PERSONAL AND CONFIDENTIAL





## 10 DOWNING STREET

THE PRIME MINISTER

23 May, 1986.

Year Tuliar.

Thank you very much for your letter of 21 May and for your thoughts about what I might say in Israel. As always it was very valuable to have your views with which I broadly agree. I shall certainly be discussing the conditions on the West Bank and urging the Israeli Government to take steps to improve them. I did, in fact, arrange with Mr. Peres in January to introduce some very discreet cooperation against terrorism. But I think that we have to be careful not to make too much of this in public.

I am particularly looking forward to seeing Teddy Kollek again.

January





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I have been thinking about your visit to Israel and venture to offer the following thoughts about the line you might take in whatever speeches you may have to make.

- 1. Israel and Jordan are both, as it were, "children" of the old British Empire. Lawrence of Arabia, as his letters show, supported Balfour's proposal for the national home. The British Government of those days saw no necessary conflict between Jews and Arabs. You personally have established a genuine friendship with King Hussein and I think this is genuinely welcome in Israel (more particularly since the King broke with Arafat). It is only natural, and a return to the Balfour/Lawrence concept, that you should cement your friendship with Peres by your forthcoming visit. (The FCO, at any rate when I was in it, don't like this line of approach but I have found it goes down well with both Arabs and Israelis).
- 2. You may remember that when Mr. Peres came to see you in January I suggested you should give him a 'present' by way of discussing joint action against terrorism. This, of course, has since grown into a major issue and might be developed with advantage. Your early interest in the subject and since then your stand on Tripoli puts you in a very strong position.
- 3. You may want, and I have little doubt King Hussein hopes you will urge, the Israelis to liberalise their Administration on the West Bank. I believe Peres would be responsive to an approach on this. The question is

how best to do it? You could, of course, take the bull by the horns and say what you hoped the Israelis would do. On the other hand this might be counterproductive with some sections of Israeli opinion. I have been wondering whether it might not be more fruitful to try and get Peres to say what liberalising measures he had in mind. You could then endorse these and, if necessary, try and take them a bit further. The Arabs would be quick to understand this indirect approach, Peres would be flattered and Shamir's room to manoeuvre somewhat limited.

4. A thought for the back of your mind. I don't think the Israelis will ever give up Jerusalem short of a military defeat. The Old City within the walls is, however, a very distinct entity. Much more so than the Vatican in Rome. As I understand, the Vatican though a sovereign state, depends on the Roman municipality for most of its services. I wonder if the Old City, sacred to Jews, Christians and Moslems alike, could not have a special status distinct from modern Jerusalem. I don't suggest that you should propose this at this stage. But if you have time to visit the Old City you might have the concept in mind. The only person you could sound out on the subject is Teddy Kollek. If you should see him, he is a very engaging person and we worked together in the early part of the last war. The last time I saw him was at breakfast at the King David hotel. We started off with Bloody Mary's, but I don't suggest you should do the same!

> Law, Wlim

Julian Amery
The Rt. Hon. Mrs. Margaret Thatcher, M.P.

