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FM TEL AVIV 010900Z JUNE

TO PRIORITY FCO

TELNTELNO 251 OF 1 JUNE

AND TO ROUTINE CAIRO, JEDDA, WASHINGTON.

M I P T: MR DAYAN.

MR DAYAN SAID THAT WAS WORRIED ABOUT THE EGYPTIANS, THE AMERICANS AND HIS OWN SIDE, FOR DIFFERENT REASONS BUT IN EQUAL MEASURE.

2. HE WAS WORRIED AT THE EXTENT TO WHICH HIS EGYPTIAN CONTACTS, FROM MUBARRAK DOWNWARDS, SEEMED TO HIM TO BE DISTANCING THEMSELVES FROM BOTH THE PEACE TREATY AND THE FUTURE NEGOTIATIONS.
THEY OPENLY LAUGHED TOGETHER AT PRESIDENT SADAT BEHIND HIS BACK, AND HAD MADE IT CLEAR TO HIM, MR DAYAN, THAT FOR THEM THE RETURN OF EL ARISH WAS FOR THE BIRDS. THEY COULD NOT CARE LESS ABOUT IT. HE THOUGHT THAT THE ARMY WAS STILL FULLY BEHIND SADAT, BUT WORRIED ABOUT THE INTELLIGENTSIA, WHO SEEMED TO HIM REMOTE FROM THE EGYPTIAN PEOPLE IN A WAY NOT ENCOUNTERED IN OTHER ARAB STATES IN HIS EXPERIENCE. HE WAS LOOKING TO HIS FIRST EVER VISIT TO CAIRO (ON 4 JUNE) TO GIVE HIM A BETTER BALANCED VIEW.

3. MR DAYAN SAID THAT, FROM HIS THIRTY YEARS EXPERIENCE OF THEM,
HE WAS WORRIED THAT THE AMERICANS WERE GETTING BORED AND TIRED
WITH THE ARAB/ISRAEL CONFLICT. MR VANCE THIS WEEK HAD ALLEGED
TO HIM THAT WAS DELIGHTED TO BE HANDING OVER TO MR STRAUSS,
WHOM MR DAYAN, FROM HIS SINGLE ENCOUNTER WITH HIM, REGARDED
AS BEING UNLIKELY TO STAY THE COURSE. HE FEARED THAT THE
AMERICAN INTEREST WAS DYING AWAY, AND THAT AMERICAN PRESSURE,
WHICH WOULD BE NEEDED TO ACHIEVE PROGRESS, WOULD NOT MATERIALISE.

4. MR DAYAN BELIEVED, MOREOVER, THAT THE AMERICANS HAD MADE TWO MISTAKES, ONE MINOR AND ONE DISASTROUS. THE MINOR ONE WAS TO CHANGE THEIR TEAM, PARTICULARLY MR VANCE AND MR EILTS, WHOM THE EGYPTIANS KNEW AND TRUSTED, AND WERE UNCOMFORTABLE ABOUT LOSING. THE DISASTROUS ONE, IN WHICH WE AND THE GERMANS ALSO SHARED THE BLAME, HAD BEEN NOT IMMEDIATELY TO LAUNCH A MARSHALL PLAN ...

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FOR EGYPT. FRESIDENT SADAT NEEDED SHOWY ECONOMIC PROGRESS (E. ... HE SAID, LIKE AN ASWAN DAM) TO SHOW BOTH HIS OWN PEOPLE AND THE OTHER ARABS THE CONCRETE ADVANTAGES OF SIDING WITH THE AMERICANS. IT WAS NOT EVEN NOW TOO LATE FOR SUCH A GESTURE, THE ABSENCE OF WHICH WAS THE FEATURE OF THE SITUATION WHICH MOST DISTURBED HIS EGYPTIAN FRIENDS. HE ASKED ME TO IMPRESS ON YOU THE NEED TO PERSUADE THE AMERICANS TO MAKE SUCH A GRAND GESTURE.

