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MY TELNO 228 (NOT TO ALL):

SECRETARY OF STATE'S MEETING WITH SECRETARY BAKER: MIDDLE EAST

1. THE SECRETARY OF STATE ASKED ABOUT PROGRESS IN THE MIDDLE EAST. HE HOPED THE US WERE NOT LOSING PATIENCE. WAS THERE ANYTHING WE COULD DO? BAKER SAID THAT HE HAD SPOKEN TO ABDAL MAGUID THAT MORNING. ALTHOUGH HE WAS A LITTLE MORE OPTIMISTIC, HE WARNED AGAINST EXPECTING AN EARLY TRILATERAL MEETING. THE PROBLEM REMAINED THE QUESTION OF PALESTINIAN REPRESENTATION. IT WAS CLEAR THAT ARAFAT WAS UNDER PRESSURE. HE HOPED WE COULD EMPHASISE TO THE PLO THAT THEY WOULD NOT WANT TO BE HELD RESPONSIBLE FOR FAILURE, THEY SHOULD BE SATISFIED WITH BEING INVITED TO ACQUIESCE IN THE COMPOSITION OF THE PALESTINIAN DELEGATION, AND NOT INSIST ON BEING ASKED FOR APPROVAL. THEY SHOULD CONCENTRATE ON SUBSTANCE NOT SYMBOLS. NOW WOULD BE A GOOD TIME TO SEND SUCH A MESSAGE: THE US HAD JUST FINALISED THE TEXT OF THEIR LETTER OF ASSURANCE TO THE EGYPTIANS.
2. THE SECRETARY OF STATE MENTIONED CROWN PRINCE HASAN'S CONCERN ABOUT ISRAELI SETTLEMENTS IN THE OCCUPIED TERRITORIES. BAKER SAID THE US HAD MADE THEIR CONCERNS AS CLEAR TO THE ISRAELIS AS THEY KNEW HOW. NO US MONEY WOULD BE AVAILABLE FOR SETTLEMENT OF SOVIET REFUGEES IN THE OCCUPIED TERRITORIES. BUT IN PRACTICE HE HAD TO ADMIT THAT QUOTE MONEY WAS FUNGIBLE UNQUOTE.

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