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OF 071530Z MARCH 90

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MY TELNO 69: ARAB/ISRAEL: THE PEACE PROCESS

## SUMMARY

1. GOVERNMENT CRISIS CONTINUES. NO DECISION TAKEN ON THE BAKER PROPOSALS BY THE INNER CABINET ON 7 MARCH. DISCUSSION DEFERRED TO A FURTHER MEETING ON 11 MARCH. LABOUR RENEW THREATS TO BRING DOWN THE GOVERNMENT IF A DECISION IS NOT REACHED THEN.

## DETAIL

- 2. WHEN LABOUR MINISTERS MET ON 6 MARCH, THEY AGREED TO RESIST LIKUD'S LATEST DEMANDS AND TO INSIST THAT THE INNER CABINET AGREE TO THE LATEST BAKER PROPOSALS WITHOUT QUALIFICATION. RABIN'S PUBLIC POSTURE WAS ROBUST. LIKUD'S INSINUATION THAT HE AND OTHER LABOUR MINISTERS WHO HAD TAKEN A PROMINENT PART IN THE 1967 WAR HAD GONE SOFT ON THE FUTURE OF JERUSALEM WAS THE PUREST 'HUTZPAH.
- 3. THE INNER CABINET CONVENED ON 7 MARCH. NO DECISION WAS TAKEN. A FURTHER MEETING WAS ARRANGED FOR 11 MARCH. THE PRESS WERE BRIEFED AS FOLLOWS. SHAMIR OPENED PROCEEDINGS BY REPORTING ON HIS TELEPHONE CONVERSATION WITH BAKER ON 1 MARCH. BAKER HAD INSISTED THAT HE WANTED A QUICK RESPONSE. SHAMIR'S ANSWER HAD BEEN THAT THE MATTER WAS 'A SERIOUS ONE', AND THAT IT WOULD HAVE TO BE DISCUSSED THOROUGHLY. ARENS THEN DESCRIBED HIS LATEST DISCUSSIONS WITH BAKER. HE ARGUED THAT PARTICIPATION IN ELECTIONS BY INHABITANTS OF EAST JERUSALEM WOULD PREJUDICE THE CITY'S FUTURE STATUS. PERES ASKED WHETHER THE PARTICIPATION OF INHABITANTS OF NABLUS WOULD THUS MEAN THAT LIKUD WOULD RELINQUISH NABLUS. RABIN PROPOSED THAT THE INNER CABINET ADOPT A DECISION ON AN AFFIRMATIVE REPLY TO BAKER, LEAVING THE LIKUD AND LABOUR TO AGREE ON A JOINT NEGOTIATING POSITION BEFORE THE MEETING OF THE THREE FOREIGN MINISTERS.
- 4. LABOUR MINISTERS CONVENED IMMEDIATELY AFTER THE INNER CABINET MEETING AND SAID THAT IF NO POSITIVE DECISION WAS REACHED ON 11 MARCH THEY WOULD RECOMMEND PULLING OUT OF THE GOVERNMENT AT A MEETING OF THE PARTY CENTRAL COMMITTEE ON 12 MARCH.

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5. AFTER THE INNER CABINET MEETING I HAD LUNCH WITH SHAMIR'S POLITICAL ADVISER (ACHIMEIR). HE WAS MORE GLOOMY THAN I HAVE SEEN HIM. HE SAID THAT THE DOMESTIC PRESSURES ON SHAMIR WERE BECOMING INCREASINGLY DIFFICULT TO SUSTAIN. HE THOUGHT THAT THE DEBATE IN INNER CABINET MIGHT DRAG ON FOR ANOTHER WEEK. IT WAS PROBABLE, BUT BY NO MEANS CERTAIN, THAT SHAMIR AND RABIN COULD PATCH UP A FORMULA TO GET THE GOVERNMENT OVER THIS IMMEDIATE HURDLE. BUT HE DOUBTED THAT THE COALITION WOULD GET A LENGTHY REPRIEVE. RABIN SEEMED FINALLY TO BE LOSING PATIENCE. SHAMIR WAS ADAMANT THAT ISRAEL WOULD NOT GO INTO NEGOTIATION IN CAIRO WITH A DELEGATION WHICH WAS DIVIDED OVER OBJECTIVES. THIS WOULD BE FATAL. (SHAMIR KEPT DRAWING A PARALLEL WITH THE TABA TALKS WHERE THE ISRAELIS HAD BICKERED AMONG THEMSELVES AND COME AWAY WITH NOTHING.) THE MOMENT OF TRUTH COULD COME BEFORE OR DURING THE CAIRO MEETINS. ONCE THE COALITION BROKE UP ELECTIONS WOULD FOLLOW, EITHER DIRECTLY OR AFTER A SHORT, UNSTABLE PERIOD OF GOVERNMENT BY A COALITION OF LABOUR, THE LEFT WING PARTIES AND THE ULTRA-ORTHODOX. ACHMEIR SAID HE WAS SURE THAT SHAMIR HAD NO STOMACH FOR TRYING TO FORM A NARROW COALITION OF THE RIGHT.

## COMMENT

7. ACHIMEIR'S REMARKS ARE PROBABLY A FAITHFUL REFLECTION OF SHAMIR'S VIEWS. THERE IS A FAIR CHANCE THAT INNER CABINET CAN BE BROUGHT TO AGREE TO A POSITIVE RESPONSE TO BAKER ACCOMPANIED BY RESOUNDING STATEMENTS ON THE FUTURE OF JERUSALEM AND ON NOT NEGOTIATING WITH THE PLO. BUT THIS IS BY NO MEANS CERTAIN AND THERE WOULD STILL BE PLENTY OF FURTHER IN-FIGHTING BEFORE A TRIPARTITE MEETING OF FOREIGN MINISTERS AND THE SUBSEQUENT TALKS IN CAIRO.

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ADDITIONAL 8

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