5. AS REGARDED HIS OWN SIDE, MR DAYAN SAID THAT, WHEREAS BEN GURION HAD ALWAYS THOUGHT FIRST OF ISRAEL'S FUTURE, MR BEGIN NOW THOUGHT OF NOTHING BUT HIS OWN PLACE IN HISTORY. CONSEQUENTLY, HE LOOKED TO PLAY OUT TIME UNTIL THE ELECTIONS IN 1981, CONCEDING NOTHING AND LOOKING FOR NO PROGRESS MEANWHILE, UNTIL HE COULD RETURE AND WRITE HIS THREATENED SIX VOLUMES OF ''HISTORY''. DR BURG, THE LEADER OF THE NEGOT-IATIONS, APART FROM BEING IN THE HANDS OF GUSH EMUNIM, WAS IN HIS SEVENTIES AND LIKEWISE HAPPY TO PLAY OUT TIME. IN CONTRAST. HE, YADIN AND WEIZMAN ALL SAW THE NEED FOR QUICK PROGRESS, BUT THEY WERE NOT A COHESIVE FORCE AND COULD NOT CARRY THEIR SHARED VIEWS IN CABINET. HE HIMSELF WOULD CERTAINLY NOT STAND ON THE LIKUD TICKET NEXT TIME, AND, BECAUSE HE HAD NO POLITICAL BASE, HE WOULD PROBABLY RETIRE. IN A REVEALING COMMENT, HE ADDED THAT HIS OBJECT IN RETURNING TO POLITICS HAD BEEN TO REINSTATE HIMSELF AFTER HIS FALL FROM GRACE AFTER THE YOM KIPPUR WAR. HE HAD NOW DONE SO.

6. AGAIN, THIS WAS STANDARD DAYAN, TYPICALLY DIAGNOSING THE ILLS, SUGGESTING THE CURES, BUT FEELING UNABLE, EITHER FROM TEMPERAMENT OR THE LACK OF A POLITICAL BASE, TO DO ANYTHING EFFECTIVE ABOUT IT HIMSELF. BUT HIS VIEWS WOULD BE ECHOED BY THE MODERATES IN THE CABINET AND BY A LARGE PROPORTION OF THE ELECTOR ATE.

MASON ADDITIONAL DISTRIBUTION DEPARTMENTAL DISTRIBUTION ARAB/ISRAEL DISPUTE NENAD FID MED WED DEF D MAED FUSD ES & SD NEWS D FRD . ECON D N AM D UND CONS D CONS EM UNIT EESD IPD CABINET OFFICE OID CONFIDENTIAL

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AND TO CAIRO, JEDDA, WASHINGTON.

ARAB/ISRAEL.

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DURING A TWO-HOUR TETE A TETE CONVERSATION IN MY HOUSE ON 31 MAY, DURING WHICH WE RANGED OVER THE WHOLE FIELD OF ARAB-ISRAEL RELATIONS, MR DAYAN, BASING HIMSELF ON YESTERDAY'S NATO REFERENCE TO THE ''LEGITIMATE RIGHTS OF THE PALESTINIAN PEOPLES'', ASKED ME WHAT THE EUROPEANS REALLY WANTED OF ISRAEL AT THIS JUNCTURE. HE WAS GENUINELY PUZZLED TO KNOW.

