

CONFIDENTIAL

GRS 800

CONFIDENTIAL

● TEL AVIV 030900Z AUG

TO PRIORITY FCO

TELNO 376 OF 3 AUG

INFO PRIORITY WASHINGTON, CAIRO, UKMIS NEW YORK.

U S/ISRAEL RELATIONS.

1. ISRAELI POLITICAL AND OFFICIAL CIRCLES, AND WITH THEIR GUIDANCE THE MEDIA, ARE WORKING THEMSELVES UP INTO A FINE LATHER OVER WHAT THEY SEE AS A DEEPENING RIFT BETWEEN THE UNITED STATES AND ISRAEL. THE THREE MAIN ELEMENTS, ON WHICH I HAVE REPORTED SEPARATELY IN RECENT DAYS, ARE:- REPORTS OF NEGOTIATIONS IN NEW YORK FOR A NEW SECURITY COUNCIL RESOLUTION TO BE TABLED DURING THE PALESTINIAN DEBATE ON 23 AUGUST; THE UNEF/UNTSO ISSUE; AND WHAT ISRAELIS SEE AS NEW U S POLICIES IN THE AUTONOMY NEGOTIATIONS, LEADING TO A 'LEGISLATURE' IN THE WEST BANK AND GAZA AND THENCE TO A PALESTINIAN STATE. SOUTH LEBANON AND SETTLEMENTS REMAIN RUNNING SORES, OF COMPARATIVELY MINOR IMPORTANCE AT THE MOMENT COMPARED WITH THE ABOVE THREE.

2. PRESIDENT CARTER'S PRESS CONFERENCE COMMENT THAT THERE WAS AN ANALOGY BETWEEN THE PALESTINIAN RIGHTS MOVEMENT AND THE CIVIL RIGHTS MOVEMENT IN THE UNITED STATES HAD PREDICTABLY ADDED FUEL TO THE FLAMES. AND THE STAGE IS BEING SET FOR A FINE DISPLAY OF FIREWORKS WHEN MRSSRS STRAUSS, KHALIL AND BURG MEET FOR A FURTHER ROUND OF AUTONOMY NEGOTIATIONS IN HAIFA ON SUNDAY, 5 AUGUST.

3. THE QUESTION IS TO WHAT EXTENT THE FUSS WHICH THE ISRAELIS ARE MAKING IS DUE TO GENUINE WORRY, OR ARTIFICIAL, IN ORDER TO ACHIEVE A TACTICAL POSITION OF RIGHTEOUS INDIGNATION FROM WHICH BETTER TO ATTACK FROM THE SIDELINES DURING THE FORTHCOMING SECURITY COUNCIL DEBATE. THE ANSWER IS:- A MIXTURE OF BOTH. THUS, I BELIEVE THE UNEF/UNTSO DISPUTE TO BE VERY LARGELY ARTIFICIALLY INDUCED HERE. THERE MAY BE AN ELEMENT OF GENUINE CONFUSION, IN THAT MR

CONFIDENTIAL

/ DAYAN TOOK

CONFIDENTIAL

DAYAN TOOK HIS EYE OFF THE BALL WHILE ILL, AND HIS FOREIGN MINISTRY STAFF DID NOT SUFFICIENTLY INSIST ON DRAWING HIS ATTENTION TO WHAT WAS GOING ON. AND MR BEGIN CAN CORRECTLY CLAIM THAT WHEN MAYNES FIRST RAISED THE SUBJECT OF UNTSO WITH HIM LAST MAY, THE PRIME MINISTER TOLD HIM FIRMLY THAT UNTSO WOULD NOT DO (I HAVE SEEN THE RECORD OF THE CONVERSATION TAKEN ON THAT OCCASION BY THE PRIME MINISTERS POLITICAL ADVISER). BUT I AM SURE THAT MR DAYAN SEES THE ISSUE AS A TACTICAL OPPORTUNITY TO CLAIM GRAVE INJURY TO ISRAEL'S INTERESTS BY THE UNITED STATES, AND PERHAPS TO BRING TO THE FORE A SUBJECT ON WHICH HE CAN DEAL DIRECTLY WITH MR VANCE, AS HE CANNOT, BY DELIBERATE SELF-DENIAL, OVER THE AUTONOMY NEGOTIATIONS.

