwindled as the Shah successfully pressured Bahrain to revoke privileges granted the US Navy. Agreeing, one US analyst notes, "Khomeini is at least as determined as the Shah to make it in the Persian Gulf."

Some US officials believe that the Gulf states will become increasingly uncomfortable with the enlarged US presence. Already Oman, according to informed sources, has let the Administration know of its opposition to US reflagging plans. And while the Saudis continue to support the effort, attempts to enlist their public assistance by, for example, getting them to grant basing rights to US F-15s at Dhahran may cause them to reconsider, say State Department officials.

In fact, some of these US officials most uneasy about the growing US commitment are counting on the Arabs to stop it in its tracks. "We can never withdraw our offer [to Kuwait], but if our requirements become so onerous, perhaps the Saudis and the others will ask the Kuwaitis to change their minds."

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EXECUTIVE BRANCH

THE US AND IRAN - HEADING TOWARDS WAR?

Administration officials were heartened by the widespread Congressional and public support for the US retaliation against Iran. A number of officials pointed to an ABC-Washington Post poll which showed a large majority of the American public thought the naval bombardment of the Rashadat oil platform was "just about the right response." Said one State Department official, "Our attack was discreet and appropriate - and was recognized as such."

However, it appears that much of this confidence was realized after the fact. Before the strike, a number of key officials were reluctant to undertake a reprisal. "The President had to be prodded into it," said one well-informed Administration official. A number of officials acknowledge that Secretary of State George Shultz was reflecting high-level Administration unwillingness to be driven into retaliation with his half-hearted attempt to draw a distinction between an attack in international waters and the Silkworm missile that hit the reflagged tanker in Kuwait's territorial waters. Elaborating on Shultz' comments, one State Department official said, "The Iranians shot at the harbor and hit us." This official insisted that the Silkworms are not accurate enough to single out a US-flagged ship.

But this argument was not convincing - least of all to the Gulf Arabs. "The US was acting characteristically timid," said one Gulf diplomat who also observed, "At a time when the Saudis and Kuwaitis are acting uncharacteristically bold." The President was addressing this perception when he ordered the naval bombardment. But this modest exercise left at least some Arabs unimpressed. "The Administration realized its early statements weren't enough - so it did the minimum," concluded one Gulf diplomat. [One Arab leader apparently satisfied with the US action was Crown Prince Hassan of Jordan. On Monday, after being informed of the news, he told a luncheon gathering of Americans in Amman, "You have just enormously improved my appetite."]

PROPORTIONATE RESPONSE

By insisting upon a "proportionate response" President Reagan, in the view of key Administration strategists, insured widespread public and Congressional support. He was also able to hew to his line that, in the words of one State Department official, "We don't want a fight with Iran." Finally, by responding with only a modest use of force, Administration officials continue to cling to the hope that the Iranians will back off from confrontation with the US. As one State Department official puts it, "We are still giving [the Iranians] time to wake up and realize that actively looking for a confrontation is not in Iran's interest. Our message is simple: They don't need more than one enemy at a time."

Other analysts believe, however, that there is a "downside" to proportionate response. To begin with, they note there are few additional blows the US can administer before crossing the line into major military operations. "One advantage of starting small is that we have laid the groundwork for a bigger hit," says one Administration official. However, this official believes the US is, at most, "one step from massive retaliation." As he says, "We can't up the ante much more without going after targets on the Iranian mainland. At that point, no matter what we say, it's going to be viewed as massive retaliation."

Another well-placed US official agrees. In answer to his own question, "What's next?" he says, "We go after the [Iranian] economic infrastructure and/or land-based targets. Then we reach a new phase - we're involved in the war."

But perhaps the harshest criticism of proportionate response is that it simply does not work. Clearly this is implicit in Arab dissatisfaction with the naval bombardment. And even those US officials most pleased with the President's choice of military options acknowledge that so far there is no sign that the Iranians have taken the message to heart. "We admit it. Our policy mix hasn't deterred Iran," says one key State Department official.

DISPROPORTIONATE RESPONSE

Some US analysts, however, argue that the Administration's policy of proportionate response plays right into Iranian hands. "The Iranians can and do expect a proportionate response," argues one long-time analyst. He notes that the Iranians have concentrated on the use of conventional forces, not terrorism, and have "talked up war" for a specific purpose. "They are trying to create the impression here at home, in Congress and among the American people that we are heading towards war," says this analyst. "They want to involve those domestic players, notably the Congress, who in the past - as long ago as Vietnam, as recently as Lebanon - have hamstrung Administration military action."