- 2. I REPLIED THAT, SPEAKING RATHER FOR YOU THAN FOR ALL OF CUROPE, WE BELIEVED THAT IN THE LONG TERM A COMPREHENSIVE PEACE SETTLEMENT DEPENDED ON ISRAELI COMPLIANCE WITH ARTICLE 242, WITH MINOR MODIFICATIONS. MR DAYAN SAID THAT HE DISAGREED. ISRAEL, FOR MER SECURITY, WOULD REQUIRE MILITARY INSTALLATIONS AND SETTLEMENTS IN THE WEST BANK 'FOR EVER'. HE THEN EXPOUNDED A SCENARIO WHICH, AS I TOLD HIM, I COULD NOT DISTINGUISH FROM THE ALLON PLAN. HE SAID IT WAS HIS OWN, NOT ALLON'S.
- 3. I CONTINUED THAT, IN THE SHORT TERM, LOOKING ALWAYS FOR PROGRESS ON THE LINES LAID DOWN AT CAMP DAVID, WE WANTED ISRAEL. TO ADJUST HER TACTICS SO AS TO MAKE THINGS AS EASY AS POSSIBLE FOR PRESIDENT SADAT VIS A VIS THE OTHER ARABS. DAMAGE TO HIM WAS DAMAGE TO ISRAEL. SECOND, WE WANTED THEM TO SHUT UP, PARTICULARLY OVER SETTLEMENTS, WHERE THERE WAS A LOT MORE NOISE THAN ACTUAL PEOPLE: BUT ALSO OVER OTHER INTRANSIGENT REQUIREMENTS, MR DAYAN SAID THAT HE FULLY AGREED ON BOTH COUNTS, BUT THAT HIS WRIT DID NOT RUN IN THIS AREA. HE HAD TRIED UNSUCCESSFULLY, TO PERSUADE MR BEGIN THAT HIS NEW PLOY, ABOUT THE SUPREME COURT JUDGEMENT ON ISRAEL'S RIGHT TO THE WEST BANK, WAS A NON-STARTER.
 - 4. MR DAYAN THEN ASKED WHY WE AND THE AMERICANS DID NOT PROMOTE JERUSALEM TO BE THE NEXT ITEM FOR RESOLUTION. THE EGYPTIANS WERE INSISTING TO HIM THAT THE SAUDIS HAD TOLD THEM THAT IF

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THEY COULD GET A SOLUTION ON JERUSALEM THEY WOULD TAKE OFF TO PRESSURE ON THE WEST BANK. WHY, ASKED MR DAYAN, DID WE NOT PUT FORWARD SOME PROPOSAL? I REPLIED THAT HE KNEW THAT IT WAS NOT AS EASY AS THAT. I ADDED THAT I DID NOT PERSONALLY

BELIEVE THAT THE SAUDIS WOULD BEHAVE AS THE EGYPTIANS WERE ALLEC-ING TO HIM. BUT I SUPPOSE THAT IT IS POSSIBLE THAT WE MAY HEAR MORE OF THIS ''JERUSALEM FIRST'' PROPOSAL.

WHETHER MATTERS WOULD SO PROGRESS AS TO PERMIT ELECTIONS TO BE HELD IN THE OCCUPIED TERRITORIES NEXT MARCH. IF SO, HIS TACTIC, IF HE HAD THE CHOICE, AS HE WOULD PROBABLY NOT HAVE, WOULD BE THAT WHICH HE USED TO EMPLOY WITH MAYOR SHAWA OF GAZA: HE WOULD TELL HIM WHAT HE PROPOSED TO DO, AND THEN GO AHEAD AND DO IT TO SAVE THE MAYOR THE EMBARRASSMENT OF AGREEING OR NOT. SIMILARLY, NEXT SPRING, HE WOULD TELL THE ELECTED MAYORS IN THE WEST BANK, AS WELL AS SHAWA IN GAZA, THAT THE ISRAELIS WERE WITHDRAWING THEIR CONTROL, AND LEAVE THE MAYORS TO GET ON WITH IT REGIONALLY, THEY COULD FORM THEIR OWN LOCAL POLICE FORCES, WHO WOULD DEAL WITH BOTH PALESTINIANS AND JEWS.

6. THE ABOVE, EXCEPT FOR THE PIECE ABOUT JERUSALEM, IS PRETTY STANDARD DAYAN. MY TWO I F T'S (NOT TO ALL) REPORT OTHER ASPECTS OF OUR CONVERSATION.

MASON

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