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THE MIDDLE EAST

Disengagement Talks

1, 2 [Egyptian and Israeli negotiators concluded their sixth session at Geneva on January 9 without reaching agreement—indeed, without yet exploring the details of territorial dispositions and troop strengths. There appears to be some prospect, however, that they will settle down to specifics when they meet again on January 15.]

1, 2 [The Israelis seem ready to withdraw from the west bank of the Suez Canal to a point some distance east on the opposite bank; 18 miles is the most frequently mentioned distance. So far, however, they have only offered this in terms of a general principle. Tel Aviv will not move on to definite proposals until the disengagement issue has been discussed in greater detail by the cabinet, and Secretary Kissinger has concluded his visit to Israel.]

1, 2 [In return for an Israeli pullback, Tel Aviv is demanding that the Egyptians agree to reduce their forces on the east bank.] While the Egyptians may be willing to accept some limitations on their forces, there have been no indications that they are ready to accept the kind of sizable reduction that would satisfy the Israelis.]

2, 3 [The Cairo press has treated the disengagement talks circumspectly, giving little indication of the substance of the discussions and, beyond the usual criticism of Israeli procrastination, little

hint that the talks have thus far been inconclusive. In order not to give the Arabs the impression that Egypt is negotiating a unilateral settlement, government officials and the media have been careful to characterize the talks as preliminary military discussions unrelated to the broader political questions of a settlement that will ultimately affect all Arabs.]

2, 3 [Ironically, the very prospect that a disengagement agreement may be reached has raised new fears in Cairo. Now apprehensive that disengagement could freeze the situation along new cease-fire lines, the Egyptian press has begun to emphasize the necessity for a link between disengagement and continued progress toward a total Israeli withdrawal.]

2 [Israeli press commentary on the Geneva talks has taken its cue from the government radio, which this week characterized the talks as "mostly a sideshow" with the real drama being played out in Washington, Moscow, Cairo, and Jerusalem.] The press, however, has reflected some resentment over an alleged US ability to influence the Israeli negotiating position with the Arabs.] [One paper saw Defense Minister Dayan's trip to Washington last weekend as a case of the government apparently rushing to the US for the latest instructions even before Washington had begun to issue them. Nevertheless, the most recent survey by one of the more reliable Israeli public opinion polls shows that more than 82 percent of those

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Israel and Egypt meet with UNEF chief

questioned were prepared to support some territorial concessions in return for a peace settlement, with only 14 percent opposed.]

Cairo and Moscow Huddle

4 [Egyptian Foreign Minister Fahmi's mission to Moscow this weekend is probably aimed at smoothing over strains in relations and reaching a meeting of minds with Kremlin leaders on the degree of Soviet support for Cairo's negotiating position.]

5 [Egypt has never been really comfortable with the relationship and has for some time been

pursuing policies, domestic and foreign, designed to keep Soviet influence in Egyptian affairs to a minimum. At this stage of the negotiations, however, Cairo views its ties with the Soviets as critical. The USSR is currently Egypt's only major source of arms and, should the Geneva talks break down and the war resume, Cairo will look again to Moscow to resupply its armed forces.]

5 [In political terms, Soviet support is less important, since Cairo is depending primarily on the US to produce progress toward a settlement. Nevertheless, in Egypt's view, Moscow can serve as a useful source of leverage if negotiations do not proceed favorably.]

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5 Fahmi's primary aim will thus probably be to ensure a continued commitment of Soviet backing. At the same time, he will try to make sure that this is accomplished largely on Cairo's terms—without restricting Egypt's independence.]

5 [From Moscow's standpoint, the visit, although apparently initiated by the Egyptians, serves as a useful counterpoint to Dayan's visit to Washington. The Soviets probably also welcome the opportunity to discuss more closely Egypt's specific negotiating positions.]

Egyptian Cabinet To Be Revamped

6 [President Sadat has been involved in an intensive round of consultations with cabinet ministers and domestic political figures. He is apparently preparing a cabinet reorganization that would enable the government to deal more effectively with postwar reconstruction if a disengagement agreement is concluded. Sadat is scheduled to address a joint session of the legislature and the Arab Socialist Union on January 18, and he could use the occasion to announce both his policy and his new ministerial line-up.]

