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TO IMMEDIATE FCO

TELNO 868

OF 091150Z DECEMBER 90

INFO IMMEDIATE RIYADH, JEDDAH, BAGHDAD, MUSCAT, UKMIS NEW YORK

INFO IMMEDIATE ALGIERS, SANA'A, TUNIS

MY 2 IFTS: AUDIENCE WITH KING HUSSEIN

1. THE KING'S CONTACTS WITH SADDAM AND HIS RELATIONS WITH THE SAUDIS ARE OBVIOUSLY CLOSELY LINKED. FROM HIS COMMENTS ON BOTH SUBJECTS, I DRAW THE FOLLOWING CONCLUSIONS:

A) HE HAS NO INTENTION OF ABANDONING HIS EFFORTS TO PROMOTE A POLITICAL SETTLEMENT WHICH HE MAY BELIEVE IS NOW MORE ATTAINABLE THAN HITHERTO. NO DOUBT HE ALSO HOPES THAT A PEACEFUL OUTCOME, IF ACHIEVED, WILL BE SEEN AS A VINDICATION OF HIS OWN APPROACH TO THE CRISIS.

B) HE IS AWARE THAT THIS ACTIVITY MAY MAKE A RECONCILIATION WITH THE SAUDIS EVEN MORE DIFFICULT.

C) HIS INTEREST IN A RECONCILIATION IS CLEAR, BUT, JUDGING BY THE OUTCOME OF OMANI MEDIATION EFFORTS, HE IS NOT PREPARED TO GO FAR ENOUGH IN THE DIRECTION OF APOLOGISING. IN PART, THIS RELATES TO POINT (A) (A HOPE THAT FAR FROM APOLOGISING TO THE SAUDIS, THE REVERSE MAY EVENTUALLY BE THE CASE). BUT I SUSPECT IT MAY ALSO BE BECAUSE JORDAN IS NOT YET ON ITS KNEES ECONOMICALLY. MONEY IS NOW TRICKLING IN FROM THE WESTERN DONOR STATES IN SUFFICIENT QUANTITY TO KEEP THE COUNTRY AFLOAT, PARTICULARLY SINCE ONLY ESSENTIAL DEBTS ARE BEING REPAID. UNLESS ECONOMIC COLLAPSE BECOMES AN IMMEDIATE PROSPECT, I DOUBT WHETHER THE KING WILL BE PERSUADED TO EAT SUFFICIENT HUMBLE PIE TO MAKE A RECONCILIATION POSSIBLE. MATTERS ARE NOT HELPED BY HIS UNCERTAIN GRASP OF ECONOMIC AFFAIRS: IT IS CLEAR FROM THE CROWN PRINCE'S RECENT EXCHANGE WITH YOU THAT HE IS MUCH MORE AWARE THAN HIS BROTHER OF THE ECONOMIC REALITIES.

D) IF THIS ANALYSIS IS RIGHT, WE ARE UNLIKELY TO GET VERY FAR WITH OUR OWN EFFORTS TO PROMOTE A RECONCILIATION: INDEED, WE MIGHT MERELY CREATE MISUNDERSTANDINGS WITH BOTH PARTIES. ARAB INTERMEDIARIES, SUCH AS THE OMANIS, WILL CERTAINLY BE NEEDED, BUT

EVEN THEY WILL PROBABLY HAVE TO BIDE THEIR TIME.

E) IF A WAR IS AVOIDED, AND THE KING PLAYS SOME PART IN THIS, HE MAY YET EMERGE WITH SOME CREDIT IN SOME ARAB AND WESTERN QUARTERS - AND WITH THE BASIS OF HIS RELATIONSHIP WITH IRAQ LARGELY UNIMPAIRED - THOUGH ALSO WITH HORRENDOUS DAMAGE TO THE JORDANIAN ECONOMY. IN SUCH CIRCUMSTANCES, A RECONCILIATION WITH THE ARAB DONORS MIGHT OCCUR THOUGH IT WOULD NO DOUBT TAKE TIME. IF, HOWEVER, A WAR CANNOT BE AVOIDED, THE KING'S REFUSAL TO MEND FENCES AT THIS STAGE COULD PROVE DISASTROUS FOR HIM. HE WILL NO DOUBT BE PERCEIVED BY THE SAUDIS AND THEIR ALLIES AS HAVING BACKED THE LOSER AND THEREFORE NOT DESERVING OF HELP. WHETHER, IN THESE CIRCUMSTANCES, THE STRATEGIC ARGUMENTS FOR KEEPING JORDAN AFLOAT WILL STILL CUT SOME ICE WITH KING FAHD IS NOT A QUESTION I CAN ANSWER. BUT KING HUSSEIN MUST SURELY BE TAKING A MAJOR RISK IN ALLOWING THE SORE TO FESTER.

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