Contrary to the popular impression, the Iranians are cool-headed, relatively sophisticated analysts of the American scene, say a number of Administration Middle East experts. "They have a mission in New York [at the United Nations] which reads the papers," observes one State Department official. And the Iranian Foreign Ministry contains a group of American-educated officials, according to the State Department. The most prominent of the group is Deputy Foreign Minister Mohammed Larijani, who has led efforts to explain Iran's case in Western Europe and elsewhere.

The failure of the US deterrent has led a few in the Administration to privately urge the use of disproportionate response. "I know it's not an option, but disproportionate response just might work," says one analyst. This analyst suggests, for example, a massive attack on Iran's major oil exporting facility at Kharg Island, "could make this Iranian sit up and take notice." Another US official makes an analogy to the April 1986 bombing raid on Libya. "I know you can't compare the Libyan and Iranian mindset, but in both cases there is 'threshold pain' which we can inflict." This official suggests a precedent when he notes, "We called the Tripoli raid surgical, but it was massive to the Libyans."

However, with the Administration in a far weaker political position than during the heady days of early 1986, few expect bold moves, let alone a repetition of the use of the controversial concept of disproportionate response. [This concept was borrowed from the Israelis who had used it during the latter stages of their major involvement in Lebanon. Senior National Security Council officials had been briefed on the effects by the Israelis. So, in January 1986, when US naval forces were preparing to challenge Libyan strongman Muammar Qaddafi's so-called "line of death," these NSC aides instructed the Joint Chiefs of Staff that, if challenged militarily by the Libyans, they were to respond, not proportionately, but with "disproportionate force." Noted one US official

last week, "The Israeli role model has fallen into some disrepute. But still I prefer their sticks to our pinpricks."]

TEHERAN'S PLANS

"If you could stop the movie now, it would be great," said one US analyst after the US naval bombardment Monday. "But we are not going to like the ending." Put in less colorful and more supportive language, another analyst says, "The right thing has been done. We were in the right range of action." But this analyst too warns, "This is only a short term victory...a pinprick in a bigger war."

[The next act came quickly three days later on Thursday when another Silkworm missile slammed into a Kuwaiti oil installation. This led some US officials to conclude that the Iranians are simultaneously attempting to goad both the US and Kuwait.]

But, if as a number of US and Arab officials believe, Iran is on a confrontational course, what does Teheran expect to gain? Some analysts have for a long time argued that so-called "radical elements" within the Iranian leadership can make domestic use of a confrontation with the US. Now, they note, the radicals, bent on prosecuting the war with Iraq to a victorious conclusion, have been able to stir up the crowds in Teheran.

However, these same analysts can and do argue that those in the Iranian leadership who wish to see an end to the war figure confrontation with the US to be the best vehicle. Explaining this seeming contradiction, one analyst says, "Only the US can inflict the kind of damage that would force Khomeini to reconsider." And, says this analyst, "Those who desire an end to the war want Khomeini to decide it. No one in a post-Khomeini Iran would have the power and prestige."

THE MILITARY EQUATION

Even the military, which stands to lose the most in a confrontation with superior US firepower, may be in favor of a confrontation, according to some US analysts. They argue that the Iranian military already considers the US Navy a de facto ally to Iraq. "Consider this case," says one Administration official. "The Iranian military is planning its next major land offensive against Iraq. For the first time they must take us into account. They must cover this flank. After all, they know we came close to deciding to hit their missile emplacements at Fao. And remember they know that we [unlike Iraq] don't bomb targets from 30,000 feet." Concludes this analyst, "The Iranian military may have decided that they cannot prosecute the war without the US neutralized or gone."

Some analysts also speculate that the Iranians may be miscalculating the US willingness to go beyond limited retaliation. "They figure they can calibrate our response," says one US official. "And they believe they are able to withstand just about any military blow we are prepared to deliver."

Supporting this view is the widely held assumption that a massive strike such as the one suggested against Kharg Island would undermine the main objective of the American presence - insuring the free flow of oil from the Gulf. As one Congressional observer says, "We can't shut down Iran without shutting down the Gulf." A further constraint on US action, notes one Arab diplomat, is the necessity to avoid creating the perception of Iran as a victim. Observes this diplomat, "If Iranians are seen as victims, they will get support and sympathy throughout the Arab world." And such an outcome would undermine another major objective of the US military presence - support for nervous Arab regimes which already have to contend with the appeal of Iranian fundamentalism.

Calculating correctly or not, the Iranians, in the view of US experts as well as a wide range of diplomatic sources, are counting on the ambiguities and contradictions in American public opinion. They know of the American sensitivity to military casualties. They are also depending on an institutional split between Congress and the Executive branch.