7 [As plans appear to be shaping up, Sadat would relinquish the post of prime minister, which he assumed in March 1973 to consolidate his control in preparation for the war. Minister of Finance and Economy Hijazi is the leading candidate to take over the post. The Cairo press, which has talked openly in recent days of Sadat's plans for "making comprehensive development the aim of the next stage," has all but explicitly named Hijazi as the prime ministerial choice.]

6 [Hijazi has the administrative and the economic experience for the job. Last summer, he was behind the revitalization of a liberalized economic policy that Cairo had originally conceived several years ago to attract greater private foreign investment and generally to ease Egypt away from its socialist orientation. The October war stopped implementation of the policy, and its future now will depend on the conclusion of a disengagement agreement. In fact, real progress toward economic liberalization and reconstruction depends in large measure on an end to Egypt-

tian saber-rattling—a tactic Cairo is not prepared entirely to forgo in the absence of a final settlement.]

6 [Nevertheless, the cease-fire has added new pressures for economic development. Popular discontent over economic ills has long been a problem for the Egyptian leadership. The war was a distraction, but the prospect of protracted negotiations promises to bring dissatisfaction to the surface again unless the economic situation is improved.]

6 [Moreover, Sadat has long felt self-conscious about Egypt's technological inferiority to Israel and, having restored a measure of military respectability, he probably feels that Egypt should now demonstrate a capability to achieve a semblance of equality in other fields. A disengagement would, furthermore, provide Egypt with an opportunity to proceed with plans to re-open the Suez Canal and rebuild the canal towns.]



Minister of Finance and Economy Hijazi
Leading candidate for prime minister

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Israeli soldier votes in Egypt

Israeli Election Results

9 [The final results of the parliamentary election on December 31, announced this week, showed a moderate drop in voter support for Mrs. Meir's Labor Alignment from four years ago. The Alignment received approximately 6 percent fewer votes than in the 1969 Knesset election, picking up 40 percent of the 1.6 million ballots cast and 51 parliamentary seats. This was still sufficient, however, to enable the Alignment to remain the strongest party in the Knesset and to dominate any new coalition government. The rightist opposition Likud, which campaigned against any territorial "give-away," wound up with just over 30 percent of the vote and 39 seats.]

9 [The addition of the military vote did not significantly alter the preliminary results. Likud's percentage of the soldiers' ballots was slightly higher than the Alignment's, but this gave Likud only one additional seat. The National Religious Party, the Alignment's major coalition partner, lost an additional seat.]

9 [The posting of the election tally formally cleared the way for President Katzir to call on Prime Minister Meir to form a new government. Her Labor Alignment announced on January 8 that it had already set up a ten-member com-

The Knesset Line-up (120 seats)		
	8th (new)	7th (old)
Old Government Coalition		
Labor Party - MAPAM Alignment	51	57
Associated Arab Parties	3	4
National Religious Party	10	12
Independent Liberal Party	<u>4</u>	<u>4</u>
	68	77
Others		
Likud	39	31
Ultra-orthodox religious parties	5	6
Communists (RAKAH)	4	3
Citizens Rights Movement	3	...
Independents/Extreme Leftists	<u>1</u>	<u>3</u>
	52	43

mittee of cabinet ministers and party leaders to conduct negotiations with possible coalition partners.] [Mrs. Meir recognizes the need to move quickly in forming a new government, but will probably not be able to complete negotiations much before the end of the month.]

10 [The Alignment-led caretaker government, nevertheless, considers itself empowered to continue the Geneva disengagement talks with Egypt, although any agreement reached with Cairo will probably have to receive final approval by a new government. Although the election outcome considerably strengthened the hand of Defense Minister Dayan and his conservative supporters within the government coalition, a broad consensus exists in support of an agreement with Cairo even if it includes substantial Israeli territorial concessions.]

10 [The election results suggest that the trend toward a two-bloc party system in Israeli politics has accelerated. Likud was able to narrow the gap between it and the Alignment from 26 to 11 seats, and together they now control three fourths of the Knesset. Of the remaining 19 party lists that vied for seats, only eight managed to make it. Four years ago, ten such parties succeeded.



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