MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with King Hussein of Jordan

PARTICIPANTS: The President
           King Hussein
           Notetaker: Richard Haass

DATE, TIME July 7, 1989, 2:30 - 2:38 P.M. EST
           Oval Office

King Hussein telephoned the President concerning the Middle East situation.

The President. Good afternoon, your Majesty. (U)

King Hussein. Good afternoon, Mr. President. It is a privilege
to hear from you. (U)

The President. It is good to hear from you. I have been told we
need to speak slowly. Let me say you have warm respects from me
and Barbara. (U)

King Hussein. Thank you very much indeed for the opportunity to
speak to you. Noor and I send respects to Barbara and yourself.
I thank you very much for giving me a chance to call. I would
like to be there myself. (U)

The President. What can we discuss? (U)

King Hussein. There are two areas I would very much like to talk
about. (U)

One, thank you very much for your assistance and for your letter
about the situation in Jordan. I hope we can count on help and
support not only from the U.S. but from our Arab colleagues. We
are trying to stabilize the Dinar. We hope to receive deposits
in Jordan’s central bank of some 1/2 billion dollars from
colleagues in the area in the next five years. We will be on
good terms if we can do that. And we hope to have parliamentary
elections by November. The country will be moving in a good
direction. (P)

The President. That is encouraging and I hope we can help. (U)
King Hussein. We are trying our best with our colleagues in the area. Anything from your side will be valuable in coming years.

The President. Let me see what we can do. I appreciate the inquiry and we will try.

King Hussein. Thank you very much indeed. The other area is the Palestinian problem. What you have recently heard out of Israel corresponds with what I feared. Elections will not be held until the uprising ends, no promise of a Palestinian state, more settlements -- these terms are a recipe for disaster.

The President. We are concerned on this end. A current theory is that what took place is a party position and not a government position. Our policy here has not changed. We want to see and facilitate elections, but the four points Likud agreed to, including additional settlements, go against U.S. policy. We are endeavoring to be helpful, but given the situation inside Israel, I don't know if an outside force -- even the U.S. -- can change the four-point declaration. I hope there is still room to move forward on policy. We want elections and talks with Palestinians. I agree recent developments do not facilitate matters, they complicate them. We are regrouping to see what we can do.

King Hussein. I know that you are concerned and that you will help. All of us remain hostage to the extremists.

The President. Have the Likud statements been badly received in the Arab world?

King Hussein. Indeed they have.

The President. Our policy has not changed. The frustration level here is high as I am sure you can imagine.

King Hussein. We will continue to do what we can. I am very much involved. We would welcome U.S. views.

The President. I still think you hold a very important key to eventual peace in the Middle East. I am glad we have had an opportunity to discuss Jordan's situation and I hope we can go forward on the election plan -- free, certified elections with people that are elected going forward to negotiate. If it fails, we are back to square one.

King Hussein. We always need some idea of what the end result is.

The President. Yes, I would welcome hearing from you at any time. I am leaving in 48 hours for Eastern Europe and France, but anywhere you want to talk on specific ideas, I would be delighted to hear from you.
King Hussein. I could never thank you enough. I hope you have a successful trip. (U)

The President. Are you in London? (U)

King Hussein. Yes, I am in London and will be here for another two weeks. (U)

The President. I hope all is well with your health and you are feeling good. (U)

King Hussein. Everything is fine. I am having an angiogram only because the last one was five years ago. (U)

The President. That is prudent and smart. It was good talking to you. I look forward to seeing you when we see you. Goodbye. (U)

King Hussein. Thank you. (U)