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SIT: CALDWELL CHARLES HAASS SIT SUM VAX
<PREC> IMMEDIATE <CLAS> ~~SECRET~~ <OSRI> RUESST <DTG> 291333Z JUL 90

<ORIG>FM AMEMBASSY BAGHDAD

<TO>TO SECSTATE WASHDC IMMEDIATE 4673

<SUBJ>SUBJ: PRESIDENT BUSH'S RESPONSE TO SADDAM'S
MESSAGE - NEXT STEPS

<TEXT>BT

~~SECRET~~ SECTION 01 OF 02 BAGHDAD 04326
NODIS

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E.O. 12356: DECL: OADR

TAGS: PREL, MOPS, IZ

SUBJ: PRESIDENT BUSH'S RESPONSE TO SADDAM'S
MESSAGE - NEXT STEPS

REF: STATE 247900

1. (~~S~~-ENTIRE TEXT)

2. ON JULY 28 FONMIN AZIZ AGREED TO
CONVEY THE PRESIDENT'S MESSAGE TO SADDAM
IMMEDIATELY (REFTEL).

3. AZIZ SAID HE HAD BEEN ON THE VERGE OF
CALLING ME IN ANYWAY. EARLIER IN THE MORNING,
SADDAM HAD ASKED HIM TO CONVEY TO US THAT HE
WAS "VERY PLEASED" WITH THE INITIAL REACTION
TO HIS MESSAGE TO PRESIDENT BUSH.

4. BY THIS, SADDAM IS APPARENTLY TELLING US
THAT HE WILL IGNORE THE WASHINGTON POST ARTICLE
WHICH CONTAINED DIRECT QUOTES OF HIS COMMENTS
TO ME. THE WASHINGTON POST, HOWEVER, WAS NOT
THE ONLY UNPLEASANT SURPRISE SADDAM HAS APPARENT-
LY DECIDED TO IGNORE, AT LEAST FOR THE MOMENT.

5. AS I WAS TALKING TO AZIZ, THE ARABIC NEWS
SERVICE OF THE BBC (FAR AND AWAY THE MOST
LISTENED TO STATION IN IRAQ) WAS CARRYING AS THE
HEADLINE ITEM A "DECISION" BY THE USG TO
RESTRICT EXPORTS TO IRAQ. AZIZ CHOSE NOT TO
RAISE THIS--JUST AS WELL, AS I HAD NOT BEEN
AWARE OF THE DECISION.

6. I UNDERSTAND THE DEPARTMENT HAS GIVEN HIGH
PRIORITY TO ENSURING STABILITY IN THE GULF.
I NOTE ALSO EMBASSY CAIRO'S BELIEF THAT MUBARAK
BELIEVES HIS AND KING FAHD'S DIPLOMACY WILL WORK
BEST IF THE USG NOW ADOPTS A LOW PROFILE.

7. I WANT, THEREFORE, TO OFFER TWO SUGGESTIONS.
IF WE ARE TO MANAGE THIS CRISIS EFFECTIVELY, WE
IN THE STATE DEPARTMENT WILL HAVE TO BE SURE
THAT THERE ARE NO MORE BOLTS FROM THE BLUE.
THERE ARE SEVERAL MAJOR ISSUES ON WHICH THE

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...OULD MAKE AND ANNOUNCE A DECISION SOON:
EXIM, THE FURNACES, EXPORT LIMITATION
ASURES. IF ANY OR ALL OF THOSE DECISIONS
ARE ANNOUNCED IN THE NEXT FEW DAYS, IRAQIS
WILL BELIEVE THAT THEY ARE POLITICALLY INSPIRED
AND WILL TAKE THEM AS PART OF PRESIDENT BUSH'S
RESPONSE TO SADDAM, A RESPONSE EQUIVALENT TO
THUMBING OUR NOSE AT HIM AND DOING IT IN
PUBLIC. THIS WOULD BE LIKELY TO COMPLICATE
THE EFFORTS OF FAHD AND MUBARAK.

8. SECOND, WE HAVE DEFINED OUR NATIONAL INTEREST
IN THESE CIRCUMSTANCES AS THE MAINTENANCE OF
STABILITY. WE WANT THE OIL TO FLOW WITHOUT
HINDRANCE, BUT WE HAVE NEVER TAKEN SUBSTANTIVE
POSITIONS ON INTRA-OPEC OR ARAB BORDER DISPUTES.
IF WE MAINTAIN OUR TACTIC OF RELYING ON ARAB
DIPLOMACY TO BRING A PEACEFUL SETTLEMENT OF
THIS NEWEST DISPUTE, AND I AGREE THAT THIS IS
OUR BEST BET, WE WILL HAVE RESOLUTELY TO
SWALLOW OUR DISTASTE AT THE IRAQI PROTECTION
RACKET.

9. SADDAM AND THE IRAQIS, ALL OF THEM, BELIEVE
THEY HAVE PROVIDED PROTECTION TO THE NEIGHBOR-
HOOD. IF THE KUWAITIS WILL NOT GIVE IRAQ THE
CASH SADDAM INSISTS HE NEEDS (AND HE WILL ACCEPT
INDIRECT DONATIONS, E.G., THROUGH SOME FUND
DEVICE), KUWAIT WILL BE FACED WITH
CONSEQUENCES.

10. EVEN IF WE WERE TO CHANGE RADICALLY OUR
POLICY, FOR EXAMPLE, BY ADOPTING THE KUWAITI
LEGAL POSITION ON THE BORDER, IRAQ COULD
OCCUPY THE NARROW STRIP WHICH THE IRAQIS INSIST
IS THEIRS, AND ON WHICH THERE ARE NEW KUWAITI
WELLS AND FARMS (AS DESCRIBED BY EMBASSY KUWAIT),
WITHIN THE SPACE OF AN HOUR OR SO.

11. FROM OUR PERSPECTIVE AT EMBASSY BAGHDAD,
THEREFORE, WE THINK THAT THE BEST HOPE FOR THE
PEACEFUL SETTLEMENT THAT WE WANT IS THAT THE

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ARABS SUCCESSFULLY PREACH CONCILIATION (IN
CASH TERMS) TO KUWAIT AND THAT FAHD AND MUBARAK
CAN PREVAIL ON SADDAM TO SCALE BACK HIS
ABSURDLY HIGH FINANCIAL DEMANDS.

12. DEPARTMENT PLEASE PASS KUWAIT.

GLASPIE

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<SECT>SECTION: 01 OF 02 <SSN> 4326 <TOR> 900730093048 MSG000270639048
<SECT>SECTION: 02 OF 02 <SSN> 4326 <TOR> 900730093053 MSG000270639053

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