



CDP

Thomas

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Secretary of State's Bilateral with Mr Shultz: Middle East

After the bilateral meeting this morning, Mr Shultz raised the question of the Middle East privately with the Secretary of State. He said that if there was no ball in play the situation would only get worse. Since Hussein and Arafat's negotiations had run into the ground, the only remaining possibility was the Peres Marshall plan. He understood this had been discussed between Peres and King Hussein.

Mr Shultz recognised the force of our point that such a plan should be preceded by a settlement, but did not think that this was absolutely decisive. He also recognised the difficulty of giving an appearance that the Israelis were buying out Arab interests. However the Egyptians were now pursuing the idea and had put out a paper themselves. The idea was worth thinking about: perhaps something could be done to link aid plans for Egypt, Jordan, Gaza and the West Bank, and to link the Egyptian component to the original Peres plan.

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(A C Galsworthy)

- cc: Sir Robert Armstrong
- Mr Powell ✓
- Mr Braithwaite