CONGRESS

CONGRESS AND WAR POWERS

"It's not hard to tell how the Iranians read this week's Senate War Powers debate. They loved it." This comment could have been made [and probably was] by Administration officials criticizing the Senate action. But in fact it was said by a relatively dispassionate analyst who believes the Iranians have no "game plan" beyond involving Congress. "The Iranians see Congress as the public's vehicle to express dissatisfaction once the going gets tough," says this analyst.

In fact, the Senate debate about War Powers had little to do with the substance of Persian Gulf policy. As noted above, Congressional support for Monday's naval action was bipartisan and overwhelmingly favorable. Support has solidified since the Administration went ahead and reflagged the Kuwaiti tankers over Congressional objections. And painless military actions only add to the support. As one Administration official noted approvingly this week, "Air and sea operations are our forte."

Congressional concern was almost exclusively of a procedural nature. The resolution offered by Senators Robert Byrd [D-W. Va.] and John Warner [R-Va.] was an attempt to come to grips with Congressional war making responsibility and the difficulty of invoking the War Powers bill. "War Powers was about to become a dead letter," said one Senate Democrat.

Byrd was furious when his first attempt to gain passage of a resolution was defeated. But his success in finally getting the Senate on-the-record as being formally involved in the decision-making left few either in the Administration or in Congress satisfied. For example, Senators Alan Cranston [D-Calif.] and Mark Hatfield [R-Ore.] voted against because the resolution completely avoided invoking war powers language. Administration supporters such as Rudy Boschwitz [R-Minn.] opposed the resolution for being too constricting on the President. "It was a mess," said one Senate Republican.

The resolution passed because of Byrd's political arm-twisting and the realization of some War Powers supporters such as Lowell Weicker [R-Conn.] that "it was better than nothing."

But Administration officials note correctly that the resolution, even if passed by the House of Representatives, still leaves Congress in exactly the same position as before. The President has already formally notified Congress of his military action against Iran - "consistent" with the War Powers legislation, without being "pursuant" to it. And this resolution, as one State Department official points out, allows Congress to do "what it always could have done - pass specific legislation that can affect our Gulf policy in any way they wish - from cutting off appropriations to redirecting ships." But this official and others are confident that Congress won't be heard from in a meaningful way until the Iranians become more effective with their attacks.

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MIDDLE EAST

A FRACTIOUS ARAB SUMMIT

In light of the decision by Saudi Arabia's King Fahd not to attend Sunday's Arab summit in Amman, US analysts and other observers believe the summit may be the prelude to, not the site of, significant political developments. As one long-time Saudi watcher explains, "Fahd isn't going because he doesn't like personal confrontation. He doesn't want to be put into a position where he has to stand up and be counted."

Confrontation, it is assumed, would come over the question of the Iran-Iraq war and with Iran's major Arab backer, Syria. Since the incident at the Grand Mosque at Mecca and the ensuing Iranian attacks on Kuwait, both the Kuwaitis and the Saudis have displayed unprecedented toughness in dealings with Iran. This attitude has now begun to extend to Syria. There are reports that Kuwait has cut back its annual subsidy to Syria. And the Iraqis have been suggesting that Saudi Arabia may do likewise next year. [This would coincide with the end of a 10-year commitment to support Syria as a "confrontation state" against Israel.]

The other contentious issue on the summit agenda - readmission of Egypt to the Arab League - would again pit Saudi Arabia and Kuwait against Syria. In light of Egypt's de facto reintegration into the Arab fold, a number of analysts considered progress on this issue more likely. [For example, the head of Iraq's "interest section" in Cairo is its former ambassador. The same is true of Egypt's representative in Baghdad.]

US analysts are now betting that the summit will pave the way for Arab governments individually to reestablish full ties to Egypt. As one Administration analyst observes, "Syria is on the defensive. The Saudis and Kuwaitis may not be willing to push too hard directly on the war, but they will find they can make gains indirectly by pressing the Egypt issue."

US analysts do not believe that this uncharacteristic boldness signals that the Gulf Arabs have, in effect, chosen Iraq over Syria, as some Iraqis argue. ["The Saudis would never be that bold," says one US official who noted that in sending Crown Prince Abdallah to Amman, Fahd was opting for the senior Saudi Prince with the closest ties to Syria.] Nor do US officials accept the Iraqi predictions that the Gulf states are about to break relations with Teheran. [Iraq only a few months ago formally cut its ties to Iran.] But they do believe that tough choices are going to have to be made soon by the Gulf Arabs.