4. ON THE UNITED STATES ATTITUDE IN THE AUTONOMY NEGOTIATIONS. THE QUESTION IS WHETHER THE ISRAELIS ARE DELIBERATELY EXAGGERATING AND MISINTERPRETING WHAT THE U S TEAM SAID LAST WEEK IN ALEXANDRIA. ACCORDING TO THE ISRAELI PRESS, THE STATE DEPARTMENT MAINTAIN THAT THE ISRAELIS HAVE MISUNDERSTOOD THEIR POSITION: WHILE THEY AGREE WITH THE EGYPTIANS THAT THE ISSUES LISTED IN PARA ONE OF MYTEL 371 DESERVE TO BE DISCUSSED, THERE HAS BEEN NO CHANGE IN THEIR POSITION ON THE SUBSTANCE OF THE NEGOTIATIONS. BUT EVEN THE FACT THAT THE AMERICANS CAN CONTEMPLATE UTTERING THE WORD "LEGISLATURE" HAS GIVEN THE ISRAELIS A BAD FRIGHT. THEY ARE ALSO PROFOUNDLY WORRIED LEST THE AMERICANS ACTUALLY SUCCEED IN MOVING THE NEGOTIATIONS OUT OF THE PROCRASTINATORY BOG INTO WHICH THE ISRAELIS THOUGHT THEY HAD MANOEUVRED THEM. HENCE THE DELIBERATE ATTEMPTS TO FOG THE ISSUE. IT REMAINS TO BE SEEN HOW FAR THIS WILL BE SORTED OUT IN HAIFA NEXT WEEK, THE RESULT NO DOUBT DEPENDING SIGNIFICANTLY ON HOW FAR THE ISRAELIS WANT IT TO BE.

5. FINALLY, THE ISRAELIS ARE GENUINELY AND DEEPLY DISTURBED AT THE PROSPECT OF A NEW SECURITY COUNCIL RESOLUTION, WITH ALL IT IMPLIES FOR U S , AND OTHER, DE FACTO RECOGNITION OF THE P L O AS A VALID NEGOTIATING PARTNER. I AM SURE THAT YOU ARE NOT INCLINED TO UNDERESTIMATE THE FURY WITH WHICH THE ISRAELIS WILL SEEK TO FORESTALL ANY RAPPROCHEMENT, BY ANYBODY,

WITH THE P L O: AND THE VITUPERATION WITH WHICH THEY  
 SHOULD CONDEMN AND DISTORT ANY NEW RESOLUTION. IT WOULD BE  
 INTERPRETED HERE, TO A VERY WIDELY RECEPTIVE PUBLIC, AS A  
 DEAL WITH MURDERERS, WHO REMAIN AS DETERMINED AS EVER TO  
 DRIVE JEWS INTO THE SEA, KILLING AS MANY OF THEM AS POSSIBLE  
 ON THE WAY. THIS EXTREME REACTION WOULD OF COURSE BE DUE  
 TO THE FACT THAT A RESOLUTION WHICH COULD BE INTERPRETED AS  
 P L O RECOGNITION OF ISRAEL'S RIGHT TO EXIST WOULD  
 BE THE SEVEREST BLOW TO THE WHOLE DIRECTION OF ISRAELI FOREIGN  
 POLICY. IT IS DIFFICULT TO PREDICT WHAT THE SUBSTANTIAL,  
 AS OPPOSED TO THE VITUPERATIVE, REACTION WOULD BE HERE, BUT  
 NOTHING CAN BE EXCLUDED, EVEN SUSPENSION OF THE IMPLEMENTATION,  
 BUT NOT, I BELIEVE, ABANDONMENT, OF THE PEACE TREATY WITH EGYPT.

6. I HOPE THAT IT WILL BE UNDERSTOOD THAT I AM IN NO WAY  
 SUGGESTING THAT THE UNITED STATES OR WE SHOULD GO SLOW IN OUR  
 EFFORTS TO ACHIEVE A RESOLUTION WHICH WOULD ENABLE US TO  
 START NEGOTIATIONS WITH THE P L O, IN WHATEVER FORM OR AT  
 WHATEVER LEVEL. I AM MERELY REPORTING, WHAT YOU ALREADY KNOW,  
 THAT THE REACTION HERE WILL BE MOST EXTREME AT ALL LEVELS.  
 WHETHER IT WOULD BE SUSTAINED IN THE LONG-TERM IS ANOTHER  
 QUESTION. AS I HAVE REPORTED SEPARATELY, ISRAELI PUBLIC  
 OPINION IS VOLATILE AND IT COULD WELL BE THAT AFTER THE  
 INITIAL SHOCK HAD BEEN ABSORBED, MORE CONSTRUCTIVE REACTIONS  
 MIGHT EMERGE, PARTICULARLY IF THE P L O EXPLICITLY ACCEPTED  
 ISRAEL'S RIGHT TO EXIST AND ABANDONED, OR SUSPENDED, ITS  
 POLICY OF VIOLENCE AGAINST HER.

M A S O N

DEPARTMENTAL DISTRIBUTION

NENAD  
 MED  
 DEFENCE D  
 PUSD  
 NEWS D  
 N AM D  
 UND  
 EESD  
 IPD  
 OID  
 EID  
 WED  
 CABINET OFFICE

ADDITIONAL DISTRIBUTION

ARAB/ISRAEL DISPUTE