

CONFIDENTIAL

033766  
MDADAN 8617

CONFIDENTIAL  
FM WASHINGTON  
TO IMMEDIATE FCO  
TELNO 532  
OF 062333Z MARCH 90  
INFO ROUTINE TEL AVIV, JERUSALEM, CAIRO, TUNIS, AMMAN  
INFO ROUTINE UKMIS NEW YORK

ADVANCE

*ms*

OUR TELNO 507: PEACE PROCESS  
SUMMARY

1. GROWING UNCERTAINTY WITHIN THE ADMINISTRATION ABOUT PROSPECTS FOR THE PEACE PROCESS.

DETAIL

2. WE HAVE SPOKEN TO HAASS (NSC) AND KURTZER (STATE) FOR A REACTION TO LIKUD'S QUESTIONS TO LABOUR AND PRESS REPORTS HERE OF LABOUR'S SUBSEQUENT ULTIMATUM THAT UNLESS LIKUD DROP THEIR QUALIFICATIONS WITHIN 24 HOURS THE COALITION WOULD COME TO AN END.

3. BOTH BELIEVE THAT THE NEXT 24 HOURS WOULD DECIDE WHETHER THE PRESENT ROUND OF THE PEACE PROCESS COULD CONTINUE. NEITHER FELT CONFIDENT ENOUGH TO PREDICT HOW THE SITUATION WITHIN THE ISRAELI COALITION WAS LIKELY TO DEVELOP. NEITHER HAD GIVEN UP HOPE THAT THE ISRAELI COALITION COULD RESOLVE ITS DIFFERENCES AND THAT SHAMIR WOULD FALL IN WITH THE TRILATERAL AND THE CAIRO MEETING. BUT BOTH ALSO BELIEVED THAT IT WAS QUITE POSSIBLE THAT THE GOVERNMENT WOULD COLLAPSE. KURTZER NOTED - RATHER WEARILY - THAT ONE NEVER QUITE SEEMED ABLE TO GET A CLEAR YES OR NO FROM THE PRESENT COALITION AND THAT FURTHER DELAY WAS STILL POSSIBLE. HIS UNDERSTANDING WAS THAT LABOUR HAD ASKED FOR AN INNER-CABINET MEETING TO CONSIDER THE SITUATION AND THAT LIKUD HAD AGREED TO THIS BUT NOT TO THE INNER-CABINET TAKING MATTERS TO A VOTE.

4. IN THE EVENT THAT THE GOVERNMENT FALLS, BOTH HAASS AND KURTZER AGREED THAT IT MIGHT JUST BE POSSIBLE FOR LABOUR TO FORM AN ADMINISTRATION, IN WHICH CASE THE PEACE PROCESS COULD CONTINUE. THE GOVERNMENT WOULD NO DOUBT BE SHORT LIVED BUT MIGHT JUST BE ABLE TO GIVE THE PEACE PROCESS A DECISIVE SHIFT FORWARDS. IF LABOUR WERE UNABLE TO FORM AN ADMINISTRATION, BOTH THOUGHT THAT THE US WOULD HAVE NO ALTERNATIVE BUT TO PUBLICLY BLAME LIKUD FOR THE BREAKDOWN. THE ADMINISTRATION MIGHT THEN EITHER WAIT TO SEE HOW THE SITUATION IN ISRAEL DEVELOPED BEFORE TRYING TO PICK UP THE PIECES, OR GO BACK TO THE DRAWING BOARD. WHATEVER HAPPENED, IT WOULD BE IMPOSSIBLE - IN DOMESTIC POLITICAL TERMS - FOR THE ADMINISTRATION TO WASH THEIR HANDS COMPLETELY OF

PAGE 1  
CONFIDENTIAL



THE PEACE PROCESS.

5. WE ASKED WHETHER THE ADMINISTRATION WERE CONTEMPLATING THE USE OF THEIR SUBSTANTIAL LEVERAGE OVER ISRAEL TO INFLUENCE EVENTS AT THIS CRITICAL STAGE. WE NOTED THAT THE ADMINISTRATION HAD PUBLICLY LINKED THE ISSUE OF SETTLEMENTS IN THE OCCUPIED TERRITORIES TO CONTINUED AID FOR HOUSING DEVELOPMENT. MIGHT THE ADMINISTRATION TRY TO INFLUENCE THE ISRAELI COALITION BY USING ITS WIDER AID PROGRAMME? BOTH KURTZER AND HAASS SAID THAT IT WOULD BE IMPOSSIBLE IN DOMESTIC TERMS FOR THE ADMINISTRATION TO TRY TO CAJOLE THE ISRAELI COALITION IN THIS WAY. APART FROM ANYTHING ELSE, THE ADMINISTRATION WOULD NEVER BE ALLOWED TO GET AWAY WITH SUCH A THREAT BY CONGRESS.

6. WE ASKED HOW THE ADMINISTRATION ASSESSED THE MOOD OF THE PLO. HAASS SAID THAT THE PLO HAD BEEN SHOWING EXEMPLARY RESTRAINT RECENTLY. HE VERY MUCH HOPED THAT THEY WOULD CONTINUE TO SHOW PATIENCE WHILE THE SITUATION IN ISRAEL CLARIFIED ITSELF.

ACLAND

YYYY

DISTRIBUTION

15

ADVANCE 15

.ARAB/ISRAEL  
PS  
PS/MR WALDEGRAVE  
PS/PUS  
MR P J WESTON  
MR TOMKYS  
MR GORE-BOOTH  
HD/NENAD

HD/MED  
HD/CONSULAR D  
HD/PUSD  
NEWS D  
NO 10 DOWNING ST  
CABINET OFFICE DIO  
RESIDENT CLERK

NNNN