TILTING TOWARD THE US

The recent deadly Silkworm attacks on Kuwait have led that Gulf state to turn again to the US for help. This has occurred despite some complaints from inside Kuwait as well as from other Arab observers that US "protection" has only made Kuwait more vulnerable. As one Arab ambassador puts it, "The US has placed Kuwait in a corner. You have invited the Iranians to hit Kuwait."

"SILKWORMS"

The first priority for Kuwait is to deploy an effective shield against the Silkworms. US officials are confident this can be achieved. As one State Department official explains, "It may cost a lot of money, but then the Kuwaitis can afford it." Specifically, this official asserts, "A fixed point can be defended against the Silkworms. They may need some more Hawk missiles, but it all can be done in relatively short order."

The Chinese-supplied Silkworms, which have a radius of approximately 50 miles, are launched from mobile launchers located on the Fao Peninsula, Iraqi territory captured last year by Iran. They were first fired at Kuwait earlier this year, but were not accurate because they lacked a reliable guidance system. This problem was corrected, according to informed sources, by Chinese technicians.

Chinese supply and service of the Silkworms has become a major source of irritation between the US and China. Earlier this week, Undersecretary of State Michael Armacost, was in China and again lodged a formal complaint. In the past, similar US complaints have been brushed aside by the Chinese, who according to one informed source, have taken the attitude, "what concern is it of yours?" But after the American captain of a reflagged tanker was badly injured in the recent attack in Kuwait harbor, the Chinese have changed their tone. Even more persuasive was the decision to cut back on technology transfers to China. "The Chinese sat up and took notice on tech transfer," said one well-placed US official.

Improving Bahrain's defenses has also taken a higher priority for the Administration. Possessing a long-standing access agreement, the US has been able to rapidly expand its operations in Bahrain to facilitate its enlarged Naval presence in the Gulf. Bahrain's airport is routinely used by US helicopter gunships. It and other Bahrain facilities also handle US personnel and materiel.

"STINGERS"

While Bahrain is uncomfortable with the large American presence ["They don't like it and they don't like us talking about it," said one Administration insider], they expect a reward for their contribution - namely favorable consideration of their request for Stinger anti-aircraft missiles. This request was caught up in the controversy over providing Maverick air-to-ground missiles to Saudi Arabia. When the Mavericks were withdrawn (as part of the compromise which enabled the Administration to sell the Saudis F-15 replacement aircraft) there was some confusion over whether the Stingers to Bahrain were shelved as well.

Complicating the matter is that technically the Administration is not required to notify Congress of its intent to sell Stingers to Bahrain since the dollar value of the sale is relatively low. However, Administration officials recognize the controversial nature of the weapon. Some Members of Congress fear the portable Stingers could fall into unfriendly hands. And the recent disclosure that Iran has perhaps 30 Stingers [taken from Afghan rebels] has only deepened Congressional concern. "Only US Middle East policy could achieve the irony of punishing the Arabs for the Afghans giving Stingers to Iran," said one experienced observer, who also asserted that Saudi experience with the Stingers [they received an emergency shipment in 1984] showed that "on site" inspection can insure security for the missiles.

While the Administration has not made a final decision on whether to press ahead with the Stinger sale to Bahrain, they are speaking privately with a number of key Members of Congress, including Senator Dennis DeConcini (D-Arizona), who has been outspoken in opposition. "All we want Congress to be aware of now is that unlike the Mavericks, we haven't withdrawn the Stingers [to Bahrain]," said one State Department official.

DURING THE LULL

The approach of the Arab summit has brought a certain lull to the fighting in the Gulf. US analysts are unanimous in the view that Iran is taking it easy on Kuwait - and the US - in order to avoid making Syria's role in Amman even more difficult. But few expect the quiet to continue much past the summit. Says one senior US official, "The Iranians are still trying to resolve their basic dilemma - a desire to get us out of the Gulf and their desire not to tangle with us."

Iraqi officials are hoping that the Soviet Union will reassess its position during this period. But US officials are dubious. "The Soviets aren't feeling the pressure from the Arabs," says one high-ranking US official. "They still feel free to take a tactical advantage with Iran." This official also expects Moscow to continue to delay UN consideration of an arms embargo resolution. Another well-placed official concurs, saying that recent Soviet attempts to promote a UN role at sea in the Gulf was designed to shift attention away from the arms embargo resolution.

WATCHING THE SUMMIT FROM ISRAEL

As always, the Israelis will be keen observers - from a distance - of the Arab summit. They acknowledge that Saudi Arabia and Kuwait are placing unprecedented pressure on Syria. And some Israelis believe there will be a direct link between Arab action on the Gulf war and the issue of greater interest to them - the Arab-Israeli conflict. "There will be a give and take between the two issues, says one Israeli official. And he predicts the Syrians will be more flexible on the Arab-Israeli question if they are not "pushed to the wall on the Gulf war."

