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13 March 1978

## MEMORANDUM

SUBJECT: Four Scenarios for the Egyptian-Israeli Talks

The Egyptian-Israeli talks are foundering. Having been unable to bridge their differences over the principles that are to govern a "comprehensive" settlement, the two sides have also lost momentum toward an agreement on Sinai arrangements. This memorandum explores the consequences of four possible outcomes:

- a separate deal between Egypt and Israel affecting only the Sinai;
- an Egyptian-Israeli settlement in the Sinai, coupled with a declaration of principles or some limited progress on the West Bank and Palestinian issues;
- some other form of settlement acceptable, at a minimum, to Egypt, Jordan, Saudi Arabia, and Syria; and
- a complete breakdown in the Egyptian-Israeli talks.

At annex we discuss in greater detail the reactions to these scenarios by various interested parties.

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Separate Settlement

A separate deal between Egypt and Israel would preclude a general war in the near term and the reintroduction of Soviet influence in Egypt but it would not reduce tensions in the Middle East. The net effect would be to foreclose a comprehensive settlement and to isolate Egypt, leaving it unable to exert a moderating influence on Syria, the Palestinians, or the conservative Arab states.

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The reaction of Syria and the moderate Palestinians would be to draw closer together in an effort to undermine the settlement. Saudi Arabia would be on the horns of a particularly difficult dilemma, given its desire to maintain a moderate government in Egypt and to counter the radicalization of the region that might ensue from a separate deal. Nonetheless the Saudis' continued warnings against a separate deal suggest they would seriously reduce, if not discontinue, financial aid to Egypt. The Saudis would also come under considerable pressure from Syria, the Palestinians, and the Arab rejectionists to use the oil weapon.

King Husayn would feel particularly vulnerable. He would probably take his lead from Saudi Arabia, but also seek to maintain his ties with Syria while avoiding any binding military commitments. Syria would try to push Jordan toward uncomfortably militant positions.

None of the Arab confrontation states is likely to consider initiating hostilities without Egypt. But the Palestinians would increase operations against Israel, possibly with Syrian encouragement. The situation in Lebanon would become even more volatile owing to Palestinian frustration. The Palestinians would have numerous opportunities to use their south Lebanese redoubt to trigger a conflict that would draw Israel and Syria into a wider war. Egypt's ability or willingness to preserve a peace agreement in such circumstances would be highly questionable. What is not in question would be Israel's increased propensity to react militarily to perceived threatening moves by Syria and the Palestinians.

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The US would be widely viewed as an instigator of the separate Israeli-Egyptian deal, and US influence in the region would suffer. The US would not be regarded as a credible proponent of any future peace negotiations by any of the remaining Arab confrontation states or Saudi Arabia. Our relations would be particularly strained with Syria and Saudi Arabia. Soviet influence would remain paramount with Syria and the Palestinians, and the Soviets might renew their efforts to woo Jordan.

### Declaration of Principles

The consequences of an Egyptian-Israeli settlement that included a declaration of principles on the West Bank and Palestinian issues would vary with the degree to which it met Arab aspirations. Provisions insufficient to bring even Jordan into the negotiating process would not be regarded as progress at all in most of the Arab world. The outcry would be less strident than in the case of an undisguised bilateral settlement, but the practical consequences would be similar.

To meet Jordan's stated minimum requirements to enter negotiations, a declaration of principles would need to include:

- an Israeli commitment to withdrawal from the West Bank and East Jerusalem; in practice, an Israeli commitment to enter negotiations leading to a withdrawal might be sufficient; and
- language on "self-determination" that would give the Palestinians a real voice in reaching their own constitutional arrangements but not necessarily result in a Palestinian state with full sovereignty.

An endorsement by Jordan would avoid the stigma of a bilateral deal and would go some way toward winning Saudi acquiescence. The Saudis would scrutinize the provision affecting Jerusalem, however, and would be more solicitous of the PLO than King Husayn--who would not mind excluding the organization if he could find a way to do so.

Such an agreement would put off the war option indefinitely, but if it failed to satisfy Palestinian moderates it would sharpen the rift in Arab ranks: Egypt and Jordan

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versus the Arab states rejecting the accord. Jordan's relations with Syria would be embittered, an unhappy prospect for King Husayn. The Soviets would further cement their relations with the "steadfast" Arabs. Palestinian terrorism would increase.

