MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Mayor of Jerusalem, Teddy Kollek (U)

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President for National Security Affairs
Richard N. Haass, Special Assistant to the President and Senior Director for Near East and South Asian Affairs
Mark Parris, Deputy Assistant Secretary for Near East Affairs
Teddy Kollek, Mayor of Jerusalem
Zalman Shoval, Israeli Ambassador to the U.S.

The President and Mayor of Jerusalem Teddy Kollek met in the Oval Office at 2:10 p.m. May 27.

Pleasantries were exchanged.

Mayor Kollek: I didn’t want to start out with gruesome things but the fact is there have been several deaths a month on average in Jerusalem over the last few years. Still it is an open city. Secular and religious Jews live side by side as do Arabs and Israelis. There is freedom of the press, assembly and worship. Several Cardinals who were recently here agreed that churches now operate more freely than at any time in history. We just opened a new library on the Arab side. The one thing I want to say, though, is that you do us an injustice when you mention the number of Jews settling in the Occupied Territories and include Jerusalem. I know we have our disagreements over the Occupied Territories but the fact is that while we enlarged Jerusalem, we did not take territory from Jordan. (Ø)

I am here trying to attract investment. My own theory is that people should live among themselves. I don’t believe in mixing the secular and the orthodox, different Christians, or having Israelis living in Moslem areas. I know I am swimming against the stream, but this is my view. (Ø)

The President: We are not trying to highlight the question of Jerusalem. (Ø)

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Ambassador Shoval: The problem the Mayor referred to was from a report sent by the State Department to the Congress (the Obey Subcommittee) which placed Jerusalem under the Occupied Territories. (U)

Mayor Kollek: My own personal view is that any policy by Israel that keeps 1.7 million Arabs under our rule is more dangerous for us than any border. (G)

President Bush: I know we have a big difference on loan guarantees but there is no point in highlighting it. We are not trying to exacerbate the situation by highlighting Jerusalem. We can look into the report you mentioned. Our own view is that we feel Jews have the right to live there. After the election we will try again on loan guarantees with whoever wins, but we are not trying to stir things up. I will say this, and I am not blowing smoke, your fairness has given you an ability to do things that others don't have. I saw it for myself when I was there. Your standing smooths pressures that cross political and religious lines. But again, I want to emphasize there is no policy here to stir things up in any way. (G)

Mayor Kollek: I have no sense that you are trying to do so. You may have inadvertently done so with your report. (U)

Richard Haass: The problem with the report from the Mayor's perspective is it grouped Jerusalem under the heading of Occupied Territories and did not treat it separately. (U)

Mayor Kollek: What would help is if you would find an occasion to praise the quality of life in Jerusalem. (U)

Richard Haass: We will find one where we can say something positive about reconciliation. (U)

The President: I agree. We should not let loan guarantees spill over and affect other issues -- especially, as I think we have a good record over all on things that matter to Israel. (U)

Mayor Kollek: I agree and have said so publicly that you have done tremendous things for us. (U)

Ambassador Shoval: The problem is that good news is no news. (U)

Mayor Kollek: I know that loan guarantees are a cause celebre, but the fact is that the last Jews are now leaving Ethiopia. I know what you did with the Russian Jews and the Zionism resolution. I am a man of Jerusalem so I come here today to plead Jerusalem's case. I will send you clippings of what I have said. (U)
The President: We will be sensitive and careful not to exacerbate problems while you are masterfully handling a complicated situation. (,U)

Mayor Kollek: If ever you come to visit you will see real progress. (U)

The President: How's the economy? (U)

Mayor Kollek: Not bad. Jerusalem is one place where real estate values are not declining. We are busy trying to absorb all the immigrants. Some Americans and Europeans are building second homes there and I am trying to attract industry. (U)

The President: Good luck. Thank you for your visit. I wish you well in your quest for investment. I will take to heart your gently made critique. Also, I'd like to see a copy of your citation from Yale. (U)

Mayor Kollek: I promise to send a copy of it and the clippings to you through our Ambassador. (U)