Jerusalem also believes that if a resolution coming out of Amman on the Arab-Israeli conflict resembles the moderate one passed at the Fez Summit in 1982, then Jordan's King Hussein will take it as an endorsement of his efforts to pursue an international conference. Hussein, having met recently with both Shimon Peres and Yitzhak Shamir, is viewed by most Israelis as being intent on making headway in negotiations.

However, US officials caution that after Secretary of State Shultz' meeting with Hussein in London, no one should be optimistic about the Jordanian monarch's ability to make major strides. The King, according to informed sources, left no doubt about his unwillingness to move from his concept of an international conference.

Shultz presented Hussein with what he called in "international opening." This concession, wrung from Shamir [which, the Israelis say, Shamir is understandably downplaying], envisions a joint role for the US and the Soviet Union - but no formal conference. Hussein responded that "a great deal of work" went into the conference concept. Left unspoken, but understood, according to informed sources, was that anything less than what one US official calls "a complete umbrella" is insufficient "protection" for Hussein.

US officials are now left with the hope that Hussein was unwilling to take any gambles on the eve of his summit. As one US official noted, "The meeting took place in London, not Amman." And these officials say that as important as an Arab-Israel accord is to Jordan, the Gulf war is of more immediate concern.

EXECUTIVE BRANCH

ISRAEL AND THE GULF WAR

Administration officials reacted with dismay and some anger to Israeli Defense Minister Yitzhak Rabin's criticism of US Gulf policy. And Rabin, in asserting that

Israel's hostility towards Iraq and its interest in reaching out to Iran had remained unchanged, contradicted a number of public and private Israeli statements to the contrary - some made as recently as Shultz' visit to Israel last month.

Explanations for Rabin's outburst varied. Among the most critical were those offered by analysts who doubt the sincerity of any Israeli shift. "I think Rabin's remarks show the frustration Israel has in not being able to yank the US around anymore," said one former State Department official. "The Israelis always get agitated when their policy is out of sync with the US."

At the other end of the spectrum, Israeli officials say that Rabin was merely trying to temper the impression that Israel had undergone a dramatic change of heart regarding the Gulf war. These Israelis explain that since Iran gained the upper hand in the war five years ago, a debate has raged in Israel over the wisdom of continuing to back Iran.

Some Israeli analysts and government officials argue that Iran has been a friend in the past and even now is an enemy of the Arabs. The threat of Islamic fundamentalism has been overdrawn, they say, and Israel, in any event, has been able to cope with it more or less successfully both in the occupied territories and in southern Lebanon. Finally these Israelis warn, as they have since the onset of the Gulf war, that a battle hardened Iraqi army, which in 1973 fought a bloody duel with Israel on the Golan Heights, is much the greater threat.

However, even some critics of Israel's policy of support for Iran acknowledge that support to be less uniform and monolithic than in the past. This is because many influential Israelis do indeed fear the rise of Islamic fundamentalism, which in Lebanon at least, proved to be a much more formidable adversary than previous opponents. And some Israelis fear the spread of fundamentalism not only to the West Bank, but to Egypt as well.

US analysts entering the debate emphasize that Iran as "an enemy of my enemy" no longer applies for Israel. Says one Administration analyst, "This old theory is no longer valid since Israel has a de jure peace with Egypt and a de facto peace with Jordan." Moreover, US analysts argue and a number of Israeli policymakers agree that the battle tested Iraqi army will have its hands full with Iran - in war or peace - for the indefinite future.

DOES ISRAEL'S VIEW MATTER?

However, for the most part, informed Israelis contend that their government's view of the war has no real or immediate value. One key Israeli official acknowledges that "two schools of thought [on the war] exist side by side ...resulting in no policy changes." But this official insists "it doesn't matter much since we have no role to play anyhow."

But this assertion assumes that Israel is no longer supplying weapons to Iran - an assumption that some US officials and observers flatly reject. "I can't prove it," says one former US official, "but I am convinced that Israel is still a conduit for things Iran can't get elsewhere." This ex-official believes that parts for Hawk missile batteries F-4 aircraft and radars - all US manufactured - are still being supplied by Israel to Iran.

Current US officials acknowledge what one key insider says are "persistent rumors" of continuing Israeli arms sales to Iran. "But," says this Administration source, "We have to accept Israeli denials because we are never presented with any proof." Acknowledging "troubling signs exist that Israel is again selling arms to Iran" one senior US official warns, "They better not be. American lives are at stake now."