#### Some Other Agreement

Bringing Saudi Arabia and Syria behind an agreement already blessed by Egypt and Jordan would, as a practical matter, make that agreement a "comprehensive" Middle East settlement. Terms acceptable to Syria would, almost by definition, meet most Palestinian requirements--and in any event the Palestinians would be powerless to oppose it. Rejectionists could cause trouble in Lebanon and elsewhere, but not enough to unravel the accord.

Iraq and Libya are unlikely to accept any settlement now attainable. They would continue to lend support to Palestinian rejectionists bent on terrorism, but could not prevent the agreement from going into effect.

The USSR would take a very dim view of any accord emerging from negotiations in which it did not play a major role. The Soviets do not want a Geneva conference that is merely a rubber stamp for decisions made without their participation. Should an agreement be reached, however, that has the backing of Egypt, Syria, and the PLO, the USSR would have little choice but to go along.

#### Complete Breakdown of Negotiations

Regardless of which party broke off negotiations, a complete breakdown would be viewed by the Arabs and the international community in general as the fault of Israel. It would tend to radicalize the more moderate forces in the Arab world and could lead to a sharp decline in US influence throughout the Middle East. Although the Arabs, backed by the Soviets, might call for comprehensive negotiations at Geneva or under UN auspices as a means of maintaining international diplomatic pressure on Israel, even the more conservative Arab states are likely to conclude that there is no longer a realistic possibility of peace with Israel, at least under Begin.

Barring a US decision to blame Israel publicly for the negotiating breakdown and to demonstrate our displeasure in concrete ways, the Arabs will conclude that the US is incapable of pressing Israel and that the situation has polarized into a confrontation pitting the Arab world against the US and Israel. Such a situation would pave the way for further Soviet gains in the area as Egypt, with or without Sadat, would feel compelled to normalize its relations with the USSR. Saudi Arabia would acquiesce in such an effort and is likely to reassess its own relations with the US.

Following a collapse in the Egyptian-Israeli talks, we would expect an increase in tensions in south Lebanon and the occupied West Bank and a probable Egyptian threat to allow the Sinai II agreement to lapse. We do not believe the Arabs would be prepared for a general war with Israel in the near term but they will certainly publicly resurrect the war and oil embargo options and, in fact, resume serious planning for exercising either or both.

The Israelis, in such circumstances, would be extremely edgy; a continuing danger would be the potential for an Israeli overreaction to any increased Arab military training or buildups. The Israelis also might overreact in response to increased fighting in south Lebanon or to Palestinian crossborder attacks.

A collapse in the talks could generate serious internal difficulties in Egypt and in Israel. Sadat is not likely to be blamed domestically for the failure of negotiations, which the Egyptians will view as due to Israeli arrogance and intransigence. He will, however, come under pressure to normalize relations with the USSR in hopes of gaining additional arms, to repair strained relations with Syria and some of the rejectionist Arabs, and to curtail his dependence on the US. A return to a situation of no war and no peace will also fuel the economic grievances of many Egyptians.

Whether Sadat would resign following a collapse in talks is a moot point. Much will depend on his emotional reaction as well as his assessment of the magnitude of the

problems he will face in the absence of a peace agreement. We doubt that he will be forced out by public pressure or the military, but do not rule out a decision to step down anyway.

Within Israel, the prospects for the Begin government would depend on how successfully Begin can attribute a breakdown either to unreasonable Egyptian demands or intolerable US pressure. If he is successful in portraying either Egypt or the US as at fault, the siege mentality in Israel is sufficiently strong that with the passage of time, and continued US support, the Israelis would rationalize that the Sadat initiative was an historical aberration and that the Arabs do not want peace.

If, however, Begin is perceived as having lost an opportunity for peace with Egypt through intransigence and tactical blunders--and to have damaged US-Israeli relations in the process--there would be a general erosion in public confidence in the government, leaving it increasingly vulnerable to attack on both foreign and domestic issues. Whether this would lead to the downfall of government would depend on internal divisions within the coalition. Should Weizman choose to challenge Begin or if one or more of the parties had a falling out over their differences on social and economic policy, the government would not be able to survive.

A collapse of the talks, whatever the immediate circumstances, is likely to be viewed internationally, and particularly in Western Europe, as due to Israeli inflexibility. The US could come under strong criticism if the perception emerges that the US is unwilling or unable to exert pressure on Israel to resume negotiations. It is possible that the major oil consumers--abetted by the Arabs themselves--would urge the US to impose a solution on Israel in order to eliminate the prospect of renewed war and the serious disruption of Arab oil supplies.